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**IMPACT OF MICRO FINANCE
THROUGH SELF - HELP GROUPS
IN MALAPPURAM DISTRICT**

By
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THESIS

**Submitted in partial fulfilment of the
requirement for the degree of**

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KERALA, INDIA**

2002

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I hereby declare that this thesis entitled "**IMPACT OF MICRO FINANCE THROUGH SELF-HELP GROUPS IN MALAPPURAM DISTRICT**" is a bonafide record of research work done by me during the course of research and that this thesis has not previously formed the basis for the award to me of any degree, diploma, associateship, fellowship or other similar title of any other University or Society.

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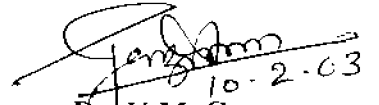


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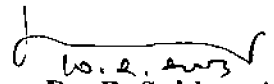
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Introduction

CHAPTER I

INTRODUCTION

Micro finance programmes are becoming a mainstream development intervention for poverty alleviation and empowerment of the poor. It involves the provision of thrift, credit and other financial services and products of very small amount for enabling them to raise their income levels and improving living standards. As a concept it emerged in the early 1990's with the recognition that the poor people need a wide range of financial services covering credit, savings, insurance and money transfers. Their credit needs involves cost of feeding children, sending children to school, medical treatment, and for many other purposes. Most of these credit needs are short- term in nature and are meant for pure consumption purposes. In most cases they are deprived of these services from formal financial institutions like commercial banks, co-operatives, etc. for want of collateral. In the absence of accessibility to credit from these formal financial institutions, the poor people manage to meet their credit requirements from informal financial institutions viz., friends, relatives, chit funds, nidhis, credit unions, traders, landlords, retailers, commission agents, and moneylenders even at higher rate of interest.

Micro finance programmes are operated through small groups commonly referred to as Self-Help Groups (SHGs). A self-help group is conceived as a small economically homogenous and affinity group of poor, voluntarily coming together with an objective of i) to save small amount

regularly, ii) to mutually agree to contribute to a common fund, iii) to meet their emergency needs, iv) to provide collateral free loans to members with the terms decided by the group, and to v) solve conflicts through collective leadership and mutual discussion. The size of the group is restricted to small number ranging from five to twenty to ensure group solidarity. Homogeneity in terms of socio-economic conditions and levels of living form the basis for group formation. Periodical meetings on a weekly or fortnightly basis, inculcating the habit of thrift, creating common fund through contributing regular savings from the members, on-lending to its members, availing credit support from financial institutions, etc. are some of the major binding factors in group functioning. These group based credit programmes equip the poor to access financial services on easy terms and conditions. It has been recognised as having the capacity to enhance the socio-economic development of the vulnerable and marginalized, especially women by creating a community based structure that builds mutual support and trust.

Micro finance programmes have acquired policy significance in many developing countries. Now a days commercial banks, non-governmental organisations (NGOs) and many donor agencies are keen to initiate such programmes. The experience of commercial banks, non-governmental organizations and grass root savings and credit groups around the world have shown that micro finance is an effective strategy for the socio- economic development of the poor. It helps them to acquire new assets and technology leading to higher income and employment. It also helps them to get out of the

clutches of exploitative money-lenders. Micro finance programmes occasionally involves training and related activities. These provide the members with opportunities to travel outside the villages and expand their knowledge of the world outside their home and community. The increased mobility by providing opportunities for frequent interaction with the programme staff and other members of the social network expose them to new ideas and values. This will subsequently increase their self-confidence and also make them assertive of their rights. The micro finance programme by making credit accessible to the poor, provide them the means to build up productive assets over time. This will create an opportunity for them to earn an independent income thereby contributing to their household. The economic contribution, made possible through credit access, results an increase in the security and welfare of the entire household. Such contribution can change the lives of the poor in their family and raise the overall standard of living of the household. In short, the impact of micro finance has social, economic, political and psychological dimensions and it has to be measured in a broader perspective by incorporating all its dimensions. In this backdrop the present study has been carried out with the following objectives:

1.1 Objectives of the study

The specific objectives of the study are:

1. To assess the socio-economic impact of the self-help groups on beneficiaries; and
2. To identify the factors that determine the effective functioning of self-help groups.

1.2 Scope of the study

The study has been carried out among the self-help groups organized by Community Development Society (CDS) in Malappuram district.. It covers 30 Self Help Groups (SHGs) spread over Nilambur block of the district. The study was confined to the assessment of socio-economic impact of self-help groups on beneficiaries and also to identification of the factors determining its effective functioning.

1.3 Limitations of the study

The present study formed a part of the Post Graduate programme and hence it has all limitations of time, money and other resources. These limitations determined the restricted selection of the study area and also forced to restrict the sample size. The study was also constrained by the limited availability of literature on the impact of micro finance programmes. Apart from this, impact assessment also posed problems of proving causation and attribution. It is difficult to attribute some of the impacts to micro finance intervention alone as there may be other factors contributing to such changes.

1.4 Practical / Scientific utility

The present study was undertaken with an objective of assessing the socio-economic impact of self-help groups on beneficiaries. It also attempted to identify the factors determining the effective functioning of self-help groups. The study assumes greater significance in today's context where provision of

micro finance is the focus of the strategies of poverty alleviation. The findings and conclusion drawn from the study will also help the financing institutions and other donor agencies in deciding the suitability of adopting self-help groups in providing financial services to the poor.

1.5 Plan of the report

The report is presented in six chapters. The first chapter contains with the introduction, covering statement of the problem, objectives, scope, limitation and practical utility of the study. The second chapter deals with the review of literature relevant to the topic of research. The third chapter gives a description of the materials and methods adopted for the study. The results and discussion are presented in fourth and fifth chapters respectively. The last chapter outlines the summary of findings and conclusion of the study.

Review of Literature

CHAPTER II

REVIEW OF LITERATURE

Micro finance programmes have captured the attention of development practitioners around the world. This group-based programme has emerged as a mechanism to allow the poor, access to financial services that they have historically been denied. These programmes have multiplied rapidly because they have demonstrated their capacity to reach large number of peoples who need small, short-term loans suited to their economic activities. An attempt is made in this chapter to bring out what is currently known about the impact of micro finance programmes. The review also addresses key factors associated with the effective functioning of self-help groups under different models across the world. The review is presented in the following heads.

- i) Impact of micro finance programmes
- ii) Factors determining the effective functioning of self-help groups

2.1 Impact of micro finance

Haq (1984) documented the experience of sustainable agriculture for rural development project in a village near Bongra in Bangladesh. The project was initiated in 1976 with an objective of organizing groups of small farmers and landless labourers around certain economic activities through the provision of credit facilities. It was observed that all the group members were able to increase their income over the years, increase employment opportunities, get

better wages and attain better utilization of existing resources leading to improvement in the standards of living.

Kalima (1992) highlighted the impact of micro finance in terms of increase in income, improvement in health, nutrition and education of women, increased control over resources and increased self-confidence.

Rashidul and Abdusalam (1993) studied the impact of micro finance programme of Nirdhan in West Bengal. The study revealed that out of the 25 borrowers 19 (76 percent) reported that the economic condition of their family had increased, 84 percent more respected in their family after becoming active in the income generating activities. In addition to this 72 percent of the borrowers expressed a positive attitude towards family planning and another 72 percent thought that they were eating better food.

Todd (1996) conducted a case study of three micro finance programmes, namely Nirdhan (Nepal), SHARE (India) and Nirdhan (West Bengal). The impact of these programmes is outlined in terms of improvement in their living and freedom from the clutches of the exploitative money - lenders. There were also clear signs of house repairs, new livestock, and warm clothing.

Girija(1996) reported that the group promoted under the International Food and Agricultural Development (IFAD) project in Tamil Nadu are functioning by and large satisfactorily and have enabled the members to undertake economic activities by availing bank loan.

Pitt and Khandker(1996) in their study estimated the influence of borrowing from the group by both men and women on a variety of household and intra household outcomes. These outcomes include the school enrolment of boys and girls, the labour supply of women and men, the asset building of women, recent fertility and contraceptive use, consumption and anthropometrics status of children. The econometric estimates of programme impact revealed that micro credit is a determinant of many of these outcomes.

Nina *et al.* (1999) observed that provision of micro finance is an effective instrument towards improving the socio-economic well being of the poor. According to her, micro finance has contributed indirectly to building self-esteem and self-reliance of the poor giving them confidence and economic means.

Nanda (1999) highlighted the impact of micro finance programme in terms of encouraging positive features like increased loan volume to SHGs, shift in the loaning pattern of the members from non-income generating activities to production activities, significant reduction in unemployment and a gradual increase in the income level of the members. The most outstanding impact according to him is the socio-economic empowerment of the poor, especially women.

Puhazhendhi and Jayaraman (1999) in their study on the performance of informal groups promoted by Mysore Resettlement and Area Development (MYRADA) observed the impact of self help groups in terms of increased

living standards, improvement in housing facilities, increased food security, and employment generation.

Shylendra (1999) in his study found that SHGs are capable of playing an effective role as financial intermediation for the poor. Besides helping members in mobilizing considerable funds through small savings SHGs, have been able to tap external funds quite significantly to meet the increased credit requirements of their members. The study revealed that the SHGs can serve as an alternate instrument of financial intermediation for the poor.

Rajasekhar (2000) reported the impact of the micro finance in terms of savings, credit and income generation. It was found that there is a perfect correlation between the period of stay of the members in SHGs and the amount of savings. Almost all members reported to have borrowed at least once. In the case of those who borrowed more than two times the loan amount kept increasing with each loan. The analysis showed that more than 40 percent of the loans were taken for income generating activities.

Puhazhendhi (2000) documented the impact of SHGs on members. The study revealed a significant change in the overall socio-economic status of the members in terms of increase in income generating assets, improvements in literacy level, housing facilities and level of food security. About 32 percent of the sample households had effected improvement in their housing and another 27 percent reported increased food security.

NABARD (2000) observed the following results in a study covering 500 SHG member households from 283 SHGs spread over eleven states in India. The average value of the assets per household increased by 72 percent from pre SHG period to post SHG period, about 38 percent of the households reported increase in assets, improvement in housing condition. Further, almost all the members developed savings habit in the post SHG situation, and about 70 percent of loan taken in post SHG situation was for income generation activities.

Sharma (2001) opined that micro financing through self-help groups is significantly contributing to the development of rural poor in terms of increase in income levels, assets, savings, borrowing capacity and income generating activities.

Gaonkar's (2001) study on the working and impact of self-help groups in Goa indicated that the self help groups have made a lasting impact on the lives of the poor in terms of increase in the family income, increase in savings, increase in consumption expenditure, gaining self-confidence and productive use of free time.

Nedumaran *et al.* (2001) evaluated the socio-economic impact of self-help groups on the members in Tamil Nadu. The study revealed that the savings and average loans per group member in the group showed an increase. The annual net family income of the members in the post SHG period increased by 23 percent over the pre-SHG period. The study also indicated that the social

condition of the members had also considerably improved after joining in the group.

Aswathi *et al.* (2001) reported that self help groups have made a positive impact in creating leadership, improving literacy, consciousness about health and hygiene and skill formation among the group members. The study revealed that after the formation of SHG, women took up savings and credit activities and participated in the development process which are important towards the up gradation of their socio-economic status.

Dharmadhikari and Madheswaran (2001) in their study on Maharashtra Rural Credit Programme(MRCP) documented an improvement in the status of women both within and outside the household.

Manimekhalai and Rajeswari (2001) in their study found that micro finance programmes have a positive impact on literacy levels and children's education, housing facilities, abolition of child labour, decline in family violence and banning of illicit distilleries etc.

Singh's (2001) study observed a 17 percent increase in assets and 28 percent increase in average household income of the members in the pre and post SHG periods.

Barbora and Mahanta (2001) in their study pointed out that before joining self help groups about 85 percent of the beneficiaries, being housewives, had earned no income, but after receiving loans, about 30 percent of the sample members started income generating activities of their own and

earning an income between Rs.15 to Rs.30 per day. About 15 percent of the sample crossed poverty line.

The study by Misra and Hossain (2001) based on primary data collected from self help groups reported an increase in income from Rs.6455 in 1996 to Rs.15325 per member per annum in 2001 showing an increase of 137 percent in five years.

Puhazhendhi and Satyasai (2002) in their study on impact of the SHG programme on members noticed that SHGs as an institutional arrangement could positively contribute to the economic and social empowerment of the poor. The study revealed an increase in the average value of assets comprising livestock and consumer durables by 72 percent between pre and post SHG periods. About 59 percent of households admitted an increase in assets from pre to post SHG periods. Similarly the net income per household increased by 33 percent. The study also revealed that about 22 percent of the total sample households crossed poverty line during the study period.

2.2 Determinants of group effectiveness

Micro finance is operated through groups. The logic of group approach in micro finance can be explained in the following words. “Individually a poor person feels exposed to all kinds of hazards, whereas membership in a group gives him a feeling of protection. Individually a person tends to be erratic and uncertain in his behaviour but group membership smoothens his behavioural pattern and make him more reliable”. The formation

of small groups consisting of 5-10 members is an important element in micro finance programme. These groups act as an institutional framework for various individuals who have agreed to co-operate on a continuing basis to pursue one or more objectives. The groups gradually move to a collective activity, which is beyond the management capacity of any individual member of the group. So the effectiveness of micro finance programmes largely depend on the effectiveness of group activities. So it feels necessary to have a conceptual understanding on the factors determining the effective functioning of groups. The reviews related to determinants of effective functioning of groups are presented in the following paragraphs.

A common objective or task, awareness of group identity and boundary and a minimum set of agreed values and norms are the critical elements identified by Mullins (1989) for the effective functioning of group activities.

Clark (1991) identified the following elements as essential for securing active participation of members in groups, such as small homogeneous group, supplementary income generation activities, access to institutional credit, commitment of group promoters, training to group members, group savings and participatory monitoring and evaluation.

Stiglitz (1993) suggested that peer monitoring is largely responsible for the success of micro finance programme. Peer monitoring refers

to requiring the fellow members in the group to monitor the borrower, and pay a penalty if the borrower goes bankrupt.

Yaron (1992) opined that small size of the groups, socio-economic homogeneity of members, participation and a sense of affiliation to the group are crucial factors in determining the success of groups.

Hunter *et al.* (1992) found the following factors such as co-operative decision making, open expression of feelings, punctuality, attendance in all group meetings, honesty, commitment to agreements, expression of acknowledgements, congruence between speaking and action, accountability, participation and autonomy as the determinants of effective functioning of groups.

According to Reynolds (1994), good communication skills, a sense of self, team members initiation, sense of team loyalty, resolution of conflicts, knowledge of activities, clear objectives, an understanding of group works, an ability to deal with feelings as well as ideas and respect of team members are the factors to be considered for the effective management of the groups.

Group characteristics conducive for the effective functioning of groups as identified by Muller (1997) are: group interaction, inter dependence of members, group decision making, group leadership, group co-operation, group cohesiveness, participation in group activities, need satisfaction, inter personal communication, inter personal trust and group motivation.

2.3 Conclusion

The literature review related to impact of micro finance revealed some positive changes in level of living of the members. Most of the studies documented the impact of micro finance programmes at various levels involving individual, household, enterprise and community levels. The impact could be visible in terms of savings habit, credit accessibility, income generation, and asset creation. At individual level the programmes resulted increased involvement of the members in their household activities and increased self-confidence.

It was also revealed that the effectiveness of group activity is determined by several factors. Many of these factors vary with respect to different groups depending on the nature of group activities. However, based on the reviews made so far, some common elements, which are responsible for the group effectiveness, could be identified. These factors include, understanding of the objectives of the scheme, quality of group meetings, group cohesion, group leadership, group interaction, group autonomy, equity accountability and transparency. In addition to these, savings habit, adequacy of and accessibility to resources and repayment behaviour are found to be crucial factors determining the group activities.

Materials and Methods

CHAPTER III

MATERIALS AND METHODS

The conceptual framework of the study was developed by incorporating the socio-economic impact variables and components of group effectiveness. Various methodologies are available for the assessment of the impact of micro finance programme. Ackerly (1995) used a 'probit model' to assess the impact of micro finance programme on its clients. Participant observation and in-depth analysis were used by Schuller *et al.* (1996). Montgomery *et al.* (1996) used survey research, informal field works, group histories and experiences to document the economic impact of credit on beneficiaries.

The literature review revealed that the impact of micro finance is context specific. Not a single methodology can bring all aspects of programme impact. Hence the choice of methodology is influenced by several factors pertaining to the research context, depth of the study, expertise, resources and many other related factors.

3.1 Impact Assessment

For assessing the impact of the programme, comparison of pre-SHG and post-SHG conditions of the members was followed in this study. The respondent's condition at the time of joining the programme was compared with the present condition and the difference is interpreted as the impact of the

programme. The economic impact was studied with the help of the variables namely, savings habit, accessibility to credit, household income, household assets, control over household financial resources, improvement in living facilities, initiation of income generating activities, and employment generation. The social impact was studied by examining their involvement in household decision-making, self-confidence, ability to deal with adversities, and involvement in community activities.

The second objective of the study pertained to the identification of factors determining the effective functioning of the groups. For this purpose, we developed a Group Effectiveness Index (GEI). For the purpose of construction of the index, we defined group effectiveness as 'the extent to which the group fulfils its objectives through increased involvement of members in the group related activities'. This index was used as the yardstick or standard to measure the level of effectiveness of the groups.

3.2 Generation of Components of Group Effectiveness

Based on the review of literature and discussion with experts, we identified thirteen components, which may be crucial for the effective functioning of the groups. The identified variables are: 1) Understanding of scheme objectives, 2) Quality of groups meetings, 3) Savings habit, 4) Adequacy of and accessibility to resources, 5) Repayment behaviour, 6) Group cohesion, 7) Group leadership, 8) Group interaction, 9) Autonomy, 10) Sense of self, 11) Equity, 12) Accountability and 13) Transparency.

3.3 Computation of Group Effectiveness Index

The Group Effectiveness Index was calculated with the help of the following formula.

$$\begin{aligned}
 \text{GEI} &= \sum_{i=1}^n \left(\frac{g_i}{G_i} \right) \times 100 \\
 &= \frac{\left(\frac{g_1}{G_1} \right) + \left(\frac{g_2}{G_2} \right) + \dots + \left(\frac{g_n}{G_n} \right)}{n} \times 100
 \end{aligned}$$

Where; g_1, g_2, \dots, g_n . Indicate the obtained score values of the components.
 G_1, G_2, \dots, G_n indicate the maximum possible score values of the components.
 n = number of groups

Based on the index obtained, the groups are classified as less, moderately and highly effective groups. Those groups with an index less than 33.33 are judged as less effective, those ranging in between 33.33-66.66 as moderately effective and those groups with an index ranging between 66.66-99.99 as highly effective groups. The factors determining the effective functioning of the groups are identified with the help of correlation and regression analysis.

3.4 Operationalisation and measurement of components

Evolving a framework for assessing the effectiveness of groups demands a broader understanding and conceptualisation of the components

included in the measurement. The working definition of each of these components is presented below.

1. Understanding of scheme objectives

The general awareness among the programme participants about the specific objectives of the programme.

2. Quality of group meeting

The regularity and punctuality with which the members convene and attend their group meeting.

3. Savings habit

The perceived ability of the group members to save from their income.

4. Adequacy of and accessibility to resources

The amount of financial resources, which the group had mobilised, and the degree to which the members are accessible to receive the same.

5. Repayment behaviour:

The practice adopted by the members to repay their loan to the group.

6. Group cohesion:

The degree to which the group members are affiliated to one another and are motivated to remain in the group.

7. Group leadership

The efficient and effective role of the leader in promoting the stability and success of groups.

8. Group interaction

The tendency of the member to get in touch with other members of the group and freely mix with them without any inhibition.

9. Autonomy

The degree to which the group has freedom, independence and discretion in scheduling the activities and determining the modus operandi.

10. Sense of self

The extent of feeling of members about their own powers, abilities and resourcefulness to perform any activity they desire to undertake.

11. Equity

Refers how far the group activities are able to minimise or eliminate inequalities in the distribution of benefits in the group.

12. Accountability

The extent to which members are answerable for the accomplishment of responsibilities or achievement of objectives as agreed upon.

13. Transparency

The extent to which the activities of the group are open and clear to the members of the group.

The components discussed above are qualitative in nature and are measured with the help of a scoring technique. For this purpose multiple statements were prepared for each of these components and responses were collected on a five point continuum ranging from completely true, mostly true,

partly true, slightly true and not true with respective score values of four, three, two, one and zero. On obtaining the score values for each statement, indices are worked out for each component. The cumulative expression of the index of each component will give the Group Effectiveness Index.

3.5 Sampling design

The present study was conducted in the Nilambur block of the Malappuram district. Being one of the most backward districts in the state, a Government sponsored poverty alleviation programme, namely, Community Based Nutrition and Poverty Alleviation Programme (CBNP & PAP) was introduced in this district in 1994. The programme was implemented through Self-Help Groups. Accordingly Self-Help Groups are in operation in all the 14 development blocks of the district. Among these, Nilambur block was purposively selected for the reason that a large number of SHGs were concentrated in this block. It also accounted for the largest savings mobilised and credit disbursed by the groups. Another reason for selecting Nilambur was to draw Self-help groups of at least five years of operational experience, for the reason that it was in this block SHGs were organised first.

The Nilambur block consisted of 11 Grama Panchayats and a total of 492 Self Help Groups were in operation since 1995. From this 30 Self-help groups were selected in proportion to their distribution in the respective Grama Panchayats by adopting simple random method.

The selected SHGs had a total strength of 583 members, of which 200 respondents were selected at random in proportion to their distribution in these groups.

3.6 Method of data collection

The study was based on the primary data collected from the respondents. In order to collect the required information a pre-tested structured interview schedule was administered among the selected beneficiaries of the micro finance programme under study.

3.7 Statistical tools for analysis

The collected data were analysed by using averages and percentages and indices. Besides, Karl Pearson's correlation coefficient was used to assess the nature and degree of relationship between different components and Group Effectiveness Index. The step-wise multiple regression analysis was resorted to obtain information regarding the most critical factors influencing the group effectiveness.

Results

CHAPTER IV

RESULTS

The findings of the study are presented in this section, followed by a brief description of the context of the study and profile of the sample groups. The first section deals with the socio-economic impact. The factors determining the effective functioning of Self-Help Groups are analysed in the second section.

4.1.1 Context of the study

The study was carried out in the Nilambur block of Malappuram district. Malappuram district is one of the 14 districts of Kerala situated in the northern side of central Kerala with a total geographic area of 3548 Sq. Kms. The district is divided into five Municipalities, six Taluks, and 14 development blocks. According to 2001 census the district had a population of 36.29 lakhs. Being one of the most backward districts in Kerala, a unique poverty alleviation programme namely, Community Based Nutrition and Poverty Alleviation Programme (CBNP & PAP) was introduced in this district in 1994. The programme was implemented through Community Development Societies (CDS). The strategy adopted by CDS involved the convergent community action to enhance the capacity of individual families and community to meet the needs of women and children which enable them to act together so as to fulfill their needs such as drinking water, primary health care, basic needs, housing,

food and safe environment. The representatives of CDS, anganwadi workers and local volunteers conducted a survey among 32,000 households in the district in 1994 and identified 10304 families as poor on the basis of specially designed poverty index constructed for this purpose. The index was constructed by incorporating the nine components viz., i) kutchha housing, ii) no access to safe drinking water, iii) illiterate adults in the family, iv) none or only one employed, v) family having two or less meals a day, vi) children below five years of age, vii) no sanitary latrine, viii) alcoholic or drug addict members and ix) SC/ST or vulnerable communities. Out of these nine components, a family satisfying four or more risk factors is identified as poor. The strategy adopted by CDS involved the organisation of women from these risk families into small groups consisting of 15-25 members from their neighbourhood and facilitating the group activities in order to enable the women from the poor families to plan, implement and monitor schemes for their own benefit.

The organisational structure of CDS provides a community based administration system. It had a federal structure involving; Neighbourhood groups (NHGs) as basic unit, Area Development Society (ADS) at ward level and Community Development Societies (CDS) at district level (See Appendix I). The neighbourhood group consists of 15-25 risk families of the neighbourhood area. Each NHG elects a five-member committee to act as the functional organ of the NHG. One women of the group is chosen or elected by the committee as its president. The second member is to function as its

secretary; the third member is in charge of educational and cultural activities of the neighbourhood and the fourth one is responsible for income generation, thrift and credit activities. The fifth member is in charge of improving basic physical amenities. The neighbourhood committee (NHC) members are known as Community Volunteers. All NHGs are federated into Area Development Societies (ADS) at ward level. Each ADS elects its chairperson, vice chairperson and seven governing body members. All ADSs are federated into Community Development Societies at Grama Panchayat level. Each CDS has a president, vice president and seven governing body members. The Panchayat CDS acts as a catalyst of change and is engaged in awareness building among the people so that they secure services through advocacy, mobilisation and group action. All Panchayat CDSs are federated into Block CDS at block level. The block CDS attempts the co-ordination of inter-sectoral departments at block level. The district CDS is the apex body. All the Panchayat and Block CDSs presidents and town CDSs presidents are members of the district CDS. They elect president, vice president and seven governing body members. Empowerment of women is the motto of CDS. Each NHG meet once in a week and provides a common venue for members to share their joys, grief and other problems. The members of the group are encouraged to cultivate thrift habit. Small savings are collected on a regular basis and are pooled together and is deposited in the nearby bank. Members were given loans to meet their immediate needs. The thrift and credit services made a remarkable

progress over the years. So far The Community Development Societies with its 4433 NHGs had made a thrift amount of Rs.6.7 crore and disbursed loans amounting to Rs.6.12 crore (See Appendix III). In addition to the thrift and credit operations, CDS also encourages its members to start income generation activities.

4.1.2 Profile of sample groups

Thirty SHGs selected from eleven Grama Panchayats of Nilambur block constituted the sample for the study. These sample SHGs had a total strength of 583 members. The size of the sample groups varied from 13 to 24 members, the group average being 19.4. Thrift and credit is the one of the main activities of the groups and they had mobilized a thrift savings of Rs. 7.76 lakh and also disbursed loans amounting to Rs. 11.39 lakh. The average savings per member ranged from Rs. 450 to Rs. 3485, the group average being Rs. 1331. The average size of the loan disbursed per member ranged from Rs. 533 to Rs. 6797, the group average being Rs. 1954. The average credit to thrift ratio was found to be 1.46. (See Appendix V).

SECTION I

The findings related to socio-economic impact of the micro finance programme under study are presented in the following heads.

4.1.3 Demographic details of the respondents

The demographic details of the respondents are presented in Table 1.

Table No.1. Demographic details of the respondents

Demographic details		No. of respondents	Percentage to total
1.	Age		
	i. 18-30 years	47	23.5
	ii. 31-45 years	117	58.5
	iii. 46-59 years	35	17.5
	iv. 60 years above	1	0.5
	Total	200	100
2.	Marital Status		
	i. Married	166	83.0
	ii. Unmarried	18	9.0
	iii. Widowed	15	7.5
	iv. Separate/ Divorced	1	0.5
	Total	200	100
3.	Educational Level		
	i. Illiterate	7	3.5
	ii. Primary	76	38.0
	iii. Secondary	86	43.0
	iv. Higher Secondary	26	13.0
	v. Graduation	5	2.5
	Total	200	100
4.	Religion & Caste		
	i. Hindus	102	51.0
	ii. Muslims	69	34.5
	iii. Christians	29	14.5
	iv. SC/ST	23	11.5
	Total	200	100
5.	Occupation		
	i. Daily wage labourer	41	20.5
	ii. Self employed	94	47.0
	iii. Private employed	2	0.1
	iv. Unemployed	63	31.5
	Total	200	100
6.	Size of Land Holding		
	i. Up to 25 cents	132	65.5
	ii. 26-50 cents	42	21.0
	iii. 51-1 acre	20	10.0
	iv. Above 1 acre	06	3.0
	Total	200	100

The sample constituted women aged 18 years or above. The religion and caste composition revealed that majority of the respondents are Hindus (51 percent) followed by Muslim (34.5 percent) and Christian (14.5 percent). The share of scheduled caste/scheduled tribes was found to be 11.5 percent. Out of the sample 38 percent received primary education, 43 percent secondary education, 13 percent higher secondary education and 2.5 percent graduation. Only a few of the respondents are found to be illiterate (3.5 percent). The respondents belonged to different occupational classes involving daily wage labourers (20.5 percent), self-employed (47.0 percent), unemployed (31.5 percent) and private employed (0.1 percent).

4.1.4 Savings habit

Table 2 presents the savings habit of the respondents. It was found that only 25 respondents (12.5 percent) reported savings habit in the pre-SHG period. Chit funds and post office were the only institutions with which the members made their savings. As against this, all the respondents exhibited savings habit in the post SHG period. It was also found that only a few of the respondents from different occupational class namely daily wage labourers (12.2 percent), self-employed (11.7 percent) and unemployed (14.2 percent) exhibited savings habit in the pre-SHG period, whereas all of them irrespective of their occupation, reported savings habit in the post SHG period.

Table No.2. Savings habit of the respondents

Occupation	No. of respondents	Pre-SHG stage			Post SHG stage			
		Chit fund	Bank	Post office	Chit fund	Bank	Post office	Group
Daily wage labour	41	3 (7.3)	-	2 (4.8)	2 (4.8)	-	1 (2.4)	41 (100)
Self employed	94	1 (1.1)	-	10 (10.6)	-	-	8 (8.5)	94 (100)
Private employed	2	-	-	-	-	-	-	2 (100)
Unemployed	63	5 (7.9)	-	4 (6.3)	-	-	3.1	63 (100)
Total	200	9 (4.5)	-	16 (8)	2 (1)	-	11 (5.5)	200 (100)

Note: Figurers in parenthesis indicate percentage share to respective totals

With respect to savings habit we further examined the amount of the savings made by the respondents and it was found that majority of the respondents (79.5 percent) saved in the range of Rs.1000-2000 and another 20.5 percent in between Rs.2001-3000.

Table No. 3. Amount of savings

(Amount in Rs.)

Occupation	<1000	1001-2000	2001-3000	>3000	Total
Daily wage labourer	11 (26.8)	19 (46.4)	8 (19.5)	3 (7.3)	41 (100)
Self employed	29 (30.9)	42 (44.6)	15 (15.9)	8 (8.6)	94 (100)
Private employed	1 (50)	-	1 (50)	-	2 (100)
Unemployed	22 (34.9)	35 (55.6)	6 (9.5)	-	63 (100)
Total	63 (31.5)	96 (48)	30 (15)	11 (5.5)	200 (100)

Note: Figurers in parenthesis indicate percentage share to respective totals

4.1.5 Accessibility to credit

The respondents' accessibility to credit was studied with the help of four variables, namely (i) sources of credit, (ii) frequency of loan, (iii) cumulative amount of loan and (iv) loan use pattern. The related findings are presented in tables 4, 5 and 6. It was observed that only a few of the respondents (7.5 percent) availed credit in the pre-SHG period. Moneylenders followed by banks were the only sources of credit. Whereas in the post-SHG period almost all the respondents (93 percent) availed credit from the group and 24 percent from Banks. It was also noticed that only a few of the respondents from different occupational class namely, daily wage labourers (24.4 percent), and unemployed (3.2 percent) availed credit in the pre-SHG period. On the other hand, almost all of them availed credit in the post-SHG period. It was also observed that the number of respondents who availed bank credit increased from 2.5 percent in the pre-SHG period to 24 percent in the post SHG period. The share of respondents who availed credit from moneylenders declined from 5 percent in pre-SHG period to 3 percent in the post-SHG period.

With regard to accessibility to credit we also examined the frequency of loans availed the members, and it was found that majority of the respondents (38.5 percent) availed loans 7-10 times and another 32 percent 4-6 times. As many as 17.5 percent of the respondents availed loans more than 10 times.

Table No. 4. Sources of credit

Occupation	Number of respondents	Pre SHG stage		Post SHG stage						
		Source of credit		Source of credit			No. of loans			
		Money lenders	Bank	Money lenders	Bank	Group	1-3	4-6	7-10	10<
Daily wage labourer	41	7 (17.1)	3 (7.3)	4 (9.7)	-	36 (87.8)	-	10 (24.4)	17 (41.5)	9 (21.9)
Self employed	94	-	-	-	48 (51.1)	85 (90.4)	2 (2.1)	36 (38.3)	32 (34)	20 (21.3)
Private employed	2	0	2 (1)	0	0	2 (1)	0	0	2 (1)	0
Unemployed	63	3 (4.8)	-	2 (3.2)	-	63 (100)	11 (17.5)	18 (28.6)	26 (41.3)	6 (9.5)
Total	200	10 (5)	5 (2.5)	6 (3)	48 (24)	186 (93)	13 (6.5)	64 (32)	77 (38.5)	35 (17.5)

Note: Figures in parenthesis indicate percentage share to respective totals

Table 5 presents the details of the cumulative amount of loan availed by the members and it was evident that majority of the respondents (62.5 percent) availed a loan amount below Rs.10,000, 20.5 percent in between Rs.20,001 and Rs.30,000. It was also observed that the loan amount in the case of majority of the respondents from different occupational class was below Rs. 10000, and nearly 34 percent of the self employed availed credit in between Rs. 20000-30000.

Table No. 5. Cumulative amount of credit availed

Occupation	<10000	10001-20000	20001-30000	>30000	No loans	Total
Daily wage labourer	24 (58.5)	8 (19.6)	6 (14.6)	-	3 (7.3)	41 (100)
Self employed	42 (44.6)	16 (17.1)	32 (34.0)	4 (4.3)	-	94 (100)
Salaried	1 (50.0)	-	1 (50.0)	-	-	2 (100)
Unemployed	58 (92.1)	1 (1.5)	2 (3.2)	2 (3.2)	-	63 (100)
Total	125 (62.5)	25 (12.5)	41 (20.5)	6 (3)	3 (1.5)	200 (100)

Note: Figures in parenthesis indicate percentage share to respective totals

We also examined the major purpose for which the loans was availed by the members (Table 6). It was observed that majority of the respondents (86 percent) availed loan for consumption purposes followed by housing improvement (63.5 percent), asset creation (47 percent) and another 46 percent for redemption of old debts. It was also found that majority of the respondents from different occupational class availed loans for consumption, redemption of old debts and for housing improvement.

Table No.6. Loan use pattern

Occupation	No. of respondents	Purpose of the loans			
		Consumption	Redemption of old debts	Housing improvement	Asset creation
Daily wage labourer	41	41 (100)	26 (63.4)	29 (70.7)	-
Self-employed	94	63 (67)	27 (28.1)	42 (44.6)	94 (100)
Private employed	2	2 (100)	-	-	-
Unemployed	63	63 (100)	40 (63.4)	56 (88.8)	-
Total	200	172 (86)	93 (46.5)	127 (63.5)	94 (47)

Note: Figurers in parenthesis indicate percentage share to respective totals

4.1.6 Household income

Table 7 presents the monthly household income of the respondents. It was found that majority of the respondents (43 percent) belonged to a monthly household income class of Rs.2001-Rs.3000, followed by Rs.1001-2000

(33.5 percent). Another 15 percent reported a monthly household income above Rs.3000.

Table No. 7. Monthly household income

Occupation	Rs. <1000	Rs. 1001-2000	Rs. 2001-3000	Rs. >3000	Total
Daily wage labourer	8 (19.5)	19 (46.3)	7 (17.1)	7 (17.1)	41 (100)
Self employed	2 (2.2)	26 (27.7)	45 (47.8)	21 (22.3)	94 (100)
Private employed	-	2 (100)	-	-	2 (100)
Unemployed	7 (11.1)	20 (31.7)	34 (54.0)	2 (302)	63 (100)
Total	17 (8.5)	67 (33.5)	86 (43)	30 (15)	200 (100)

Note: Figurers in parenthesis indicate percentage share to respective totals

Analysis across the sample revealed that majority of the daily wage labourers (46.3 percent) belonged to monthly income class of Rs.1001-2000. On the other hand, majority of the self-employed (47.8 percent) and unemployed (54 percent) belonged to the monthly income class of Rs.2001-3000.

Table 8 presents the number of sources of income of the respondents and it was observed that in the pre-SHG period majority of the respondents (57.5 percent) reported only single sources of income. Another 27.5 percent and 12.5 percent of the respondents reported two and three sources of income respectively. Whereas in the post SHG period majority of the respondents (44.5 percent) reported two sources of income and another 19.5 percent three sources. The number of households reporting only single sources of income

declined from 57.5 percent to 32 percent in the post SHG period. On the other hand, the number of households reporting three sources of income increased from 12.5 percent to 19.5 percent in the post-SHG period.

Analysis across the sample revealed that majority of the respondents from different occupational class namely, daily wage labourers (46.3 percent), self employed (46.9 percent) and unemployed (65 percent) reported only single sources of income in the pre-SHG period whereas as majority of self employed (55.3 percent) reported two sources of income in the post SHG period.

Table No. 8. Number of sources of household income

Occupation	No. of respondents	Pre SHG Stage (No. of sources)				Post SHG Stage (No. of sources)			
		1	2	3	>3	1	2	3	>3
Daily wage labourer	41	19 (46.3)	14 (34.1)	7 (17.1)	1 (2.4)	14 (34.2)	12 (29.3)	13 (31.7)	2 (4.8)
Self employed	94	54 (46.9)	22 (23.4)	14 (14.9)	3 (1.1)	21 (22.3)	52 (55.3)	17 (18.1)	4 (4.3)
Private employed	2	1 (50)	1 (50)	-	-	2 (100)	-	-	-
Unemployed	63	41 (65.1)	18 (28.6)	4 (3.2)	-	27 (42.8)	25 (39.7)	9 (14.3)	2 (3.2)
Total	200	115 (57.5)	55 (27.5)	25 (12.5)	4 (2)	64 (32)	89 (44.5)	39 (19.5)	8 (4)

Note: Figurers in parenthesis indicate percentage share to respective totals

4.1.7 Acquisition of household assets

Table 9 presents the assets acquired by the respondents after joining the group. The common types of assets acquired by the respondents include

furniture, electronic goods, household vessels and business related assets (sewing machine, livestock, poultry, work related implements, etc.).

Table No. 9. Acquisition of new assets

Occupation	No. of respondents	Furniture	Electronic goods	Household vessels	Sewing machine	Live stock	Implements
Daily wage labourer	41	2 (4.8)	-	2 (4.8)	-	-	-
Self employed	94	4 (4.2)	3 (3.2)	-	16 (17)	71 (75.5)	11 (11.7)
Private employed	2	-	-	-	-	-	-
Unemployed	63	-	-	2 (3.1)	-	-	-
Total	200	6 (3)	3 (1.5)	4 (2)	16 (8)	71 (35.5)	11 (5.5)

Note: Figures in parenthesis indicate percentage share to respective totals

With respect to acquisition of household assets, six respondents (3 percent) acquired furniture, three persons (1.5 percent) electronic goods and nearly 2 percent household vessels. It is significant to note that a considerable number of respondents acquired business related assets, involving livestock (35.5 percent), sewing machine (8 percent) and another 5.5 percent purchased work related implements. It was the self-employed respondents who acquired more household assets.

4.1.8 Control over household financial resources

The respondent's control over resources was studied with the help of their involvement in decisions related to savings, credit and income generation.

respondent's involvement in these decisions. Table 10 presents the results of enquiry. It was observed that majority of the respondents are involved in savings and credit related decisions. Similar observation was also made with respect to income generation decision. The case of joint decisions, involving husband and wife, was also reported with respect to these activities.

Table No. 10. Role of respondents in household financial decision making

Particulars		Decisions taken by:		
A	Savings related decision	Self	Husband	Joint
	Decision to save	200 (100)	-	-
	Decision to withdraw savings	145 (72.5)	21 (10.5)	34 (17.0)
B	Credit related decisions			
	Decision to avail first loan	110 (55.0)	87 (43.5)	3 (1.5)
	Decision on first loan utilisation	82 (41.0)	113 (56.5)	5 (2.5)
	Decision to avail subsequent loan	115 (57.5)	10 (5.0)	75 (37.5)
	Decision on subsequent loan utilisation	87 (43.5)	13 (6.5)	100 (50.0)
C	Income generation decision			
	Selection of enterprises	63 (31.5)	11 (5.5)	20 (10)
	Ownership of enterprise	94 (47)	-	-
	Management of enterprise	40 (20)	15 (7.5)	39 (19.5)

Note: Figurers in parenthesis indicate percentage share to respective totals

4.1.9 Improvement in living facilities

Table 11 presents the details of improvements in living facilities. About 35.5 percent of the respondents reported that they had constructed new

latrine, 9.5 percent repaired their house and 8.5 percent constructed new house. Another 1.5 percent of the respondents reported that they dug well with the help of programme loan.

Table No. 11. Improvements in living facilities

Occupation	No. of respondents	House constructed	House repairs	New latrine	Digging of well
Daily wage labourer	41	8 (19.5)	10 (24.3)	26 (63.4)	3 (7.3)
Self employed	94	-	6 (6.4)	3 (3.2)	-
Private employed	2	-	-	-	-
Unemployed	63	9 (14.3)	2 (3.2)	42 (66.7)	-
Total	200	17 (8.5)	18 (9.0)	71 (35.5)	3 (1.5)

Note: Figurers in parenthesis indicate percentage share to respective totals

4.1.10 Income generation activities

Table 12 presents the details of income generation activities undertaken by the respondents. Out of the 200 respondents surveyed a total of 94 (47 percent) claimed to have started their own income generating activities. Among this, as many as 57 respondents reported dairying as their principal economic activity. The other main reported economic activities are tailoring, broiler rearing, home made food items and teashop.

Table No. 12. Economic activities undertaken by the respondents

Type of economic activity	No. of respondents	Average investment, Rs.		
		<5000	5001-10000	10001-15000
Dairying	57	11	10	36
Poultry	11	11	-	-
Tailoring unit	17	13	4	-
Home made food	5	-	5	-
Teashop	2	-	2	-
Sericulture	1	-	-	1
Coir unit	1	-	-	1
Total	94 (100)	35 (37.2)	21 (21.3)	38 (40.4)

Note: Figurers in parenthesis indicate percentage share to respective totals

Table 12 presents the details of average investment in these economic activities. It is evident that the amount of investment is generally low, which ranged from Rs.5,000 to Rs.15,000. Out of the 94 respondents who claimed to have started income generating activities, 40.4 percent reported an average investment between Rs.10,000 and Rs.15,000, 21.3 percent between Rs.5,000 and Rs.10,000. The remaining 37.2 percent had an average investment less than Rs.5,000. With regard to income generation activities we also examined the monthly income realized from these activities. Table 13 presents the monthly income from the economic activities.

Table No. 13. Monthly income generated from economic activities

Economic activity	No. of respondents	Rs. <500	Rs. 501-1000	Rs. >1000	Average of monthly income
Dairying	57	13	35	9	807.01
Poultry	11	-	11	-	622.72
Tailoring	17	5	8	4	711.00
Home made food items	5	5	-	-	700.00
Teashop	2	-	-	2	1200.00
Sericulture	1	-	-	1	1500.00
Coir unit	1	-	-	1	1500.00
Total	94	23	54	17	

Out of the 94 respondents claimed to have started income generating activities, 18 percent reported an average monthly income above Rs.1000, 57.4 percent between Rs.500 and 1000, and the remaining 24.5 percent reported a monthly income below Rs.500.

4.1.11 Employment generation

Having examined the economic activities we attempted to examine the nature of employment created. Employment generation and economic activities are closely related. The expected impact at employment level is the generation of full time or part time employment for the participants and is presented in Table 14. It was found that of the 94 respondents (47 percent) who

started income generating activities of which 50 percent of them are working fulltime. The beneficiaries are generally housewives, and the economic activities are operated either by respondents or by members of their family.

Table No. 14. Nature of employment

Economic activity	No. of respondents	Employment generated	
		Full time	Part-time
Dairying	57	22	35
Poultry	11	11	-
Tailoring	17	5	12
Home made food Item	5	5	-
Tea shop	2	2	-
Sericulture	1	1	-
Coir unit	1	1	-
Total	94	47 (50)	47 (50)

Note: Figurers in parenthesis indicate percentage share to totals

The social impact of micro finance programme is studied based on, i) role in household decision making, ii) self confidence, iii) ability to deal with adversities and iv) involvement in community activities. The related findings are presented in the following paragraphs.

4.1.12 Role in household decision making

Respondents' role in household decision-making was examined based on their involvement in common decision making at household level. These decision contexts involved i) purchase of food item, ii) household investments, iii) children's education, iv) marriage of children, v) enterprise activities, vi) selection of job and vii) recreation.

Table 15 presents the level of respondents' involvement in household decision-making. A total of 162 respondents (81 percent) opined that they were involved in decisions related to purchase of food items, 53 percent in household investments, and 51 percent in children's education. In addition to this the members were also involved in decisions related to marriage of children (35 percent), enterprise activities (46 percent) and selection of job (62 percent). In response to the question on how their role changed after joining the programme, majority of them stated that their involvement had 'increased' or 'increased greatly'. The responses of 'no change' were found to be negligible except for selection of job.

Table No. 15. Respondent's involvement in household decision making

Decision contexts	Involved in decision making		Changes affected		
	No	Yes	Increased greatly	Increased	No change
Purchase of food items	38 (19.0)	162 (81.0)	60 (30.0)	74 (37.0)	28 (14.0)
Household investments	94 (47.0)	106 (53.0)	19 (9.5)	55 (27.5)	32 (16.0)
Children's education	97 (48.5)	103 (51.5)	21 (10.5)	64 (32.0)	18 (9.0)
Marriage of children	130 (65.0)	70 (35.0)	13 (6.5)	39 (19.5)	18 (9.0)
Enterprise activities	108 (54.0)	92 (46.0)	24 (12.0)	48 (24.0)	20 (10.0)
Selection of job	76 (38.0)	124 (62.0)	15 (7.5)	45 (22.5)	64 (32.0)
Recreation	166 (83.0)	34 (17.0)	13 (6.5)	21 (10.5)	-

Note: Figurers in parenthesis indicate percentage share to total

4.1.13 Self-confidence

The respondent's level of self-confidence was studied based on their contribution to household, contribution to community and their ability to freely interact with others. Table 16 presents the results of enquiry.

a) Contribution to household: With regard to contribution to household, majority of the respondents said that they feed their family (66 percent), contribute to household income (61.5 percent) and take major decision at household (71 percent). Another 46 percent reported that they are able to educate their children.

b) Contribution to community: With respect to their contribution to community the most common response was that they extended help to neighbours (66 percent) and resolved conflicts (19 percent). A small percentage of them (13 percent) reported that they played leadership role in their community.

c) Free interaction: With regard to their ability to freely interact with others 97.5 percent of the respondents opined that they freely interact with their own family members 97 percent with neighbours and another 92 percent with personal friends outside the family.

The respondents expressed positive changes with regard to their contribution to household, contribution to community and ability to freely interact with others. Majority of them opined that their ability with regard to these items had increased.

Table No. 16. Self-confidence level of respondents

Particulars		Contribution		Changes affected		
A	Contribution to household	No	Yes	Increased greatly	Increased	No change
	Feeds family	68 (34.0)	132 (66.0)	65 (32.5)	50 (25.0)	27 (13.5)
	Educate children	108 (54.0)	92 (46.0)	33 (16.5)	47 (23.5)	22 (11.0)
	Contribute house hold income	77 (38.5)	123 (61.5)	58 (29.0)	51 (25.5)	14 (7.0)
	Takes major decisions	58 (29.0)	142 (71.0)	41 (20.5)	49 (24.5)	52 (26.0)
B	Contribution to community					
	Help neighbours	68 (34.0)	132 (66)	52 (26.0)	72 (36.0)	8 (4.0)
	Resolve conflicts	162 (81.0)	38 (19.0)	17 (8.5)	20 (10.0)	1 (0.5)
	Leadership	174 (87.0)	26 (13.0)	9 (4.5)	14 (7.0)	3 (1.5)
C	Free interaction					
	With own family members	5 (2.5)	195 (97.5)	108 (54.0)	47 (23.5)	40 (20.0)
	With neighbours	6 (3.0)	194 (97.0)	106 (53.0)	58 (29.0)	30 (15.0)
	Personal friends	16 (8.0)	184 (92.0)	52 (26.0)	102 (51.0)	-
	With community leaders	132 (66.0)	68 (34.0)	23 (11.5)	45 (22.5)	-

Note: Figurers in parenthesis indicate percentage to total

4.1.14 Dealing with adversities

Table 17 presents the common types of adversities faced by the respondents. The most common type of adversities reported by majority of the respondents (62.5 percent) was lack of adequate income, and lack of job by another 58.5 percent of the respondents. The next most common difficulty reported was food insecurity (40 percent), serious illness (17.5 percent), death of family members (5 percent) and conflicts in the family (4.5 percent).

Table No. 17. Adversities faced by the respondents

Types of adversities	No. of respondents	Percentage to total
Food insecurity	80	40.0
Lack of job	117	58.5
Lack of adequate income	125	62.5
Serious illness	35	17.5
Death of family members	11	5.5
Conflicts in the family	9	4.5

These difficulties were dealt with by a variety of mechanisms. Table 18 presents the means of dealing with such adversities. To cope with these difficulties they borrowed money from the group (73 percent), used personal savings (39 percent), sought employment (24 percent). Eight percent of the respondents opined that they received voluntary help from the group. The other ways resorted to included selling of personal properties (7 percent), and counseling (1.5 percent).

Table No. 18. Means of coping with adversities

Means of coping with adversities	No. of respondents	Percentage to total (n = 200)
Borrowed money from group	146	73.0
Used personal savings	79	39.5
Sought employment	48	24.0
Voluntary help	16	8.0
Sale of personal properties	14	7.0
Counseling	3	1.5

4.1.15 Involvement in community activities

We examined the involvement of the members in community activities. Table 19 lists out the community level involvement reported by the respondents.

Table No. 19. Involvement in community activities

Community involvement indicators	Involvement		Change effected		
	No	Yes	Increased greatly	Increased	No change
Helping neighbours	68 (34.0)	132 (66.0)	52 (26.0)	72 (36.0)	8 (4.0)
Volunteering	70 (35.0)	130 (65.0)	20 (10.0)	110 (55.0)	-
Mobilisation of people	175 (87.5)	25 (12.5)	8 (4.0)	17 (8.5)	-
Conflict resolution	162 (81.0)	38 (19.0)	17 (8.5)	20 (10.0)	1
Awareness creation	156 (78.0)	44 (22.0)	8 (4.0)	36 (18.0)	-
Cultural activities	159 (79.5)	41 (20.5)	10 (5.0)	31 (15.5)	-
Leadership	174 (87.0)	26 (13.0)	9 (4.5)	14 (7.0)	3 (1.5)

In response to the question how they are involving in community activities the most common responses were helping neighbours (76.5 percent), volunteering (65 percent) and mobilisation of people (12.5 percent). In addition to this, a small percent of respondents are involved in awareness creation, cultural activities and leadership role in the community.

SECTION II

4.2.1 Factors determining effective functioning of groups

The findings related to the factors determining the effective functioning of the groups are presented in Table 20.

Table No. 20. Index for components of group effectiveness

Sl. No.	Variables	Minimum	Maximum	Average value
1	Understanding of scheme objectives	77.1	96.8	88.6
2	Quality of group meeting	61.0	89.1	75.9
3	Savings habit	56.2	94.7	77.0
4	Adequacy of and accessibility to resources	42.0	79.1	67.4
5	Repayment behaviour	60.4	91.6	74.8
6	Group cohesion	64.2	83.3	69.8
7	Group leadership	50.8	98.0	71.9
8	Group interaction	42.5	75.0	56.8
9	Group autonomy	45.0	71.8	61.3
10	Sense of self	53.1	81.0	68.7
11	Equity	62.5	96.8	94.3
12	Accountability	80.2	97.8	90.9
13	Transparency	65.6	91.6	80.3

It was observed that all the components except group interaction and group autonomy exhibited higher values (range 66.66 to 99.99) for the index. The index for group interaction and group autonomy was found to be moderate (33.33-66.66). Table 21 presents the behaviour of the components in different groups. It was found that all the components except group interaction and group autonomy exhibited higher values (66.66-99.99) in majority of the groups. Whereas the index for autonomy and group interaction exhibited moderate value (33.33-66.66) in majority (80 percent) of the groups.

Table No. 21. Classification of groups based on index for components

Sl. No.	Variable	Low	Medium	High
1	Understanding of scheme objectives	-	-	30 (100)
2	Quality of group meeting	-	3 (10)	27 (90)
3	Savings habit	-	3 (10)	27 (90)
4	Adequacy of and accessibility to resources	-	12 (40)	18 (60)
5	Repayment behaviour	-	5 (16.7)	25 (83.3)
6	Group cohesion	-	2 (6.7)	28 (93.3)
7	Group leadership	-	10 (33.3)	20 (66.7)
8	Group interaction	-	24 (80)	6 (20)
9	Autonomy	-	25 (83.3)	5 (16.7)
10	Sense of self	-	11 (36.6)	19 (63.4)
11	Equity	-	8 (26.7)	22 (73.3)
12	Accountability	-	-	30 (100)
13	Transparency	-	-	30 (100)

Figures in parenthesis indicate percentage to total

Table No. 22. Index for Group Effectiveness

Group Code	Group Effectiveness Index	Group Code	Group Effectiveness Index
01	81.5	16	71.9
02	79.4	17	67.9
03	83.3	18	77.5
04	78.1	19	66.6
05	75.8	20	70.4
06	81.5	21	73.0
07	75.5	22	72.3
08	73.1	23	69.8
09	78.6	24	79.9
10	74.7	25	74.1
11	70.3	26	71.9
12	74.2	27	77.6
13	73.7	28	73.9
14	67.9	29	71.4
15	74.3	30	68.0

The group effectiveness indices, constructed based on the indices for various components, are presented in Table 22. The index ranged from 66.6 to 83.3 exhibiting high values for all the groups.

The relationship between the various components and group effectiveness index was studied with the help of correlation analysis and the result is presented in Table 23. It was found that all the components except understanding of scheme objectives and transparency exhibited strong and significant relationship with group effectiveness at one percent level.

Transparency exhibited significant relationship at five percent level and understanding of scheme objective was found insignificant.

Table No. 23. Correlation between components of group effectiveness and group effectiveness index

Sl. No.	Components	Correlation coefficient
1	Understanding of scheme objectives	0.2972+
2	Quality of group meeting	0.6719*
3	Savings habit	0.6196*
4	Adequacy of and accessibility to resources	0.4004*
5	Repayment behaviour	0.6377*
6	Group cohesion	0.7282*
7	Group leadership	0.6656*
8	Group interaction	0.7250*
9	Autonomy	0.6199*
10	Sense of self	0.5047*
11	Equity	0.4877*
12	Accountability	0.6436*
13	Transparency	0.3353**

* Significant at 0.01 level

** Significant at 0.05 level

+ Not significant

The correlation analysis revealed that the group effectiveness was not influenced by any one of the factors in isolation, but all of them together with varying degrees. The technique of step-wise multiple regression analysis was

resorted to identify the most influencing factors. The results of the regression analysis are presented in Table 24.

Table No. 24. Results of regression analysis

Independent variable	Percentage variation	F value
X ₉ , X ₁₀ , X ₁₁ , X ₁₂ , X ₁₃	0.7947	18.5841
X ₁₀ , X ₁₁ , X ₁₂ , X ₁₃	0.7929	23.9335
X ₁₁ , X ₁₂ , X ₁₃	0.6005	13.0272
X ₁₂ , X ₁₃	0.4428	10.7290
X ₁₃	0.1324	4.2731

Out of the 13 components included in the regression analysis, after the eighth step, five factors were found to be contributing 79 percent of the variation in group effectiveness. These factors are: i) Autonomy (X₉), ii) Accountability (X₁₂), iii) Equity (X₁₁), iv) Group interaction (X₈) and v) Transparency (X₁₃). The F values for the identified factors were evaluated to test their statistical significance and the values are found to be significant at five percent level. The resulted prediction equation with these five factors is given below.

$$Y = 2.665 + 0.0471 (X_9) + 0.255 (X_{10}) + 0.2815 (X_{11}) + 0.3732 (X_{12}) - 0.0471 (X_{13}).$$



Discussion

CHAPTER V

DISCUSSION

The results of the study are interpreted and discussed in this chapter and it is presented in the following heads.

5.1.1 Demographic details

The demographic details presented in the Table 1 revealed that the sample constituted only women aged 18 years or above. Majority of them (58.5 percent) belonged to middle aged group (31-45 years), followed by younger (18-30 years) age group (23 percent). About 51 percent of the sample households belonged to Hindus, 34.5 percent Muslims and 14.5 percent Christians. SC/ST communities constituted 11.5 percent of the sample. The results indicated that the sample is a true cross section of the population of the area covered by the study. The members exhibited a fairly good level of education. The members with primary education level accounted for 38 percent and those of secondary level 43 percent. Only a few of them reported to have illiterate. The educational level exhibited by the members may be attributed to the spread of education among the people especially women in the locality. In the sample as a whole self employed constituted 47 percent followed by unemployed (37.5 percent) and daily wage labourers (20.5 percent).

5.1.2 Savings habit

The findings with regard to savings habit revealed that the self-help groups were able to inculcate savings habit among the members. All the members reported savings with the group. One of the reasons for this may be the compulsory savings in the group. Regular, weekly savings is compulsory in all the SHGs visited and they fixed Rs.10 as the minimum weekly savings to be made by the members. In addition to this, the byelaw of the SHGs provides that the members have to save for a minimum period of six months to become eligible for borrowing. This mandate may be another reason for the savings habit exhibited by the members.

It was also significant to note that respondents from different occupational classes, namely daily wage labourers, self-employed, and unemployed reported regular savings habit. In response to the query on sources of income for savings, almost all the self-employed respondents said that they saved out of the income generated from their activities. Daily wage labourers reported that they saved out of their wage earnings. In the case of unemployed respondents, earnings of their husbands or relatives formed the source of money for savings.

Another important aspect of savings habit as revealed is that only a few of them reported to have savings with institutional agencies like Chit Funds and Post Office and interestingly none of them had savings with banks. In response to the question why they preferred to save with the group, the

responses in most cases was that they realised the need for savings only after coming in the group. The members also felt it convenient to save with the group because of the flexibility of operation. The savings habit exhibited by the members can be inferred as a direct impact of SHGs, with the fact that only a few of them reported to have savings habit in the pre-SHG period.

5.1.3 Accessibility to credit

The members' accessibility to credit could be understood from the results presented in the Table 2. It is evident from the table that 93 percent respondents availed credit from the group. Money-lenders and banks were the only institutions from which the members availed credit in the pre-SHG period. It was clear that majority of the members had no access to credit from these sources in the pre-SHG period. One of the reasons for this may be attributed to the high rate of interest and lack of collateral securities. It is against this backdrop that SHGs emerged as the major source of credit for its members. Almost all of them reported to have availed credit from the group. In addition to this, a significant number (24 percent) of them were able to avail credit from the bank.

Members' accessibility to credit could also be observed from the frequency of the loans availed by them. In the case of SHGs a member can apply for a loan as soon as she has completed the minimum required period of savings (generally six months). Only a simple application on a plain paper or an oral presentation of the purpose and amount of loan, need to be submitted. The

foregoing discussion revealed that SHGs emerged as a major source of credit for its members. It could be attributed to their quick and flexibility of operation. SHGs have the freedom to decide the purpose for which they can sanction loan. Some of the SHGs are found to be very particular in not sanctioning loans to certain purposes like purchase of ornaments, land etc. While for certain purposes like meeting medical expenses, school fee, and redemption of old debts, etc. there is a priority in these SHGs. It is worthy to note the major purposes for which the members availed loan. As many as 86 percent of respondents reported that they availed loan for meeting consumption needs. Another 63.5 percent reported that they availed loan for housing improvement.

5.1.4 Household income

With regard to household income we examined whether the participation in micro finance programme had resulted in an increase in household income of the respondents. Since it was not able to collect data on household income in the pre-SHG period because of the non-availability of data we limited our enquiry with respect to current household income. In support of this information, the number of sources of income in the pre and post SHG periods was also collected.

The respondents from different occupational class reported an increase in the number of sources. As many as 17.1 percent and 14.9 percent of daily wage labourers and self employed reported three sources in the pre-SHG

period. The corresponding figures in the post-SHG period were 29.3 percent and 18.1 percent respectively.

The increase in the number of sources of income gives rise to the possibility that respondents were able to start their own income generating activities. The related findings with respect to income generation activities support this inference. As many as 47 percent of the respondents reported to have started income generation activities with the help of the programme. Based on this information we can conclude with some degree of confidence that the programme had resulted in an increase in the income of the households.

5.1.5 Acquisition of household assets

Acquisition of household assets can be judged as a positive impact of the programme. For the purpose of the study assets comprising livestock and other business related assets only were taken into account. It is particular to note that a considerable number of respondents (49 percent) reported to have acquired business related assets. It revealed the tendency of respondents to use the loans as productively as possible. This tendency is seemed to be very positive in creating and maintaining assets, which in turn provide a regular income and employment to the members. For the enquiry whether they had acquired any of these assets after joining the programme, more than half of the responses (55.5 percent) was in affirmative. It is interesting to note that across different occupational class, acquisition of assets was relatively more among self employed persons. This could be attributed to the fact that most of them

had acquired business related assets. The acquisition of assets would also indicate the positive impact of SHGs on improvement in the financial strength of the members.

5.1.6 Control over household financial resources

The respondents' control over resources can be inferred from their involvement in decisions with respect to savings, credit and income generating activities. With regard to savings, virtually all the respondents indicated that they had savings with the group. In order to get conclusive evidence about the participants control over savings, we further asked two additional questions namely, who takes decision to save? And who takes decision to withdraw savings? In response to the first question virtually all reported that it was their own decision to start savings. In response to the second question, who decides on withdrawal of savings, 72.5 percent opined that they alone, took such decisions. Another 17 percent reported that they took the decision after consulting their husbands. Only 10 percent said that their husbands decided on withdrawal of savings, without consulting them. The responses cited above clearly indicate the involvement of the respondents in taking such decision. Based on this information it can be reasonably concluded that members are exercising certain degree of control over savings.

With regard to credit related decision we collected information on respondents' role in availing and utilization of loans. It was observed that as many as 55.5 percent of the respondents involved in the decision to avail first

loan. We could find an increasing involvement/role of respondents with regard to loan decision on subsequent loans. The case of joint decision- making (consulting with their husband) has also considerably increased (37.5 percent). The increase in the case of joint decision affirms the involvement of respondents in such decision- making. One of the reasons for such involvement may be attributed to the desire for sharing the responsibilities with regard to financial resources. Similar change was also noticed with regard to loan utilization (see Table 10).

About 47 percent of the respondents reported to have started some kind of income generating activities. With regard to income generating activities, majority of the respondents said that they alone or in consultation with their husbands took the decision on various aspects of activities. In response to the question on ownership of the enterprises virtually all opined that they themselves own the enterprise. In response to the question on management of enterprise activities about 42.5 percent of respondents said that they alone managed the activities. The foregoing discussion on the role of the respondents with regard to savings, credit and income generating activities, clearly shows the control exercised by the respondents over these resources.

5.1.7 Improvement in living facilities

The results presented in Table 11 revealed the extent of improvement made in living facilities by the respondents. One of the purposes for which the SHGs lend explicitly is for housing improvement. Loans were provided for

construction of new house, repair of existing house, construction of new latrine, etc. Infact provision of latrine facilities for the poor households was one of the areas given thrust in this programme. For this purpose loans were made available to the members by making use of the grant from UNICEF. Those households who are not having latrine facilities were provided with an interest free loan of Rs.2000, which is to be repaid in twelve monthly installments. It was revealed that as many as 35.5 percent of the respondents had made use of this facility. In addition to this, about the 8.5 percent of the respondents constructed new houses and nine percent of them made repairs of the house. All of them reported to have availed credit from the group to meet such expenditure.

5.1.8 Income generating activities

With regard to income generating activities we examined whether i) any of the respondents started income generating activities, ii) if so, how much investment they made? and iii) how much revenue they realised from these activities.

The results related to income generating activities revealed that the members were encouraged to set up their own income generating activities. The impact at this level is reflected in terms of the number of respondents who started economic activities, extent of investment made and the revenue realised from these activities.

Dairying and broiler rearing were found to be the major economic activities undertaken. Members availed loan for dairying under Swarnajayanti Grama Swarozgar Yojana (SGSY). Under this scheme a group consisting of ten members is financed with rupees one lakh to two lakh for the construction of shed and purchase of cow. In addition to this, each group was also provided with a revolving fund of Rs.25,000.

Nearly nine percent of the respondents started broiler unit with the active support of Kerala State Poultry Development Corporation (KSPDC). Under this scheme, the beneficiaries were supplied with 150 chicks and a grant of Rs. 2000 for construction of cage. Besides, feeds were supplied on credit. The beneficiaries were required to grow the chicks up to 45 days and required to repay the loan amount after selling the batch of birds. On repayment of the first loan, they are eligible for the supply of second batch of chicks, and the cycle repeats on successful repayment of the dues. All the respondents who started broiler units under this scheme reported that they are continuing in this business for the last two to three years generating a regular income to their household. Besides, tailoring unit, home made food item, teashop, etc. are the other economic activities undertaken by the respondents.

5.1.9 Employment generation

The expected impact on employment level is the generation of part-time or full time employment. The results presented in the Table 14 revealed a moderate level of employment generation. The reported economic activities are

based at their home and are operated either by respondents or by family members. Overall we found that some of the respondents are working full time in their activities, while others part time. For example, in the case of dairying, which is one of the principal economic activity reported by majority of the respondents, 22 of them are working full time, while the remaining 35 are working part-time. Similarly in the case of broiler rearing all the respondents reported that they are working part time.

5.1.10 Role in household decision making

The results presented in Table 15 revealed that a total of 162 respondents (81 percent) are involved in decisions related to purchase of food items. In response to the question how their role changed after joining the programme, 30 percent reported 'increased greatly' and 37 percent 'increased'. Only 14 percent reported 'no change'.

With regard to their role in household investments, about 53 percent of respondents opined that they are involved in decisions related to household investments. Out of this, 9.5 percent opined that their role in this respect had 'increased greatly' and 27.5 percent as 'increased'.

Similarly in the case of role in children's education, marriage of children, enterprise activities, selection of job and recreation, the members reported that their role in these aspects had increased. The response category with 'no change' was found to be very less in all cases except for selection of job.

From the above results it could be inferred that the continued participation and association with self- help groups had resulted an increase in the role of the participants in household decision making.

5.1.11 Self confidence

In order to study the respondent's level of confidence we examined their contribution to household, contribution to community and their ability to freely interact with others. It could be inferred from the results presented in Table 16 that the involvement of the members in SHGs significantly contributed in improving their self-confidence. The respondents stated an improvement in contribution to their household, community and their ability to freely interact with others. They also expressed the feeling that their status within the family seems to have improved after their association with the group. They experienced better treatment in their family than the pre-SHG situation. Members also expressed that they have an opportunity to freely interact with other members of the community because of the group activity. They attributed the reasons for improvement in their ability to interact with others as regular interaction with other group members in the periodical meetings of the group.

The opinion of the members with respect to these variables indicated positive change. A higher proportion of members reporting an increase in their abilities can be inferred as a positive impact of SHGs. Since the variable being qualitative in nature it is difficult to provide a quantitative measurement for it. However, in this respect some of the observations made during the survey could

reveal their level of self-confidence. It was particular to note that most of them reported that they feel respected in their family because of the fact that they bring something of clear value to their household in terms of loans, or contribution to household income. The respondents claimed to have improved their status because of the improved financial independence and ability to influence household decision-making. In addition to this, a significant number of respondents reported with some pride that they make major contribution to their household income. Based on the above information it is obvious that the self-confidence level of respondents had improved after joining in SHGs.

5.1.12 Dealing with adversities

A pervasive concern of the poor household is how to manage the adversities they face in their daily life. We included a set of questions designed to investigate on the common type of adversities faced by the respondents and how they deal with such adversities. The results revealed that even with some difficulty, they find ways of dealing with such adversities. They reported that the group activities were very helpful to cope with such adversities. They also expressed that they had no option but to submit themselves to the adverse situation in the pre-SHG period. The members expressed their confidence to face the adverse situations. This is achieved by a variety of mechanisms - using personal savings, selling of assets, or reducing expenditures. All these would be attributed to the increased level of self-confidence gained through the association with the group.

5.1.13 Involvement in community activities

The results related to involvement in community activities (Table 19) revealed a greater sense of solidarity, closeness and will to shoulder responsibilities within the group. In fact this is clearly a result of the frequent meetings organized by the SHGs. The members are encouraged to meet as frequently as possible. Most of them do meet once in a week. Such meetings give them an opportunity to get together and share their grief and joy. It is obvious that such regular meetings had paved the way for fostering a strong friendship and co-operation among different families of the locality cutting across religion, caste and political affiliation. It is also significant to note that women who never used to come out of their home a few years back are now coming together in their SHGs. This trend is against the fact that when the programme was launched in this orthodox district, women, especially Muslim women were forbidden by their husbands or relatives from joining the group. Many of these respondents reported that because of the association with groups they were able to break the shackles of seclusion.

SECTION II

5.2 Factors determining group effectiveness

In order to judge the group effectiveness we developed a Group Effectiveness Index (GEI). The Group Effectiveness Index is used as the

yardstick, or standard to measure the level of effectiveness of the group. The index consisted of cumulative expression of indices.

The results presented in Table 20 and 21 revealed that almost all the groups are effectively functioning. It is particular to note that in none of the groups the value of group effectiveness index was low. The effectiveness of the groups is influenced by several factors. As reflected in the Table 21 all the components exhibited higher values. One of the reasons for the high level of the group effectiveness exhibited by the groups can be attributed to the fact that we included only those groups, which are in operation for the last five years. The high values for group effectiveness in the case of these groups revealed they have become stable after passing through different stages of group formation.

Having examined the group effectiveness, the factors influencing the group effectiveness are discussed in this section. We included thirteen components for analysis. These components include: 1) Understanding of scheme objectives, 2) Quality of group meeting, 3) Savings habit, 4) Adequacy of and accessibility to resources, 5) Repayment behaviour, 6) Group cohesion, 7) Group leadership, 8) Group interaction, 9) Autonomy, 10) Sense of self, 11) Equity, 12) Accountability and 13) Transparency. The influence of these factors are analysed based on the behaviour of the components of group effectiveness in different groups. A discussion on the related findings is provided in the following heads.

5.2.1 Understanding of scheme objectives

The members understanding of scheme objective was measured in terms of the extent of general awareness of the members about the group activities. As revealed from the results presented in Table 20, the members exhibited high level of understanding of their group activities, which is reflected by the high value of the index.

It is widely accepted that a general understanding of group activities is a pre-requisite for the success of the group. Members should know why their own groups were organized, what their goals, method of working and benefits they offer to its members. Only when members were familiar with their groups and their function, they associate with the group.

5.2.2 Quality of group meeting

The index for quality of group meeting exhibited high values in majority of the groups. It can be attributed to the factors like, attendance, Opportunity to participate in deliberations, and regularity in the group meeting. Almost all the groups convene their meeting on a particular day and time of the week. All the members are keen to attend such meetings. Almost all the respondents reported that they were given opportunities to speak out in the group meetings. Important issues related to their locality were also discussed in such meetings. In addition to this, majority of the members said that such group meetings provides them a forum for sharing their grief and joy.

The quality of group meeting exhibited strong and significant relationship with group effectiveness ($r = 0.67196$). It means that higher the quality of group meeting higher is the effectiveness of the group.

5.2.3 Savings habit

Savings habit was measured in terms of the perceived ability of the members to save from their income. The results presented in Table 20 revealed that the members exhibited high level of savings habit. It could be attributed to the emphasis for developing savings habit among the members. Regular weekly savings is compulsory in all the groups. Almost all the groups fixed Rs.10 as weekly minimum savings installment to be paid by the members and have to remit it at the time of the group meetings. Savings habit exhibited a strong and significant relationship with group effectiveness at 1 percent level ($r = 0.61962$).

5.2.4 Adequacy and accessibility to resources

Adequacy and accessibility to resources was measured in terms of the extent of financial resources that the group had mobilized and the degree to which the members are accessible to receive the same. The high values of the index exhibited by this variable indicate that members are accessible to the financial resources mobilized by the group. The relationship between adequacy and accessibility to resources was studied with the help of correlation analysis. The correlation coefficient is significant at 1 percent level ($r = 0.04004$). This

means that adequacy and accessibility to resources is strongly related to group effectiveness. That is, higher the level of adequacy and accessibility to resources the higher is the extent of group effectiveness.

5.2.5 Repayment behaviour

The results presented in the Table 21 revealed that repayment behaviour of respondents are high in majority of groups (83 percent). A discussion with the group leaders revealed the reason for high repayment behaviour, and it was found that, the responsibility and initiation of the group leaders in monitoring the loans, the joint liability and peer pressure of the members for the loan repayment ensured prompt repayment of the loan. It was reported that a member is qualified for the second loan only after the successful repayment of the first loan. Thus the respondent's urge to have continued access to credit also seemed to have influenced the loan repayment. Repayment behaviour exhibited a strong and significant relationship with group effectiveness. It means that higher the level repayment behaviour, the higher is the extent of group effectiveness.

5.2.6 Group cohesion

Group cohesion refers to the degree to which the group members are affiliated to one another. The results exhibited in the Table 21 revealed a higher level of cohesiveness among members in case of majority (93 percent) of the groups. The relatively high level of cohesiveness among members may be

attributed to their affiliation motive. Individuals with high affiliation motive strive for friendship, prefer co-operative situation rather than competitive one and desire relationship involving high degree of mutual understanding and trust. It implies that only through strong and cohesive group the poor and powerless could derive benefits of development. To study the relation between group cohesiveness and group effectiveness correlation analysis was made. The correlation coefficient is significant at 1 percent level. This means that group cohesion is strongly related to group effectiveness. That is, higher the level of group cohesion, higher is the group effectiveness.

5.2.7 Group leadership

The results presented in the Table 21 revealed that group leadership was effective in majority (67 percent) of the groups. Leadership plays an important role in success of groups. All the groups reported that they have an elected leader. The leader has been elected either because she has taken the initiative in the SHG formation or that she is found to be more competent to discharge the leadership responsibilities. The groups usually identify the group leaders based on certain leadership criteria. They were also provided training on important aspects of management of group activities. These training and other exposures could have helped them to gather more information and skills that are needed to perform their leadership roles. This could be the reason for the high leadership effectiveness exhibited by the groups. The leadership exhibited a strong and significant relationship with the group effectiveness.

5.2.8 Group interaction

The interaction among the members ensures participation of members and democratic functioning of the groups. It will also enable the members to resolve conflicts and exchange ideas. The level of interaction exhibited by the group members may be attributed to their homogeneity with respect to level of income, social status etc. Hence it is obvious that they have interacted frequently and freely without any reservation or inhibition. The correlation analysis revealed the relationship between group interaction and group effectiveness. The correlation coefficient was significant at 1 percent level. This means that group interaction is strongly related to the group effectiveness. That is, higher the level of group interaction higher is the level of group effectiveness.

5.2.9 Autonomy

Autonomy exhibited a strong and significant relationship with group effectiveness. The results presented in the Table 20 revealed that the members exhibited medium level of autonomy. Autonomy was measured in terms of the member's freedom to express their views and opinion, and the freedom to decide the programmes of their own. At the group level autonomy refers to freedom from interference in the internal affairs of the group by an outside agency. The group members themselves manage the group activities.

5.2.10 Sense of self

The results presented in Table 20 revealed high level of sense of self exhibited by the members. It reflects their abilities, power and resourcefulness to perform the group related activities. The members expressed their feeling that being a member of the group they are much more respected in their family and community, and they are recognized and accepted by other members in the community. They also expressed their confidence to face any eventualities in their life.

The correlation analysis showed a strong and significant relationship with group effectiveness at 1 percent level.

5.2.11 Equity

The results presented in the table 20 revealed that the members expressed higher level of equity in majority of the groups (73 percent). The level of equity reflects how far the members are treated equally in the groups, in opportunities and sharing of benefits. The members reported that they get equal opportunities to involve in group related activities. Another important aspect reported by majority of the members is that they get timely assistance from the group. These may be the factors attributed to the level of equity expressed by the members. Equity exhibited a strong and significant correlation with group effectiveness at 1 percent level.

5.2.12 Accountability

The members exhibited high level of accountability in all the groups (Table 21). Accountability refers to the extent to which the members are answerable for the performance of the responsibilities or achievement of the objectives of the group activities. The discussion with the group leaders revealed that all the members are responsible for any malpractice in group activities. Hence all are seemed to be vigilant in the group activities. This could be the reason for the high level of accountability exhibited by the members. Accountability exhibited a strong and significant relationship with group effectiveness at 1 percent level ($r=0.64365$). It implies that higher the degree of accountability, higher is the group effectiveness.

5.2.13 Transparency

The results presented in Table 21 revealed that the level of transparency was high in all the groups. The level of transparency in group activities exhibited by the members indicates the clear knowledge of all aspects of group activities. The other reason for high level of transparency may be the openness exhibited by the members. The correlation analysis revealed that transparency is related to group effectiveness (significance at 5 percent level).

Openness and accessibility to information is a vital component of transparency. It is one of the effective ways to ensure fair and equitable delivery

of services to the group members. Transparency is also the most powerful weapon against malpractices.

5.3 Conclusion

Micro finance programme is gaining policy significance as an instrument of financial intermediation for the rural poor. The forgoing discussion on socio-economic impact of micro finance programme revealed some positive changes in the levels of living of the members. The economic impact is visible in terms of the savings habit, accessibility to credit, contribution to household income and acquisition of household assets. Apart from this, impact could also be visible in the social front. Members from all occupational group reported with some pride that because of the association with the group activities their role in household activities has increased, improved their status in community and home, increase in self confidence and ability to deal with future.

The foregoing discussion on group effectiveness revealed that the effective functioning of groups was influenced by a host of factors. These factors involved the components of group effectiveness identified were 1) understanding of scheme objectives, 2) quality of group meeting, 3) savings habit, 4) adequacy and accessibility to resources, 5) repayment behaviour, 6) group cohesion, 7) group leadership, 8) group interaction 9) autonomy, 10) sense of self, 11) equity, 12) accountability and 13) transparency. The correlation analysis revealed that the group effectiveness was not influenced by

any one of these factors in isolation but all of them together with varying degrees. The regression analysis carried out to find out the most influencing factors revealed that group effectiveness was mostly influenced by five factors namely, group interaction, group autonomy, equity, accountability and transparency.

***Summary of Findings and
Conclusion***

CHAPTER VI

SUMMARY OF FINDINGS AND CONCLUSION

Micro finance programmes are becoming a mainstream development intervention for poverty alleviation and empowerment of the poor. There is a global consensus that micro lending to the poor is the key element of their economic and social development. Micro finance as a concept has emerged in the early 1990s; and is concerned with the provision of financial services dealing with small deposits and loans, insurance and money transfers. Micro finance programme operates on the principle of group based lending, commonly referred to as self-help groups. These groups based programmes mobilises the poor into small groups, encourage them to save regularly a small amount of money, gives them training and also help them to identify a source of employment and income. Now a days more and more NGOs are involved in micro lending. A decade has passed since these programmes were first initiated. Therefore, it is high time to document the impact of such programmes on the beneficiaries. Hence the present study entitled '**Impact of micro finance through self-help groups in Malappuram district**' was formulated with the following objectives.

1. To assess the socio-economic impact of self-help groups on beneficiaries, and
2. To identify the factors that determines the effective functioning of self-help groups.

The study was conducted in the Nilambur block of Malappuram district. A total of 492 SHGs are in operation in the eleven Grama Panchayats of Nilambur Block. Among these, 30 SHGs are selected at random in accordance with their distribution in respective Grama Panchayats. Similarly 200 beneficiaries of SHGs were selected at random.

The social and economic impact of self-help groups were studied by using a pre-tested interview schedule and the analysis were carried out by using statistical procedures such as averages, percentages, correlation and regression analysis. The group effectiveness was studied with the help of Group Effectiveness Index developed for this purpose.

The major findings of the study are summarized in the following heads.

6.1 Demographic Details

The sample constituted women aged 18 years or above. The religion and caste composition revealed that majority of the respondents are Hindus (51 percent) followed by Muslim (34.5 percent) and Christian (14.5 percent). The share of scheduled caste/scheduled tribes was found to be 11.5 percent. The members exhibited a fairly good level of education. Out of the sample 38 percent received primary education, 43 percent secondary education, 13 percent higher secondary education and 2.5 percent graduation. Only few of the respondents is found to be illiterate (3.5 percent). The respondents belonged to different occupational class involving daily wage labourers (20.5 percent),

self-employed (47.0 percent), unemployed (31.5 percent) and private employed (0.1 percent).

6.2 Economic impact

The economic impact of SHGs on beneficiaries are reflected in terms of increased savings habit, increased accessibility to credit, increased contribution to household income, acquisition of household assets, increased control over financial resources and increased income and employment generation.

It was revealed that the SHGs, places a lot of emphasis in developing savings habit among the members. Respondents from all occupational class namely daily wage labourers, self-employed, and unemployed persons reported regular weekly savings with the group. The data on saving amount revealed that 31.5 percent of the respondents have savings below Rs.1000, 48 percent in between Rs.1001-2000, and another 15 percent with a savings amount in between Rs.2001-3000. As much as 5.5 percent of respondents reported savings amount of Rs.3000 or above. It is particular to note that the members developed savings habit after joining in the group which is revealed from the fact that only few of them (12.5 percent) reported to have savings habit in the pre-SHG period. In addition to this few of them (5.5 percent) have savings with post office and chit funds.

It is worth to note that SHGs appears to have a major sources of credit for its members. As much as 93 percent of the respondents had availed

credit from the group. The corresponding figure in the pre-SHG period was only 7.5 percent. The size of the loan amount ranged from Rs.10,000 to Rs.30,000. As many as 62.5 percent of respondents availed a cumulative loan amount below Rs.10,000, 12.5 percent in between Rs.10,000 to Rs.20,000 and 20.5 percent in between Rs.20,000 to Rs.30,000. Another 3 percent of respondents availed a cumulative loan amount above Rs.30,000. It is also worth to note that the number of respondents who availed bank credit increased from five (2.5 percent) in the pre-SHG period to 48 (24 percent) in the post-SHG period which may be attributed to SHG-bank linkage programme. On the other hand the number of respondents who availed credit from money lenders declined from 10 (5 percent) in pre-SHG period to six (3 percent) in post SHG period. The respondents credit accessibility is also reflected in the number of loans taken by the members. All the members reported to have taken loan more than once. The major purpose for which the loan are provided include consumption (86 percent), redemption of old debt (46.5 percent), housing improvement (63.5 percent) and asset creation (47 percent).

With regard to household income it was observed that 33.5 percent of the respondents belonged to the income class of Rs.1001-2000, 43 percent in between Rs.2001-3000, and another 15 percent above Rs.3000. Only few respondents (8.5 percent) reported that their monthly household income as below Rs.1000. An examination of number of sources of household income in the pre and post SHG period showed an increase in number of sources of

household income for many of the households. The number of households reporting only single sources of income declined from 57.5 percent in the pre SHG period to 32 percent in the post SHG period. On the other hand, the number of households reporting two and three sources (27.5 percent, 11.5 percent) increased to 44.5 percent and 19.5 percent respectively.

Members acquired a wide varieties of assets with the help of programme loan. The common types of assets acquired by them include furniture, electronic items, household vessels and business related assets such as sewing machine, livestock, poultry and implements. It is particular to note that a considerable number of respondents (49 percent), acquired income generation assets including livestock (35.5 percent), sewing machine (8 percent), and work implements (5.5 percent).

The respondents control over household financial resources is reflected from their involvement in decision making with respect to savings, credit and income generation activities. All the respondents reported to have savings with the group. Majority of them are involved in decision related to withdrawal of savings, loan utilization and income generating activities.

One of the purposes for which the SHGs lends explicitly is for improving the members living facilities. It was observed that as many as 35.5 percent of respondents had constructed new latrine, repaired house (9 percent), constructed new house (8.5 percent). It was significant to note that

all the respondents who reported to have made improvements in their dwelling facilities used the loan from the group.

With regard to income generation activities as many as 47 percent of respondents had started their own income generation activities with the assistance from the group. The reported economic activities include dairying, tailoring, poultry, homemade food items and tea shop. Out of the 94 respondents claimed to have started income generation activities, 17.6 percent earned an income of Rs.1000 per month, another 55.6 percent in between Rs.500-1000. It was also found that in the case of these respondents that the income generated from these activities formed the major sources of their household income.

The reported economic activities are based at their home and are operated either by themselves or by their family members. As much as 47 percent of the respondents were able to start income generation activities. Overall it was found that nearly half of the respondents (50 percent) are working fulltime. It is significant to note that majority of the respondents being housewives, were able to make use of their idle time more productively and could supplement their household income.

6.3 Social Impact

The social impact of the programme was studied based on certain selected variables namely role in household decision-making, self-confidence, ability to deal with adversities and involvement in community activities.

Respondents generally reported a higher level of involvement in their household decision making which is reflected from their role in common household decision contexts such as purchase of food item, household investments, children's education, marriage of children etc. A total of 162 respondents (81 percent) reported that they are involved in decision related to purchase of food item. In response to the question how their role changed after joining the programme 30 percent of the responses were 'increased greatly', 37 percent as 'increased', and 17 percent as 'no change'. Similarly, with regard to household investments 27.5 percent of the respondents reported that their role increased, 30 percent as 'increased greatly' and 14 percent as 'no change'. Similar observation was made with respect to other variables also.

The level of self-confidence was measured with the help of three attributes namely, respondent's contribution to household, contribution to community and their free interaction with others. With regard to contribution to their household the most common response was that they feed their family (71 percent), contribute to household income (61.5 percent), educate children (51 percent) and take major decision at their household. When asked whether and how they contribute to their community the most common responses were helps neighbours (66 percent) resolve conflict (19 percent) and leadership role. With regard to free interaction with others they reported that they freely interact with their family members (97.5 percent), personal friends outside the family (77 percent) and another 34 percent reported that they are freely interacting

with their community leaders. Some of the observations made during the survey was also in conclusive with these findings. During the survey most women reported that they feel respected in their family, and also improved their status because of the participation in the group activities.

It is worth to note that the association and involvement with the group activities had equipped the respondents to deal with certain types of adversities. The common types of adversities reported by the respondents include lack of adequate income (62 percent), lack of job (58 percent), food insecurity (40 percent), serious illness (17 percent) and death of family members (5 percent). These adversities were dealt with a variety of mechanism, which include borrowing from the group (73 percent), use of personal savings (39 percent), seeking employment (24 percent) and voluntary help (28 percent).

The group activities are also found to be helpful in developing a greater sense of solidarity, closeness and will to shoulder responsibilities among the group members. In fact this is clearly a result of frequent group meetings. Such group meetings paved the way for fostering a strong friendship and co-operation among different families of the locality and thus cutting across religion caste and political affiliations. In response to the question on how they are involving in community activities the most common response by majority of the respondents (76.5 percent) was helping neighbours and volunteering (65 percent). As many as 12.5 percent of the respondents said that they are activity involving in mobilisation of people and resolving conflicts.

6.4 Factors determining the effective functioning of groups

Group Effectiveness Index was used as a tool to judge the group effectiveness. The group effectiveness index constructed based on the indices for various components ranged from 66.6 to 83.3 exhibiting high values for all the groups. It was observed that all the components except group interaction and group autonomy exhibited higher values (range 66.66 to 99.99) for the index. The index for group interaction and group autonomy was found to be moderate.

The relationship between the various components with group effectiveness was studied with the help of correlation analysis and was found that all the components except understanding of scheme objectives and transparency exhibited strong and significant relationship with group effectiveness at one percent level. The most influencing factors of group effectiveness was identified with the help of regression analysis and was found that five components namely group interaction, autonomy, equity, accountability and transparency mostly influenced the group effectiveness.

The foregoing analysis of socio-economic impact of self-help groups on beneficiaries revealed some positive changes in the levels of living of the members. The economic impact is visible in terms of savings habit, increased credit accessibility, contribution to household income, and acquisition of household assets. The impact is also pronounced in social front in terms of increased role in household decision-making, improved status and

self-confidence, increased ability to deal with adversities and improved community involvement.

It is also revealed that the effectiveness of group activity is determined by several factors. Many of these factors vary with respect to different groups. However based on the study some common elements, which are responsible for the group effectiveness could be identified. These factors involved, group interaction, group autonomy, equity, accountability and transparency.

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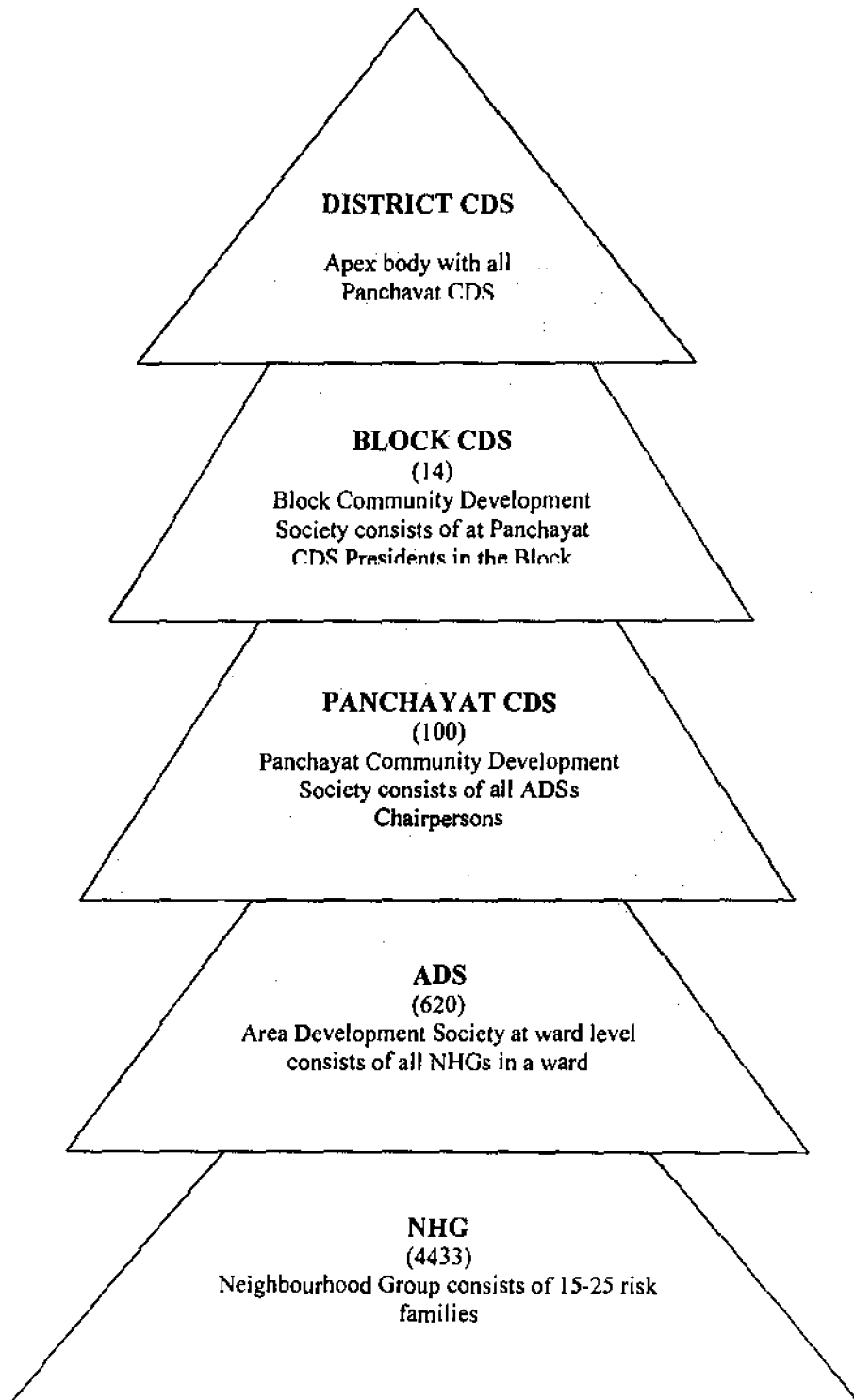
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Appendices

Appendix - I.
Organisational Structure of Community Development Society



Appendix - II.
Thrift and credit operations of Community Development Societies
(Amount in Rs. Lakh)

Year	Thrift savings	Thrift loan
1995	21.33	9.16
1996	34.57	23.74
1997	102.28	47.68
1998	165.59	99.74
1999	197.04	232.16
2000	300.25	347.75

Appendix - III.

**Thrift and credit operations of Community Development Societies
(September 2002)**

(Amount in Rs. Lakh)

A. RURAL AREAS				
Name of Block	No. of NHGs	No. of ADS	Thrift savings	Thrift credit
Perumpadappu	61	4	3.38	0.94
Ponnani	140	24	10.33	6.26
Kuttippuram	195	25	16.46	11.09
Tirur	219	11	23.27	21.01
Thanur	284	40	43.43	35.59
Tirurangadi	269	36	41.21	59.76
Vengara	335	40	43.81	44.46
Kondotty	311	53	95.59	74.90
Malappuram	418	43	65.66	35.01
Mankada	324	48	46.05	55.74
Perinthalmanna	254	47	20.29	5.95
Wandoor	375	62	53.43	45.39
Nilambur	492	94	73.88	118.69
Areacode	362	37	49.82	44.24
Total A (Rural)	4039	564	586.61	559.03
A. URBAN AREAS				
Name of Municipality	No. of NHGs	No. of ADS	Thrift savings	Thrift credit
Manjeri	137	22	41.05	26.88
Malappuram	36	9	13.71	6.07
Perinthalmanna	46	6	16.72	13.32
Tirur	54	7	8.16	4.58
Ponnani	121	12	4.25	2.50
Total B (Urban)	394	56	83.89	53.35
Grand total (A+B)	4433	620	670.50	612.38

Source: Compiled from records of CBNP & PAP, Malappuram

Appendix IV.
Profile of Neighbourhood Ggroups (NHGs) in Nilambur block

Sl. No	Particulars	Chaliyar	Kalikavu	Karulai	Amarambalam	Chungathara	Pothukallu	Vazhikadavu	Muthedam	Edakara	Nilambur	Chokad	Total
1	No. of NHGs	57	27	33	45	64	58	49	29	45	40	45	492
2	No. of members	1100	730	575	933	1350	971	543	540	757	610	933	9042
3	Amount of thrift savings (Rs)	988163	180384	422873	654442	1619771	318958	430799	443880	77837	472390	654452	6263949
4	Amount of thrift credit (Rs.)	1242834	174450	517445	874500	3813899	454158	583984	777580	1147843	979177	879500	16696370
5	Average thrift per group(Rs.)	17336	6680	12814	14543	25308	5499	8791	15306	1729	11809	14543	12731
6	Average thrift credit/group (Rs)	21804	6461	15680	19433	59592	7830	11918	26813	25507	24479	19433	33935
7	Average membership	19	27	17	20	21	16	11	186	16	15	207	18.3
8	Average thrift savings per member(Rs)	898	247	735	701	199	328	885	822	102	774	701	692.76
9	Average thrift credit/member (Rs)	1129	238	899	937	2825	467	1075	1439	1516	1605	937	1846.5

Source: Compiled from the records of CBNP&PAP, Malappuram

Appendix - V.
Profile of selected neighbourhood groups

Sl. No.	Name of the group	Location	No. of members	Amount of thrift savings (Rs)	Amount of thrift loan (Rs)	Average thrift savings (Rs)	Average thrift loan (Rs)	Credit: Thrift ratio
1	Mayanthani NHG	Nilambur	18	8160	14700	453	816	1.80
2	Vellam pothuvai	Chungathara	24	18500	34000	770	1416	1.84
3	Vanitha	Chungathara	22	22000	34800	1000	1581	1.58
4	Pookottupadam	Chungathara	16	17500	21000	1093	1312	1.20
5	Vandhana	Chungathara	23	80170	122800	3485	5339	1.53
6	Bodhi	Vazhikkadavu	18	14000	22750	777	1263	1.63
7	Ayswarya	Vazhikkadavu	19	18000	39250	947	2065	2.18
8	Soorya	Vazhikkadavu	18	22000	38000	1222	2111	1.73
9	Amarambalam	Amarambalam	21	18000	36000	857	1714	2.00
10	Mundry	Pothukallu	20	12000	21000	600	1050	1.75
11	Anupama	Pothukallu	22	14000	35000	636	1590	2.50
12	Kaipini	Chungathara	24	17800	21000	741	875	1.18
13	Ayswarya	Amarambalam	22	28000	42000	1272	1909	1.50
14	Poornima	Muthedam	17	8500	12400	500	729	1.45
15	Mythri	Karulai	22	12000	18600	545	845	1.55
16	Prathiba	Kalikavu	13	11000	18080	846	1390	1.64
17	Sneha	Kalikavu	20	25850	36000	1142	1800	1.56
18	Muthedam	Muthedam	14	25700	32750	1835	2339	1.27
19	Mathrika	Chungathara	14	44650	85860	3189	6132	1.90
20	Chembankolli	Chokkadu	19	18860	27370	992	1440	1.45
21	T.K. Colony	Amarambalam	22	17000	28700	772	1309	1.69
22	Chaithanya	Chaliyar	20	22300	32850	1115	1642	1.47
23	Parakkattu	Chaliyar	19	59050	74750	3107	3934	1.23
24	Revera	Chaliyar	15	12000	8000	800	533	0.66
25	Greeshmam	Nilambur	21	21850	39860	1040	1898	1.82
26	Chaliyar	Chaliyar	19	22900	41740	1205	2196	1.82
27	Vandana	Amarambalam	24	21200	38890	883	1620	1.83
28	Jamanthi	Edakkara	20	12000	14000	600	700	1.17
29	Soubagya	Edakkara	19	100000	125000	5263	6578	1.25
30	Puncha	Amarambalam	18	51225	122350	2845	6797	2.34
	Total		583	776250	1139500	1331	1954	1.46

Source: Compiled from data collected from field survey

Appendix - VI.
Group Effectiveness Index (GEI)

Group code	Index for components of group effectiveness													GEI
	1	2	3	4	5	6	7	8	9	10	11	12	13	
01	90.6	83.3	93.7	63.3	83.3	73.2	82.5	75.0	64.5	63.5	96.8	97.9	91.6	81.5
02	85.4	83.3	94.7	75.0	86.4	75.6	98.0	63.5	65.6	77.1	66.6	95.8	65.6	79.4
03	96.8	82.5	91.6	77.5	87.5	83.3	83.3	73.9	70.8	78.1	81.2	95.8	80.0	83.3
04	87.5	83.3	94.7	75.0	86.4	81.2	80.8	63.5	65.6	77.1	62.5	95.8	62.5	78.1
05	81.2	89.1	88.5	68.3	71.8	72.8	70.8	62.5	61.4	66.6	80.2	88.5	84.3	75.8
06	90.6	83.3	93.7	63.3	83.3	73.2	82.5	75.0	64.5	63.5	96.8	97.8	91.6	81.5
07	92.7	73.3	75.0	68.3	65.6	79.1	75.0	69.7	64.5	70.8	64.5	93.7	83.3	75.5
08	90.6	67.5	86.4	75.0	61.4	71.5	65.0	65.6	57.3	69.7	68.7	86.4	85.4	73.1
09	93.7	78.3	89.5	70.8	91.6	73.9	79.2	54.1	60.4	72.9	83.3	88.5	85.4	78.6
10	94.7	77.5	70.8	63.3	69.8	72.9	68.3	73.9	57.2	58.3	83.3	96.8	84.3	74.7
11	92.7	85.0	66.6	71.8	69.7	69.8	67.5	47.9	57.2	53.1	67.7	92.4	72.9	70.3
12	86.4	75.8	81.2	78.3	70.8	74.3	76.6	48.9	61.4	68.7	71.8	87.5	82.3	74.2
13	90.6	70.0	70.8	60.0	71.8	68.9	70.8	58.3	71.8	81.2	69.8	93.7	80.2	73.7
14	86.4	66.6	71.8	59.2	73.9	68.7	72.5	48.9	53.1	53.1	72.9	82.2	73.9	67.9
15	95.8	82.5	56.2	72.5	78.1	72.2	63.3	61.4	63.5	76.0	70.8	95.8	78.1	74.3
16	82.2	76.6	64.5	61.6	70.8	74.6	86.4	53.1	60.4	75.0	66.6	86.4	77.1	71.9
17	82.3	62.5	76.0	70.0	61.4	70.1	55.8	47.9	57.2	68.7	70.8	88.5	71.8	67.9
18	88.5	77.5	81.2	72.5	81.2	78.1	81.6	67.7	55.2	75.0	73.9	89.5	85.4	77.5
19	91.2	61.0	75.0	63.0	77.5	67.5	56.0	42.5	45.0	60.0	65.0	88.7	73.7	66.6
20	92.7	70.0	68.7	42.0	80.2	72.5	71.6	46.8	61.4	73.9	62.5	91.2	82.3	70.4
21	88.5	80.8	78.1	68.3	75.0	69.4	65.8	44.7	58.3	67.7	75.0	91.6	85.4	73.0
22	81.2	75.8	87.5	60.0	70.8	71.5	61.6	57.2	62.5	78.1	65.6	88.5	80.2	72.3
23	77.1	69.2	81.2	67.5	69.7	66.6	50.8	63.5	66.6	59.3	80.2	80.2	75.0	69.8
24	83.3	74.1	91.6	79.1	76.0	72.8	87.5	61.4	68.7	76.0	91.6	90.6	86.4	79.9
25	90.6	79.1	71.8	70.8	78.1	73.2	74.1	52.0	58.3	64.5	78.1	90.6	82.3	74.1
2/6	84.3	73.3	79.1	73.3	70.8	67.3	54.1	56.2	66.6	62.5	86.4	84.3	77.1	71.9
27	92.7	74.1	81.2	64.1	83.3	73.5	76.6	59.3	71.8	72.9	81.2	92.7	85.4	77.6
28	91.6	82.5	78.1	60.0	75.0	72.5	61.6	60.4	60.4	63.5	75.0	96.8	83.3	73.9
29	91.6	70.8	81.2	65.0	60.4	64.2	81.2	47.9	55.2	67.7	67.7	91.6	83.3	71.4
30	85.4	69.2	70.8	65.0	61.4	70.4	58.3	51.0	54.1	67.7	64.5	87.5	79.1	68.0

Note:

1. Understanding of scheme objectives
2. Quality of group meeting
3. Savings habit
4. Adequacy of and accessibility to resources
5. Repayment behaviour

6. Group cohesion
7. Group Leadership
8. Group Interaction
9. Autonomy
10. Sense of self
11. Equity
12. Accountability
13. Transparency

Source: Compiled from data collected from field survey

Appendix - VII(a).
Schedule for data collection

KERALA AGRICULTURAL UNIVERSITY
COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT
IMPACT ASSESSMENT SURVEY
(Schedule for Data Collection)

TITLE OF THE STUDY:
IMPACT OF MICRO FINANCE THROUGH SELF-HELP GROUPS
IN MALAPPURAM DISTRICT

I. BASIC INFORMATION.

1. Name of the group & year of starting :
2. Name of the respondent :
3. Age in years :
4. Gender 1) Male 2) Female
5. Marital Status
1. Married 2. Unmarried 3. Widowed 4. Separate 5. Divorced
6. Educational Status
1. Illiterate 2. Primary schooling 3. Secondary schooling 4. Higher Secondary
 5. Graduation 6. Post Graduation/ Professional 7. Others.....
7. Religion : 1. Hindu 2. Muslim 3. Christian
8. Occupation of the respondent
- [1. Agricultural labourer 2. Construction labourer 3. Vendors/ Hawkers
 4. Self employed 5. Private employed 6. Others (Specify.....)]
9. Total number of family members
- a) Adults b) Children
10. Size of land holding
11. Ownership of the Land : 1. Husband 2. Self owning 3. Joint 4. Others
12. Number of earning members in the family: a. Male b. Female
13. Number of dependents in the family: a. Male b. Female c. Children

II. SAVINGS HABIT

14 a. Do you have regular savings habit? : 1. Yes 2. No

b. If yes the current savings amount and the organisations with which your are saving?

Group	Bank	Post office	Chitty	Others
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

15 a. Do you have savings habit before joining the group ? : 1. Yes 2. No

Bank	Post office	Chitty	Others
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

16. Your sources of income for savings

1. Own wages 2. Husband's wage 3. Salary 4. Others (Specify.....)

17. Frequency of saving with these organisations.

(1. Daily 2. Weekly 3. Monthly 4. Fixed)

Group	Bank	Post office	Chitty	Others
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

III. ACCESSIBILITY TO LOAN AND LOAN USE

18. a. Did you availed loan from the group? : 1. Yes 2. No

b. If yes, total amount of loan availed since joining the group?

c. Your last loan amount from the group?

d. The number of times loans availed from the group?

19a. Did you avail any loan other than from the group? : 1. Yes 2. No

Bank	Post office	Chitty	Others
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

20. Did you use to get loan from these organisations before joining the group? : 1. Yes 2. No

21. What are the purpose for which you had taken the loan since joining the group?

	No.	Amount	Source
Domestic consumption	<input type="text"/>	<input type="text"/>	<input type="text"/>
Acquiring household assets	<input type="text"/>	<input type="text"/>	<input type="text"/>
Purchase of land	<input type="text"/>	<input type="text"/>	<input type="text"/>

Business investment	<input type="text"/>	<input type="text"/>	<input type="text"/>
Repaying old debts	<input type="text"/>	<input type="text"/>	<input type="text"/>
House repairs	<input type="text"/>	<input type="text"/>	<input type="text"/>
Others (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>

22. Your current outstanding loan amount from all sources (amount in Rs.)

23. Did you repay all the loan amount in time? (1. Yes 2. No)

If no, the due amount

24. Do you feel any difficulty in repaying your loan? 1. Yes 2.. No

25. If yes, the reason for non-repayment.

[1. High interest rate, 2. Short repayment period, 3. Lack of adequate income generation
4. others specify.....]

IV. HOUSEHOLD INCOME

26 a. Do you have regular sources of income (1. Yes 2. No)

b. If yes indicate the source and monthly income

27 a. Do you have any regular sources of income before joining the group?
(1.Yes 2.No)

b. If yes indicate the source and monthly income

28 a. How many of your family members have a regular source of income?

b. What is their monthly income?

c. Do you or your household have any of the following income generating activities?

Agri & Animal Husbandry:

[1.Milch animals, 2. Sheep/goat units, 3. Piggery,
4. Agriculture Nursery]

Before joining the group	After joining the group	
<input type="text"/>	<input type="text"/>	<input type="text"/>

Small Business

[1. Retail provision shops, 2. Tea shop, 3. Tailoring unit, 4. Cycle/Rikshaws 4. Petty Busines, 5. Home based food products, 6.) Hawking and vending, 7. Others (specify.....)]

(* Was any of this activity started with help of the programme loan 1. Yes. 2. No)

e. Income from Land

f. Other income (Specify)

Total Household income from all sources

Number of sources of income

V. CONTROL OVER RESOURCES

29. Give your responses to the following statements: [1. Own 2. Husband 3. Joint]

i) It was whose decision to start savings?

ii) It was whose decision to take loan? First loan Last loan

iii) Who takes decision on loan use? First loan Last loan

iv) It was whose decision to start income generating activities?

v) Who works in enterprise?

vi) Who manages the enterprise?

vii) Who takes decision on expansion of business?

vii) Who manages the enterprise finance?

viii) Who owns the enterprise?

ix) Who owns house?

x) Who owns the land?

30. During the past years do you ability to control these resources.....?

(1. Increased greatly, 2. Increased 3. Remained the same 4. Decreased 5. Decreased greatly)

VI. SELF-CONFIDENCE

31. Indicate your response to the following statements

* (Indicate your response as 1. Yes 2. No)

** (How has it changed since you joined the programme? Indicate your response as 1. Increased greatly, 2. Increased 3. Remained the same 4. Decreased 5. Decreased greatly)



a) Contribution to household

- | | | |
|---|----------------------|----------------------|
| | * | ** |
| i) Able to feed my family | <input type="text"/> | <input type="text"/> |
| ii) Able to educate my children | <input type="text"/> | <input type="text"/> |
| iii) Able to contribute large share of household income | <input type="text"/> | <input type="text"/> |
| iv) Takes major decision at household level | <input type="text"/> | <input type="text"/> |

b) Contribution to community

- | | | |
|---|----------------------|----------------------|
| i) Helps neighbours | <input type="text"/> | <input type="text"/> |
| ii) Consulted to resolve local conflicts | <input type="text"/> | <input type="text"/> |
| iii) Takes up demand on behalf of community | <input type="text"/> | <input type="text"/> |
| iv) Protest against actions which badly affect community
(alcoholism, wife beating, etc) | <input type="text"/> | <input type="text"/> |
| v) Plays leadership role in community | <input type="text"/> | <input type="text"/> |

c) Free interaction

- | | | |
|---|----------------------|----------------------|
| i) With own family members | <input type="text"/> | <input type="text"/> |
| ii) With neighbours | <input type="text"/> | <input type="text"/> |
| iii) Personal friends outside the family circle | <input type="text"/> | <input type="text"/> |
| iv) Local community leaders | <input type="text"/> | <input type="text"/> |

VII. HOUSEHOLD ASSETS

32. Do you or your family own any of the following items? If yes, indicate the number and value of the items?

	Num- ber	Cost in Rs.	Was the item acquired after joining in the programme?
a) Consumer assets:			
i) Table	<input type="text"/>	<input type="text"/>	<input type="text"/>
ii) Chair	<input type="text"/>	<input type="text"/>	<input type="text"/>
iii) Almirahs	<input type="text"/>	<input type="text"/>	<input type="text"/>
iv) Coat	<input type="text"/>	<input type="text"/>	<input type="text"/>
v) Fan	<input type="text"/>	<input type="text"/>	<input type="text"/>
vi) Radio	<input type="text"/>	<input type="text"/>	<input type="text"/>
vii) TV/VCR	<input type="text"/>	<input type="text"/>	<input type="text"/>
viii) Tape recorder	<input type="text"/>	<input type="text"/>	<input type="text"/>
ix) Pressure cooker	<input type="text"/>	<input type="text"/>	<input type="text"/>
x) Mixies/ grinder	<input type="text"/>	<input type="text"/>	<input type="text"/>

x) Stove (gas/ kerosene)	<input type="text"/>	<input type="text"/>	<input type="text"/>
xi) Iron boxes	<input type="text"/>	<input type="text"/>	<input type="text"/>
b) Business Assets:			
i) Sewing machine	<input type="text"/>	<input type="text"/>	<input type="text"/>
ii) Milch animals	<input type="text"/>	<input type="text"/>	<input type="text"/>
Cow	<input type="text"/>	<input type="text"/>	<input type="text"/>
Goat	<input type="text"/>	<input type="text"/>	<input type="text"/>
Buffalo	<input type="text"/>	<input type="text"/>	<input type="text"/>
iii) Poultry	<input type="text"/>	<input type="text"/>	<input type="text"/>
iv) Implements/ Tools	<input type="text"/>	<input type="text"/>	<input type="text"/>
vii) Two & Three wheeler	<input type="text"/>	<input type="text"/>	<input type="text"/>
c) Other Business assets	<input type="text"/>	<input type="text"/>	<input type="text"/>
d) Miscellaneous	<input type="text"/>	<input type="text"/>	<input type="text"/>
i) Gold/ ornaments	<input type="text"/>	<input type="text"/>	<input type="text"/>

VIII. HOUSING INFRASTRUCTURE

33a. How is your housing condition now?

Roofing (1. Tiled 2. Tached 3. Concrete)	<input type="text"/>
Wall (1. Brick 2. Stone 3. Wood/ bamboo)	<input type="text"/>
Flooring (1. Concrete 2. Red Oxide 3. Cow dung)	<input type="text"/>
Number of rooms	<input type="text"/>
Electrified (1. Yes 2. No 3. Applied for)	<input type="text"/>
Sources of energy for cooking (1. Eletrcity, 2. Gas 3. Kersone. 4. Fire wood)	<input type="text"/>
Sources of drinking water (1. Own well 2. Neighbours well 3. Public tap)	<input type="text"/>
Toilet/ Latrine facilities (1. Yes, 2. No)	<input type="text"/>

b. Did you made any requires/ improvements or additions to your house after joining the programme?

Housing repairs improvement or additions	Yes/ No	Amount in Rs.	Where you a member of the programme when this was done	Source of income
a) House repairs or improvements (for example, fixed or improved existing roof, floor, or walls)				
b) House expansion (for example, build new room, shed, fence, etc)				
c) Improved water or sanitation system				
d) Lighting/ electricity				

IX. : COPING WITH DIFFICULT TIME

34.a. During the past few years have you/ your family experienced any of the following difficult situation

* (How has it changed since you joined the programme? Indicate your response as 1. Increased greatly, 2. Increased 3. Remained the same 4. Decreased 5. Decreased greatly)

** (Was the group activity helpful in coping with this difficult situation? Indicate your response as 1. Very much helpful 2. Helpful 3. Not helpful 4. Don't know)

	Before joining	Present	*	**
i) Food insecurity	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
ii) Failure of business	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
iii) Loss of job	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
iv) Lack of drinking water	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
v) Price fall of produce	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
vi) Illness	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
vii) Death of family members	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
viii) Conflicts in family/ community	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
ix) Isolation from family/ community	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
x) Lack of income	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
xi) Alcoholism/ drug use by family members	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
xii) Divorce	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
xiii) Others (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

b. How did you get through this difficult situation?
 (1. Borrowed money, 2. Sold personal property, 3. Remained untreated 4. Got voluntary Help 5. Others (Specify)

X. ROLE IN HOUSEHOLD DECISION MAKING

35. Your role/involvement in major household decision making?
 (Indicate your responses as Own [1], Husband [2], Jointly [3])

* (How has it changed since you joined the programme? Indicate your response as 1. Increased greatly, 2. Increased 3. Remained the same 4. Decreased 5. Decreased greatly)

	Past	Present	*
1 Purchase/ use of household assets	<input type="text"/>	<input type="text"/>	<input type="text"/>
2 Children's education	<input type="text"/>	<input type="text"/>	<input type="text"/>
3 Enterprises activities	<input type="text"/>	<input type="text"/>	<input type="text"/>
4 Loan use	<input type="text"/>	<input type="text"/>	<input type="text"/>
5 Household investments	<input type="text"/>	<input type="text"/>	<input type="text"/>
6 Marriage of children	<input type="text"/>	<input type="text"/>	<input type="text"/>
7 Personal expenditure	<input type="text"/>	<input type="text"/>	<input type="text"/>
8 Selection of job	<input type="text"/>	<input type="text"/>	<input type="text"/>
9 Recreation/going cinema/ tours/ visits	<input type="text"/>	<input type="text"/>	<input type="text"/>

XL ENTERPRISE ACTIVITIES

36a. Did you engage in your own/enterprise/income generating activities: (1. Yes 2. No)

b. If yes, Name of the activity.....

c. No of years in the present activity

d. Whether the present activity involved any change in your occupation (1. Yes 2. No)

e. If Yes, what was your previous occupation

37. Total investments in the current micro enterprise? (amount in Rs.)

i) At the time of starting :

ii) Additional investment made :

38. Indicate your source of finance for investments

1. Own money 2. Loan from bank 3. Money lenders 4. Others

39. Did you purchase/ invest any of the following assets for your enterprise activity?

Own building	Purchase of land	Machinery	Hand tools	Vehicles

40. Monthly requirement of raw materials for the current micro enterprise activity

41. Monthly enterprise income/ revenue

42. Employment created 1) Full time 2) Part time

43. Number of person employed 1) Hired 2) Self

44. Assistance received from the group?
 [Seed money, Product development, Raw materials, Technical training, Market information, marketing help]

XII. COMMUNITY INVOLVEMENT

45. Participation in community activities? (Indicate 1. Yes 2. No)

46. If yes indicate your involvement in following activities since joining in the group
 (Indicate your response as 1. yes, 2. No.)

* (How has it changed since you joined the programme? Indicate your response as 1. Increased greatly, 2. Increased 3. Remained the same 4. Decreased 5. Decreased greatly)

	Past	Present	*
i) Helping neighbours (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>
ii) Advocacy (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>
iii) Volunteering (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>
iv) Mobilisation of local people (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>
v) Political activities (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>
vi) Membership in other social groups (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>
vii) Raising issues of social concern (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>
viii) Questioning/protesting against alcoholism, wife beating and other discriminations against women in the community	<input type="text"/>	<input type="text"/>	<input type="text"/>
ix) Challenging power relation (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>
x) Conflict resolution (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>
xi) Awareness creation and propaganda (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>
xii) Cultural activities (Specify.....)	<input type="text"/>	<input type="text"/>	<input type="text"/>

End of the questions.

Thank you

Appendix - VII(b).
Schedule for data collection

KERALA AGRICULTURAL UNIVERSITY
COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT
(Schedule for the data collection)
FACTORS DETERMINING THE EFFECTIVE FUNCTIONING
OF SELF HELP GROUPS

1. **UNDERSTANDING OF THE SCHEME OBJECTIVES:** (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)
The objective of our group is:
 - a. to give loans to everybody in the group.
 - b. to encourage the members to save regularly and giving loan to the members.
 - c. to encourage the group development, nurture savings habit and give loans to the most needy member in the group.
 - d. to establish a member controlled informal organisation which enables them to improve their livelihood through self-help/ mutual help.
2. **QUALITY OF GROUP MEETING:** (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)
 - a. We conduct our group meeting on regular intervals
 - b. The group meetings are conducted based on clear aganda.
 - c. The group leader resorts to patient listening of the all the transaction of the group.
 - d. All the group members are given opportunity to speak out in the group meeting.
 - e. I get enough opportunities to discuss my personal matters in the group meeting
3. **SAVINGS HABIT** (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)
 - a. I save just because it is compulsory in the group.
 - b. I save just to get loans from the group.
 - c. I save to accumulate money for investment in future.
 - d. The group encourages me to save regularly from my earnings.
4. **ADEQUACY OF AND ACCESSIBILITY TO RESOURCES** (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)
 - a. Our group has sufficient resources so as to give loans to every members.
 - b. So far I have availed two/three loans from the group.
 - c. Since the interest rate is low compared to other informal sources I avail loan from the groups
 - d. I get loan proportionate to my savings in the group.
 - e. The group helped me to get loan from the bank.
5. **REPAYMENT BEHAVIOUR** (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)
 - a. I repay the loan in time.
 - b. The loan repayment schedule is convenient for me.
 - c. If any member face difficulty in repayment the group reschedule the repayment.
 - d. It is our policy, not to give any loan to any member if anybody make willfull default, and all the member adhere to this rule.

6. GROUP COHESION

6.1 SOCIAL CONCERN (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)

- a. I help other members of my neighbourhood in their difficulty.
- b. In our group meetings we talk about group activities as well as other matters of social concern/ importance.
- c. We formed our group not only for our benefit alone but also for the benefit of the members outside the group.
- d. We discuss social issues such as family planning, health care, old aged care, insurance, etc in the group meetings other than the usual business.

6.2 MUTUAL TRUST (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)

- a. We have trust and faith among ourselves.
- b. We hold our meetings in each other's house on a rotating basis.
- c. We know each other and we talk about our personal matters among us.
- d. If any member is in trouble other members will help them.

6.3 DISCIPLINE (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)

- a. Our group meetings are regular.
- b. I attend all the group meetings.
- c. In the meeting sometimes one or two were absent or come late.
- d. If anybody is late or absent with out reason is fined

7. GROUP LEADERSHIP (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)

The Group leader:

- a. Initiates the discussion and motivate other members to participate in the discussion.
- b. Explains, extends and clarifies the ideas of other members as and when required
- c. Checks the opinion and agreement or disagreement of other group members
- d. Always keeps the group on track and moving towards achieving the goal
- e. Accepts and reinforces the ideas of other group members as and when required.

8. GROUP INTERACTION (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)

- a. I always give suggestion, and direction on important group activities.
- b. I express my opinion, suggestions, feelings or wishes in group discussions.
- c. I ask for clarification, direction and possible ways to act, from to experts/group leader to undertake group activities.
- d. I express my solidarity in raising the status of other members in the group.

9. AUTONOMY

(Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)

- a. I express my considered views/ opinion in the group meetings with out any fear or compulsion.
- b. I have courage and freedom to travel outside the family and attend public meetings.

- c. We decide our plans/ programmes in the group without any unnecessary outside intervention.
- d. We have an effective work plan, so it enables us to know what works to be done and who is responsible of what.
- 10 SENSE OF SELF** (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)
 - a. Being an earning member, I am much more respected in my family and community than before.
 - b. In the event of any family crisis my opinion/views are duly considered.
 - c. The views/ideas expressed by me in the group meetings are well accepted by other members.
 - d. Now I am fully confident to act as the leader of our group.
- 11. EQUITY** (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)
 - a. I get equal opportunity to involve in group related activities.
 - b. The major share of the benefits received through group approach goes to the elite and influential members.
 - c. I receive timely assistance from the group.
 - d. The group leader grabs the major portion of the assistance received from the government.
- 12. ACCOUNTABILITY** (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)
 - a. All the members of the group are bound to implement the group activities.
 - b. The group takes actions against the members who don't comply with group decision.
 - c. The records and accounts of the group are properly prepared and are duly signed by the president or secretary
 - d. All the group members are responsible for any misappropriation of accounts/ money in the group
- 13. TRANSPARENCY** (Indicate your response as Completely True, Mostly True, Partly True, Slightly True, Not True)
 - a. I have a clear idea about the activities of the group.
 - b. I have full access over the records, reports and accounts of the group.
 - c. I have full knowledge regarding the procedure followed in planning execution and evaluation of the group activities.
 - d. I am well aware of the use of the group fund.

**IMPACT OF MICRO FINANCE
THROUGH SELF - HELP GROUPS
IN MALAPPURAM DISTRICT**

**By
E. M. REJI**

ABSTRACT OF THE THESIS

**Submitted in partial fulfilment of the
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ABSTRACT

Micro finance is about provisioning of thrift, credit and other financial services and products of very small amounts to the poor for enhancing them to raise their income levels and to improve their living standards. The present study entitled "**Impact of Micro finance through self-help groups in Malappuram district**" was undertaken with an objective of (i) to assess the socio-economic impact of self-help groups on beneficiaries and (ii) to identify the factors that determine the effective functioning of self-help groups. Primary data collected with the help of a structured schedule from 200 sample households in 30 SHG's functioning in 11 Grama Panchayats in Nilambur block of Malappuram district formed the basis for the study. The impact of the programme was assessed by comparing the pre-SHG and post-SHG situations. Group effectiveness index was computed for each group for identifying the factors determining the effective functioning of the groups.

The economic impact of SHGs on beneficiaries could be visible in terms of increased savings habit, increased accessibility to credit, increased contribution to household income, acquisition of household assets, increased control over financial resources, and increased income and employment generation. The study revealed that SHGs places a lot of emphasis in developing savings habit among the members. It is also worth to note that SHGs have emerged as the major sources of credit for its members. As much as 93 percent of them had availed credit from the group. The number of respondents who availed

bank credit also increased from 2.5 percent in the pre-SHG period to 24 percent in the post SHG period. An examination of number of sources of household income in the pre- and post-SHG period showed an increase in number of sources of income for many of the households. The number of households reporting only single source of income declined from 57.5 percent to 32 percent in the post SHG period, whereas the number of households reporting two and three sources increased from 27.5 percent and 11 percent to 44.5 percent and 19.5 percent respectively. Members acquired a wide variety of assets with the help of programme loan. Forty nine percent of members acquired income generation assets including livestock, sewing machine and other work related implements. The respondent's control over household financial resources is reflected from their involvement in decision making with respect to savings, credit and income generation activities. The study revealed that the involvement of the members in SHG significantly contributed their ability to control these financial resources. It was also observed that as many as 35.5 percent of the respondents had constructed new latrine, repaired their house (9 percent), constructed new house (8.5 percent). As many as 47 percent of the respondents had started their own income generation activities. It is significant to note that majority of the respondents being housewives are able to make use of their idle time more productively and thereby supplementing their household income.

The social impact of the programme was visible in terms of the members' increased role in household decision making increased self-confidence, increased ability to deal with adversities and their

involvement in community activities. The members generally reported a higher level of involvement in their household decisions which is reflected from their role in common household decisions such as purchase of food items, household investments, children's education, marriage etc. The study also indicated that involvement in SHGs significantly improved their level of self-confidence, which is reflected from their contribution to household, contribution to community and their free interaction with others. It is particular to note that the association of the members with SHGs equipped them to deal with certain types of adversities. In addition the group activities also helped in developing a greater sense of solidarity, closeness and will to shoulder responsibilities among the group members.

The group effectiveness index showed high values indicating the effective functioning of the groups. The relationship between the various components with group effectiveness index revealed that all the components except understanding of scheme objectives and transparency exhibited strong and significant relationship with group effectiveness. The regression analysis carried out for the purpose of identifying the most influencing factors showed that group interaction, autonomy, equity, accountability and transparency mostly influenced the group effectiveness.

The findings of the study revealed that the SHG as institutional arrangement could positively contribute to the social and economic development of the poor.