

## **CHAPTER 9**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **9.1 Introduction**

The main objective of the research work is to assess the role of microfinance programme on poverty eradication, livelihood creation and women empowerment of the SHGS households. The study is based on the hypotheses that microfinance programme generates employment, reduces poverty and empower the women participants of the programme. In order to get the result, we have compared between (i) pre- and post-SHG situation and (ii) SHG and non-SHG members.

#### **9.2 Major Findings of the Study**

Based on the analysis of empirical data and personal observations we have obtained the following findings which have been presented in five parts, viz., socio-economic condition of the sample households, development of microfinance activities, livelihood creation, and impact of poverty and women empowerment.

##### **9.2.1 Findings on Socio-economic Profile of the Sample Households**

The socio-economic condition of the surveyed respondents shows that most of the SHG members and non-SHG members were married women in the age group of 25 to 40 years. 23.75 per cent of the SHG members and 36.88 per cent of the non-SHG members were illiterate. Around 50 per cent of the SHG members and 36 per cent of the non-SHG members belonged to scheduled caste and scheduled Tribe categories. Most of the SHG members (86 per cent) were married. Hindu religion (90 per cent) was dominant, followed by Christianity (10 per cent). Most of the households are nuclear (75 per cent SHG households and 69 per cent non-SHG households) in the study area. Average family size in the study area was 4.015. 66 per cent of the SHG members and 78 per cent of the non-SHG members did not have any agricultural land. Most of the SHG members (70 per cent) and non-SHG members (53 per cent) had Dochali ghar and Chouwary ghar. 54 per cent per cent of the SHG members and 56 per cent of the non-SHG members have used hand pump for drinking water. 16 per cent of the SHG members and twenty nine per cent of the non-SHG members had no latrine facility.

### 9.2.2 Findings on the Development of Microfinance Activities

It was found that microfinance programme has expanded rapidly in West Bengal but the actual number of SHGs under SGSY on the ground was not available (402657 groups). It was observed from the study that a good number of SHGs in selected districts are defunct (7 per cent) in nature and they are just in records only. Some members formed group due to get financial benefits and subsidies. This feature was found common in all the blocks of the two districts. Further, it was observed that there were only 9.95 per cent project linkage groups in Darjeeling. However, in Nadia district this figure was 30.78 per cent. We found that only 75 per cent groups held one meeting in a month in all the blocks. Monthly saving range was Rs. 30 to Rs. 150. It was found that repayment of loan amount was better for Kharibari and Ranaghat-II blocks as compared to Garubathan and Chakdah blocks.

We have also tried to find out various problems faced by the respondents. These are mentioned below.

- (i) There was a lack of proper knowledge of respondents about the various government sponsored employment and income generated schemes. It was found that majority (60 per cent) of respondents have no proper knowledge about schemes like SGSY, MGNREGA etc.
- (ii) SHG members have to frequent visit to the bank to get their loan amount. For example, a member of Chakdah block reports that to get their loan amount they had to visit to the bank for ten times.
- (iii) A long period is required from the date of application to the block office up to sanctioning loan amount by the banks.
- (iv) As reported by some respondents (38 per cent), the loan amount provided by the bank for performing various economic activities like animal husbandry, petty business, etc., was not adequate. The lending banks are not interested for sanctioning more funds to the respondents as they were poor.
- (v) Inadequate supports were received from various governments by the respondents to continue and upgrade their economic activities.

### **9.2.3 Findings on Microfinance and Livelihood Creation**

Microfinance creates self-employment opportunities in rural areas. The SHG members utilize bank loans to start small business activities and generate income. The study shows that microfinance has helped the SHG members to increase their level of employment. Before joining the SHGs, 62 per cent of the total SHG members were employed and 38 per cent were unemployed. But after joining the SHGs, the SHG members received loans and utilized these loans to start economic activities. As a result, 90 per cent of the SHG members are employed in post-SHG situation. Hence, 28 per cent of the SHG members who were unemployed in pre-SHG situation gained employment. Further, the SHG members have been compared with the non-SHG members. It was found that only 70 per cent of the non-SHG members are employed as compared to the 80 per cent of the SHG members. From the study it was observed that incidence of employment of the SHG members has increased as compared to that of non-SHG members.

Employment of the respondents has been measured in number of employment days per annum. It was found that SHG members were employed for 82 person days per annum before joining the SHGs. But after getting the benefits of microfinance the SHG members are employed for average 130 days. Thus, microfinance has generated 48 additional days of employment per annum for the SHG members. It was found that the non-SHG members were employed for just 80 days per annum as compared to 130 days for the SHG members. In this way, microfinance has not only helped in increasing the number of persons employed but also increased their employment days per annum.

Many of the SHG members have started small business activities like petty shops, rope making, silver ornament making etc. But all the SHG members could not start these types of non-traditional activities due to lack of skill training and marketing support to sell the products. The study further shows that the SHG members utilized their loans for different purposes. As a result, SHG members have been able to increase their level of employment and income. But some of SHG members did not utilize loans for productive purposes. Their level of employment and income remained the same as in their pre-SHG situation. Most of the borrowers misused the borrowed money.

#### **9.2.4 Findings on the Impact of Microfinance on Poverty**

To measure the change in income, two methods have been used, viz., (i) comparing between pre- and post-SHG income of the SHG members and (ii) comparing income of SHG and non-SHG members. From the analysis it was found that after joining the SHGs, income of the SHG members has increased by Rs.504. Monthly average income of the SHG members was Rs. 671 in pre-SHG period. However, in post-SHG period, monthly average income of the SHG members is Rs.1176. Comparing between pre and post-SHG periods it was found that the average income of the SHG members has increased by 1.75 times. The average income of non-SHG members was just Rs.753 per month as compared to Rs.1175 per month for the SHG members. In this way, microfinance has helped the SHG members to increase their contribution to the household income. It was found that the average income of the SHG households was Rs. 2485 per month in pre-SHG situation but in post-SHG situation it is Rs. 2830 per month. This shows an increase of Rs. 345 per month. Again, it was found that the average income of non-SHG members was just Rs. 2427 per month as compared to Rs. 2830 per month for the SHG households. In this way, microfinance has been able to increase the income of the SHG members as well as their household income also.

In addition to this, the Lorenz curve and Gini-coefficient methods have been used to find out the impact of microfinance on the distribution of household income. The results show that the distribution of household income among the non-SHG members was more unequal as compared to the SHG households. So, it can be said that microfinance has not only helped in raising the level of income but it has also reduced the income inequalities in the distribution of household income among the SHG members.

In the study income Rs. 4075 per family per month has been considered as a poverty line. After joining the SHGs, income of the SHG members increased. As a result some households have been crossed the poverty line. It was found that out of 160 sample households, 29 households i.e., 18.13 per cent households have been able to cross the poverty line.

From the study it was found microfinance has not only helped the SHG members to cross the poverty line but also helped to reduce their incidence of poverty, depth of poverty and severity of poverty.

Calculated values of these indexes show that the depth and severity of poverty are high for the non-participants as compared to the SHG members.

### **9.2.5 Findings on the Impact of Microfinance on Women Empowerment**

To measure women empowerment, nineteen indicators have been considered. After joining the SHGs, the members have got financial assistance for starting their business activities which helped them to earn income which again helped them to be independent in their households. It has been able to improve their status and abilities and thus they have been able to live their lives independently. The SHG members were employed for 126 person-days per annum, whereas the non-SHG members were employed only for 81 person-days per annum. Therefore, the SHG members had more access to employment as compared to the non-SHG members. Regarding household income, SHG members had much contribution than the non-SHG members. It was found that around 27 per cent SHG members and 12 per cent non-SHG members have been able to control over their loan. Again, 33 per cent SHG members and 12 per cent non-SHG members have been able to control over their income and savings. The study shows that as the women start contributing to the household income they are involved in the various household decisions such as buying, selling, repairing, utilization of borrowed money etc.

Regarding decision making process, it was observed that 26 per cent of the members take decision for buying/ selling cattle or land as compared to 11 per cent of the non-SHG members. However, in majority of the cases, both the husband and wife jointly take the household decisions. Microfinance also increased the level of social awareness and mobility of its members. It has been observed that 74.4 per cent of the SHG members were more confident to visit nearest town as compared to 61 per cent of non-SHG members. Again, it was found that 64 per cent SHG members were aware against social exploitation as compared to 44 per cent of non-SHG members.

Regarding political matters, the study shows that both the SHG members and non-SHG members were aware about the local polity. It was found that almost all the SHG members and non-SHG members are aware of their voting rights and know the name of their village panchayat also. Further, the SHG members were more aware about their state level and national level polity as compared to the non-SHG members. The study also showed that around 69 per cent of the SHG members participated in panchayat meetings whereas for non-SHG members it was 42 per cent only.

Not only that, microfinance also developed the overall personality of its members. The group activities lead to the development of basic skills like writing their name, reading numbers, maintaining records of financial transactions etc. The study shows significant differences between the SHG members and non-SHG members regarding the development of these basic skills. The study shows that 11 per cent of the illiterate SHG members were able to read numbers and write their name.

### **9.3 Conclusions**

From the findings and discussion mentioned above, it can be concluded that microfinance in the form of SHG-Bank linkage model has been able to inspire hope in the lives of thousands of rural poor especially poor women by shifting them from debt-trap of informal credit sources to formal credit system. It is considered to be a powerful tool for positive socio-economic changes in rural society. It has been able to contribute to their families' well being through creation of self-employment and income generation. Not only that, it has been able to bring great changes in the women's living standard by mitigating their extreme poverty. It has uplifted the rural poor women from vulnerable condition to some extent a better living atmosphere.

Poverty alleviation, however, cannot be done by microcredit intervention alone. Only efficient and honest leadership of government can alleviate poverty from the country for ever.

Microfinance programme of the two districts has benefited the poor women in more than one way. This programme has enabled the poor women to undertake diversified economic activities. As a result, their employment days per annum have been increased. The poor women have been able to generate flow of stable income throughout the year. Not only that, microfinance program has also empowered the poor women in different ways. Their household decision making power, social and political awareness, access to and control over resources, mobility etc., have increased.

### **9.4 Recommendations**

The following suggestions can be put forward for better of microfinance programme.

- (i) Workshop of SHGs at block level and gram panchayat level should be organized by the government agencies for creating awareness among SHG members about the various government sponsored scheme of income and employment generation. This

- awareness programmes may reduce the influence of the officials and local political leaders on allocating government sponsored subsidy oriented schemes.
- (ii) Credit camps should be organized at block level and gram panchayat level by the block representatives, bank officials, experts from various development departments of government and professional organizations.
  - (iii) The keeping of accounts in proper manner is essential for understanding performance of economic activities undertaken by the SHG members. Therefore, workshop on accounts should be made compulsory by the lending banks to SHG members who have undertaken income generating economic activities.
  - (iv) Block and bank officials should make surprise and frequent visits to the respondents to ensure the proper utilization of bank loans on various economic activities.
  - (v) During the study it was found that a few banks of the study district kept the subsidy amount with the bank as the security of the loan which creates problems for the SHG members. This unfair practice of the bank should stop for running the economic activities by the SHG members smoothly.
  - (vi) For providing marketing facilities for sale of the products of the SHG members, exhibitions, sale *mela* etc. should be organized frequently by the various government microfinance implementing agencies at block, district and state level for their benefit.
  - (vii) In the study it was found that only 45 respondents out of 160 respondents participated in the skill development training programmes. It is essential to organize skill development training programmes for all respondents for the performance of their economic activities.
  - (viii) There should be more workshops, motivation programmes, exhibitions at district and block level with the participation of women SHGs.
  - (ix) Sufficient amount of loan should be given to start up the selected enterprises at a lower interest rate. A strong monitoring and follow-up support and services should be given in executing the enterprises especially in the first few months.
  - (x) The loans disbursed to these women should be adequately monitored to ensure proper and maximum utilization of the fund for what it is meant for.
  - (xi) The participants should be involved in those economic activities which have a good market in the village such as poultry farming, goatery, *chira* and *muri*, fishery etc.