



ECONOMIC IMPACT OF MICROCREDIT WOMEN SELF HELP GROUPS IN CHENNAI, INDIA

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ABSTRACT

Purpose: Women community equals men community in population. In developing countries like India the status of women is low. The women are socially and economically invisible. The invisibility makes women to disqualify from formal employment opportunities due to lack of education and skills. In order to overcome this situation there is a need for the government to introduce such community development programmes like Micro Credit Self Help Groups (SHGs). This paper attempts to study the effect of SHGs in improving the economic status of women beneficiaries.

Methodology: This paper attempts to test the significance of the programme effect of SHGs by comparing levels income, expenditure and savings before and after three years of programme intervention based on a survey conducted in Chennai city. SHGs in Chennai functions under Mahalir Thittam, a state government programme by Tamil Nadu Corporation for Development of Women (TNCDW). Quantitative methodology is adopted using self-reporting method. A three stage stratified random sampling method has been followed for data collection. The impact of the study was measured as the difference in the economic indicators between pre and post-programme intervention. But the real impact can be measured when there is a comparison between the group with the programme intervention and without programme intervention. Further research can be carried out as mentioned above.

Findings: Credit is the major obstacle for women development. Providing financial sources through Micro Credit SHGs improved the economic status of the women. Thus the results of the study revealed that the level of income, expenditure and savings among the respondents showed positive changes.

Originality/value: This research contributes in finding the program effectiveness of microcredit SHGs in development of women from the lower strata. The benefits attained through income generating activities resulted improving their economic status.

Research limitations, practical implications: The monitoring mechanism of the government to track NGOs need to be strengthened. Need to provide these women with a better entrepreneurial and skill development programmes to enhance their skills and capabilities to fetch higher earnings.

Keywords: Chennai; Mahalir Thittam; Self Help Groups; SHGs; Tamil Nadu Corporation for Development of Women; TNCDW and Women.

INTRODUCTION

Women community equals men community in population. In developing countries like India the status of women is low. The obstacles to the emancipation of women in India have not been eliminated and women are still facing discrimination from various quarters. In 1950, the Constitution of India was formulated. Article 14 of the Constitution guarantees that men and women are equal and it prohibited any form of discrimination against women. In the Ninth Five Year Plan of India, the contribution of women in development was emphasised. It focused on the direct participation of people, both men and women, at the grass roots. This clearly upholds the principle that men and women are equal. Yet the male literacy level in India is 75.85%, while the female literacy level is 54.16% (Census, 2011).

The Human Development Report (1990) put forth the fact that much of labour contributed by women remains in a state that is considered 'invisible', according to the National Accounting Census, despite of enormous productivity and social mark. Women in India suffer by being socially and economically invisible. Economic invisibility stems from the perception that women are not relevant to the wage and market economy. This might be due to the fact that the involvement of women is stronger in informal sectors and small scale businesses, on top of their household responsibilities. This rampant inequality among citizens caused wealth concentration in a small percentage of the people, while the rest remain downtrodden and unaffected by any progress. Social invisibility, on the other hand, is the result of the general second-class treatment given to women.

Women are disqualified from formal employment opportunities due to their lack of skills and education. Owing to this, they have to get jobs in the more informal sectors of the town. This results that women dominate the informal economic sectors, such as small business owners, maids and cooks, due to the fact that 89% of the workers in this sector are women. Singh (2007) explains the fact that limited access enhances the vulnerability of poverty. This hampers the women's ability to improve their household conditions, working environment and also restricts them from starting new ventures.

Credit is a major obstacle, due to the fact that the formal institutions need collateral security against credit when the poor are unable to meet the requirements. When credit is not available from the formal sector, the poor approaches informal institutions such as moneylenders, traders and big land owners. The rates of the informal and unsanctioned institutions are invariably higher compared to those that are imposed by their more formal colleagues. Although the interest rates that are imposed by informal institution/individuals lack a hierarchical structure or are wildly varied across geographical locations, it can also institute sort of implicit or concealed charges upon the borrowers, and this concealed charges can often be exorbitant, ranging from above 20%, and sometimes even 100% per annum (Ramkumar, 2009). The money lenders are often called loan sharks. In urban areas, the pawnbrokers are very common. They are a type of moneylenders who demand collateral in the form of gold jewellery or valuables. If the loan is not repaid on time, then the collateral becomes their property. Due to the lack of financial services and access to services and productive inputs, the poor are pushed into greater poverty. Hence, access to financial services to the poor is essential. Thus providing microcredit services for rural and urban can improve their opportunities and result in better living conditions.

The Government of India has introduced many community development programmes to uplift the status of women in terms of their socio-economic conditions in order to reduce the vulnerability of poverty. At the grass root level, women's participation and development often take place

through interventions in the form of development programmes or projects. The participation of women in such community development programmes enhances their personal development, and makes them more socially sustainable. One such programme is the creation of the Microcredit Self Help Groups (SHGs) in the 1990's by the National Bank for Agriculture and Rural Development (NABARD), supported by non-governmental agencies. Since its inception, they have been under the patronage of the Central Government of India under a programme called Swarna Jayanthi Gram Swarozgar Yojana (SGSY).

SHGs are informal groups of women who work together for economic and social development. Through the SHGs, 10–20 women form groups to save money by participating in economic and other non-economic activities. Apart from meeting the immediate needs of the members, the SHGs are a medium through which women access credit, learn habits of saving and thrift, make available and repay loans, engage in economic and other productive activities and work for the women's holistic improvement through education and other awareness raising activities.

This research study is focused on the urban women SHGs engaged in the Microcredit programme in Chennai city, the capita one important initiative instituted by the state government of Tamil Nadu was to set up the Tamil Nadu Corporation for Development of Women Ltd (TNCDW), intended to uplift the status of women in rural and urban areas. The TNCDW was incorporated in 1983 under the Companies Act of 1956. Its registered office is based out of Chennai, but its operative area encompasses the entire state.

The objective of the TNCDW is to empower women and enhance the development of their socio-economic status. One of the programmes implemented by TNCDW is MahalirThittam. It is based upon the SHG approach, which functions with the assistance of the International Fund of Agricultural Development (IFAD). MahalirThittam was implemented in partnership with NGOs to help disseminate the information of SHGs, and to provide training and monitor them. The SHGs have to register with the NGOs and the NGOs in turn registers under the MahalirThittam of TNCDW of Tamil Nadu. This paper attempts to study the effect of SHGs in improving the economic status of women beneficiaries.

LITERATURE REVIEW

The practitioners of development are always on the lookout for possibilities to reduce poverty via microfinance operations and supporting the less fortunate. The studies Pitt and Khandher (1998) and Khandher (2005) are highly supportive of microcredit. Their work concluded that generally, microcredit is effective in slashing poverty levels, and its effectiveness is multiplied if the ones doing the borrowing are women, and the effectiveness of this policy is benefits the hard core poor the most. Morduch (1998), propagated the idea that microcredit is instrumental in assisting families manage their expenditure, and reduces their hunger pangs during their bad times.

Schuler et al. (1996) reported that microcredit has accomplished improvements through increasing the level of self-employment of women and improving the socio-economic status of rural women. Nearly five million women, which are about 50% of the landless labourers, and destitute families located in Bangladesh, are the patrons of the microcredit programmes. King and Mason (2001) made the observation that the involvement of women in microcredit programmes over time reduces their economic dependence of men, strengthens their positions within their families, draws them into the public sphere and exposes them to new ideas. The engagement of women in income-generating activities would reduce their desire to have children, which causes the demand related to family planning services to skyrocket, while simultaneously cutting down

the social cost of fertility regulations. Therefore, microcredit programmes, in the long run, are duly influential to the levels of socio-economic development of rural women (Ahmed et al., 2011).

Many research illustrated the positive effect of microcredit programmes in enhancing the socio-economic situation of the borrowers who are classified as hard-core poor (Coleman, 2006; Datta, 2004; Hashemi, 1997; Islam, 2007; Mosley, 2001). According to Sen (1991), microfinance increases the economic wellbeing of poor families, and improves the food security and nutrition status of the families, which results in good health.

There are certain fundamental differences between the current microcredits policies practiced in India, with those implemented in other developing nations, such as Bangladesh. Contradicting the Graeme model practiced in other developing nations, the Indian banking policy has solicited the involvement of public banks in their microcredit scheme, reaching out to the poor via SHGs (Ramakumar and Chavan, 2008). The model adapted by SHG in India encourages institution-building of organisations in the shape of groups, clusters or federations. The poor, however, always lack self-organisation. This whole process is a form of assisted self-help (Uphoff and Esman, 1984) where the state, financial institutions and NGOs are vital in the mobilisation and assistance of the poor or destitute (Sabhlok, 2007).

Recently, there has been considerable growth in rural development initiatives, aimed at promoting self-sufficiency and raising the socio-economic status of women through microcredit SHG programmes in India (Puhazhendi and Satyasai, 2001). These studies Swain and Varghese (2009), Nagayya (2000), Rajeshwari (2002) and Vijayanthi (2002) have illustrated that despite its lack of resources, the programmes implemented by SHG have been quite efficient in the enhancement of the socio-economic standing of its beneficiaries.

All of the studies above on the microcredit outreach programmes towards poverty reduction and enhancement of socio-economic standing of women concluded that income-generating activities through microcredit results in poverty reduction. Furthermore, some of the studies stated that poverty reduction and women development were possible through high nutritional intake, as healthier women can play a better role in their income generation. However, some researchers state that, sustainability and longer participation in the microcredit will result in socio-economic improvement in the short run and the alleviation of poverty reduction in the long run. Hence, it can be concluded that an increased income through microcredit will help women to perform better in their life. This will in turn increase income, savings and consumption patterns because when the level of income of the poor families increases issues like nutritional intake of food, group solidarity and sustainability will naturally follow in due course of time.

METHODOLOGY

The data for this study is taken to reflect the objectives of the study. The research design is an exploratory study, based on using multiple sources of evidence, namely structured interviews using a questionnaire. In-depth interviews using open-ended questions were carried out to gain deeper insight with the responses given in the structured survey. The main purpose was to compare the conditions of women in SHGs before they joined the programme and after three years of the programme intervention. The data was collected from respondent using self-reporting method based on their reflection on the past conditions and present situations of living.

Field surveys were carried out in Chennai. The demographic area of Chennai is divided into three categories: North Chennai, Central Chennai and South Chennai. The required samples were chosen by adopting a three-stage stratified random sampling method, the first stage being the NGO, the

second stage being the group and the third stage being the group members on the basis of the demographic regions. From the 29 registered NGO's under the MahallirThittam, four NGOs were selected in the ratio of 2:1:1. This study focused the groups completed three years of membership, the SHGs need to accumulate their savings and complete their credit rating by NGOs only then they are eligible for external linkage funds. Only then the SHGs involved in economic activities. It takes a minimum one year time period to stabilise the SHGs. Also on completion of their five years the SHGs can work independently on their own without NGOs. The SHGs have given option that they can dissolve the group and disperse the funds collected or if they wish they can function with the NGOs. The sample SHGs of this study exists three to five years.

Women SHG members from the four NGOs were selected for quantitative in-depth interviews. The four NGOs selected for sampling are Marialyam, Sorannampal Education Trust (SET) from North Chennai, Reedha from Central Chennai and Niveditha from South Chennai. The following Table 1 shows the sampling frame work.

Table 1 Sampling framework of SHGs

Names of the NGO	Total no. of groups	Total no. of groups completed three years	Sample Size of the SHGs (10% of total groups completed three years)	Total members (10 members from each SHG)
Marialyam	921	212	21 groups	210
Sorannampal Education Trust (SET)	1898	272	27 groups	270
Reedha	454	185	18 groups	180
Niveditha	321	110	11 groups	110
Total			77 groups	770

All statistical analyses were done using the Statistical Package for Social Sciences (SPSS). The quantitative analyses were done at three levels. The first level of analysis provided the frequencies of the variables including the demography, family details and group information, whereas the second level of analysis included the frequencies of variables such as income, expenditure and savings before and after joining the SHGs. The third level of analysis included the inferential statistics used to describe the interrelatedness of the variables.

RESULTS AND DISCUSSIONS

Profile of sample SHGs

(a) Group size and performance

The following Table 2 shows the frequency distribution of SHG information. These include group size, SHG introducers and membership duration. For group size, 42.74% of the women were in groups of 16–20 members, 31.8% in groups of above 20 members while 25.16% were in groups of 10–15 members. The average group number was 15. In order to study the performance of the SHGs, it is important to look at the homogeneity of the group. Homogeneity here means each group member was living in the same area or location.

As to who introduced the women to the SHGs, 31.8% were introduced by Animators (leaders), 28.6% by Non-government agencies and 33.2% by friends and relatives. For duration of membership, 51.2% had been members for three years, 31.3% for four years and 17.5% had been members for five

Table 2 Frequency distribution of SHG information

SHG Information	Frequency	Percentage
<i>Group Size</i>		
10–15 members	193	25.2
16–20 members	324	42.7
Above 20 members	241	31.8
<i>SHG Introducer</i>		
Animator	289	38.1
NGOs	217	28.6
Friends/Relatives	252	33.2
<i>Membership Duration</i>		
Three years	388	51.2
Four years	237	31.3
Five years	133	17.5
Total	758	100.0

years. The study found the size of groups to be relatively larger in the older groups with more than four years membership than younger groups with less than three years.

Social background of women in SHGs

In this section the social back ground of the women in SHGs are presented. Table 3 below provides information on the frequency distribution on demographics.

The Table 3 above-mentioned shows that the majority 38% of the participants were between 31 and 40 years followed by 25.7% below 30 years, 22.3% between 41 and 50 years and 14% above 50 years. The average age of the respondents in the SHGs was 38 years. The studies done by Joseph (2005), Lalitha (1996), Srinivasan (1993) and Ramamurthy and Krishna Kumar (1990) showed that the best age to enter SHGs, becoming an innovative group and performing effectively in microcredit is between the age ranges of 20–40 years. Age is a determining factor to measure the human development, mental maturity and capacity to make decisions in life. These factors differ from person to person. The younger participants possessed higher aptitudes, attitudes, confidence level and had more capacity for decision making.

The social background of SHG members was uneven as it can be seen in the Table 5. About 6% formed the major group. The Government of India classifies all the citizens based on their social and economic conditions. The community or caste system is called Jat or varna. By giving the order of priority based on the community helps the lower caste people benefit to employment and education and thus come up the social and economic strata. Article 341 and Article 15 of the Indian Constitution allow the government to compile the Scheduled Caste list and Backward Classes, respectively. They comprised the Backward communities and Most Backward Communities are untouchables having better social conditions compared to the SC/ST. In some cases they convert from the Hindu religion to Islam or Christianity, who formed 44.9% of the samples and Most Backward communities comprised 21.6%. The Scheduled Caste comprised 22.6% and they are nomads who live in forest areas and mountains. In the course of development, they started migrating and

Table 3 Frequency distribution of demographic values of SHG members

<i>Demographic Variables</i>	<i>Frequency</i>	<i>Percentage</i>
<i>Age in years</i>		
Below 30	195	25.7
31–40	288	38.0
41–50	169	22.3
Above 50	106	14
<i>Community</i>		
Forward Communities	31	4.1
Backward Communities	340	44.9
Most Backward Communities	164	21.6
Scheduled Caste	171	22.6
Scheduled Tribes	52	6.9
<i>Religion</i>		
Hindu	604	79.7
Christian	81	10.7
Muslim	73	9.6
<i>Marital Status</i>		
Single	69	9.1
Married	614	81.0
Separated	40	5.3
Widowed	35	4.6
<i>Educational Qualifications</i>		
Illiterate	65	8.6
Primary	123	16.2
Elementary School	183	24.1
High School	262	34.6
Higher Secondary School	69	9.1
Graduates	56	7.4
<i>Occupation</i>		
Home Maker	242	31.9
Self-Employed	322	42.5
Tailor	49	6.5
Vendor/Petty Traders	49	6.5
Government Employee	20	2.6
Private Employee	21	2.8
Others	55	7.3
<i>Total</i>	<i>758</i>	<i>100.0</i>

living in rural and urban areas. They formed 6.9% which was a breakthrough in Indian society. Only 4.1% of the participants were from the Forward community denote the group of people who do not qualify for any social discrimination schemes under the reserve benefit of the government as they are socially and economically affluent, enjoying a better social stratification. These findings showed the positive approach of the programme. The members from the Forward Community who were economically well off also showed interest in joining the SHGs which indicated that they were influenced by the programme as well.

The table above-mentioned also highlights that the majority of the participants were Hindus at 79.7%. Hinduism is the main religion in India especially in the study area. About 10.7% Christian women and 9.6% Muslim women were also represented in the analysis. This showed that the functions of SHG were widespread and benefitted women from all religions. With regard to marital status a significant percentage 81% of the participants were married, 9.1% were single, 5.3% separated and 4.6% widowed. Generally the married women from the lower strata faced many problems. They needed to supplement their income to support their family and children. The cost of living at that time forced the women to earn more to face the price increases. They needed to engage in economic activities to increase their income level. Married women had to shoulder many responsibilities, like looking after house, children and family. These microcredit income-generating activities seemed best suited to satisfy all their needs. The SHGs played a vital role in generating economic activities for the married women.

Regarding the educational level of the respondents, the above-mentioned table indicates that more than one third that is 34.6% of the participants received high school education, while 24.1% received elementary education and 16.2% received primary education. About 9.1% of the participants completed more than higher secondary school while only 7.4% were graduates. The illiterate women participants comprised 8.6%. The majority of the participants were literate with high school education. This could be due to the education facilities available nearby. The educated members were considered to be assets to the groups as they took care of the maintenance of all records and documents and supported the groups in bank-related activities. The positive attitude of the educated women made the others to become self-motivated to acquire knowledge and use the microcredit loans to start businesses. The findings showed that education, whether formal or informal, helped the members to get involved in economic activities. The groups with educated members performed much better in their income-generating activities.

The following Figure 1 shows the educational qualifications of the SHG members.

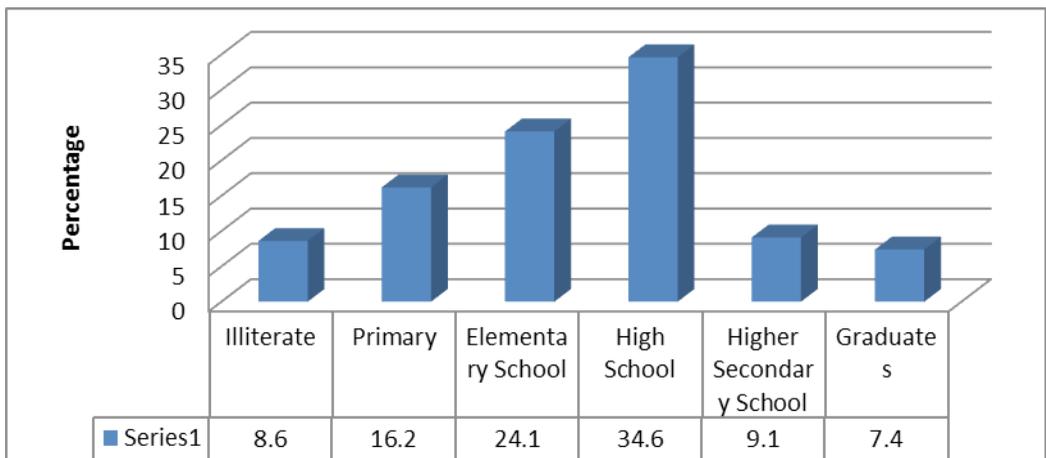


Figure 1 Educational qualifications of the SHG members

Occupation is one of the factors that indicate economic status. The table above-mentioned shows that it can be deduced that the majority of the participants (42.5%) were self-employed. It was observed that majority of the respondents were self-employed which was a positive sign of development, and which showed that the women members benefited from their microcredit activities. The self-employed occupations included operating a beauty parlour, small textile businesses, making jam and prickles, selling of Handicraft products, opening tea and tiffin shops. This finding revealed that the women were capable of taking up either trading or small enterprises. Home makers formed 31.9% of the participants. By staying at home and doing small informal businesses, the home makers could earn sufficient income to support their families and improve their livelihood.

Most of the home makers were helpful and supportive of their self-employed group members. In some cases, the home makers were involved in self-employment on a part time basis. They were engaged in economic activities like selling textile garments, preparing curry power, idly batter, etc., during their free time and selling them to their neighbourhood. Tailoring, one of the traditional occupations, formed 6.5% and 6.5% were vendors and petty traders'. The vendors were vegetable and fruit sellers and the petty traders operated shops selling coconuts selling, cigarettes and herbal medicine. The participants who were working in the government and private sectors formed 2.6% and 2.8%, respectively of the study groups. The category 'others' included brokers, commission agents, coolies and housemaids, Figure 2 shows the Occupations of the SHG members.

Regarding the family particulars of the SHG members. Out of the 758 participants, 642 (84.7%) were from nuclear families and 116 participants (15.3%) were from joint families or extended families. More than three quarters of the respondents belonged to nuclear families. The joint or extended family system seemed to have reduced, especially in urban areas. This had both positive and negative effects. On the positive side, the women from the nuclear families had more freedom in thought and action. They had more leisure time which they utilised to participate in productive activities, apart from their regular household and domestic work. The women seemed to become more productive when they get involved in income-generating activities. These SHGs provided the women with the means to become more successful through microcredit activities.

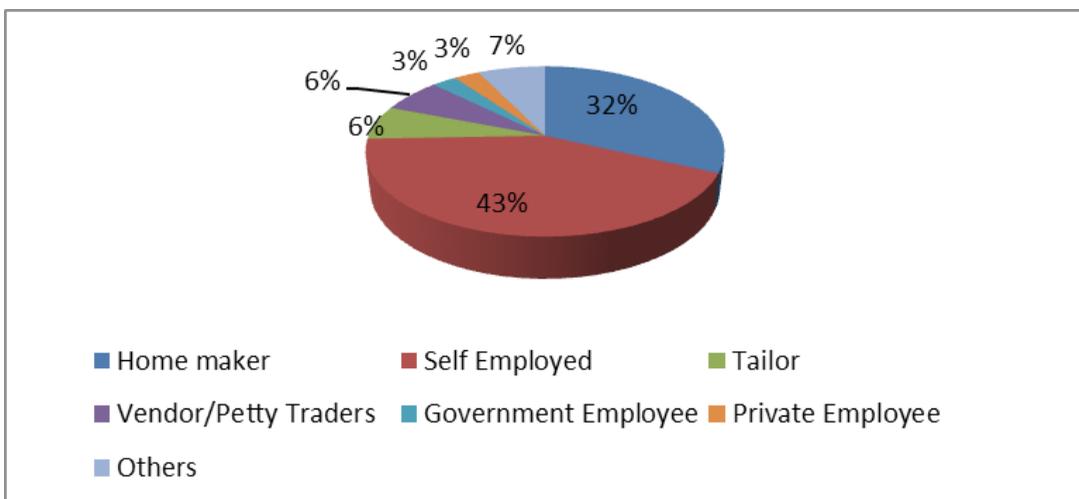


Figure 2 Occupations of the SHG members

The majority (73.9%) of the participants came from families of two to four members. This could be because of their awareness of the increased cost of living, difficulties in maintaining a big family, the realisation that having smaller families gave a better and more comfortable life and because they were aware of the health issues and the importance of family planning. Hence family size had a direct relationship with the participation of SHGs to do productive activities. The next group of 148 participants (19.5%) were from families of five to seven members while 24 participants (3.2%) fell under the above seven family members' group. About 45.9% of the participants had two children and 21.2% had one child while 17.5% of the group had no children. This includes very young or unmarried or widowed members. Nearly 15.3% of the participants had more than three children. Nearly 74.7% of the family members were earning an income while 25.5% were dependents.

THE ECONOMIC IMPACT OF THE SHGS ON WOMEN MEMBERS

The Economic impact lies in terms of increase in the income, the capacity to spend more, the level of saving, asset creation and also the financial sustainability of the SHGs in terms of level of borrowing, repayment of loans and the interest paid. The higher the income generating level the higher will be the economic impact.

(a) Income patterns of the SHG members

Income is one of the important variables which are used to study the economic status of women in the SHGs. Therefore, it is important to analyse the significant differences between the monthly incomes and net incomes of the women members before and after joining the SHG. The following Table 4 shows the monthly incomes of the respondents before and after joining the SHG.

Table 4 Distribution of monthly incomes of respondents before and after joining the SHGs

Level of Income (in Rs.)	Before SHG	Percentage	After SHG	Percentage
Less than 2000	256	33.77	86	11.35
2001-4000	175	23.09	92	12.14
4001-6000	132	17.41	115	15.17
6001-8000	95	12.53	153	20.18
8001-10,000	45	5.94	107	14.12
10,001-12,000	31	4.09	92	12.14
12,001-14,000	17	2.24	65	8.58
Greater than 14,000	7	0.92	48	6.33
Total	758	100	758	100

A look at the lower income group shows that 256 respondents earned less than Rs. 2000 before joining the SHGs. This amount was insufficient to meet their financial needs. There was an improvement after they joined the program where only 86 members earned less than Rs. 2000. The results were similar for the higher income group where respondents earning more than Rs. 14,000 increased from 7 to 48 members after they joined the SHGs. For all ranges of income there was a change as the income increased after the members joined the programme.

(b) Expenditure patterns of the SHG members

Participation of women members in the SHG programmes significantly contributed to an increase in their income which, in turn, increased their level of living. One important indicator of the level of living is their household expenditure pattern. Changes in the patterns of expenditure were studied before and after the SHG programme intervention. The mean and standard deviations were used to show the variations in the inequality of the method of dispersion of the house hold monthly consumption patterns. The following Table 5 shows the relevant information for this.

Table 5 describes the monthly household expenditure patterns of the women members before and after joining the SHG. The food expenditure contributed to a mean score of 2279.27 with a standard deviation of 1823.67 before joining the SHG, whereas after joining the SHG the mean score was 3558.07 with standard deviation of 2294.50. Before SHG the mean value of clothing was 284.62 and the standard deviation was 286.62. After joining SHG, the mean value was 181.97 with a standard deviation of 770.30. For the expenditure on education, the mean values before and after SHG were 572.16 and 1073.59, respectively. Likewise, the standard deviation on education before and after joining was 1026.18 and 2018.16, respectively. The medical expenses' mean value before joining SHG was 281.81 with SD at 310.01 whereas after joining, the mean value was 196.18 with SD at 652.33. The bills consisted of water, electricity and telephone use. The mean score and standard deviation before joining SHG was 235.52 and 240.17. Similarly, it was 382.41 and 383.72, respectively after joining SHG. For the expenses spent on festivals, the mean values before joining SHG was 262.11 and SD was 1524.28 while the mean and SD after joining was 360.98 and 1531.47. In the case of monthly expenses on gifts and recreation, the mean value before SHG was 138.39 with the SD at 166.27 and the mean and SD after SHG were 169.88 and 173.90, respectively. Others included maintenance and repairs, charity and donations, etc. For these, the mean value before SHG was 360.14 and SD was 1792.56 whereas after joining SHG, the mean value was 158.33 and the SD was 2316.98. The mean value of the total monthly expenditure was 3772.90 with SD at 2752.30 before joining SHG. It was 6087.59 and 3815.54, respectively after joining SHG.

From the information in table above, it can be clearly seen that there was a great change in their monthly expenditure patterns. Food, shelter and clothing are the basic needs of human life. The

Table 5 Mean and standard deviation values of monthly household expenditure patterns of members before and after joining the SHGs

Family Expenditure	Before SHG		After SHG	
	Mean	SD	Mean	SD
Food	2279.27	1823.67	3558.07	2294.50
Clothing	284.62	286.62	181.97	770.30
Education	572.16	1026.18	1073.59	2081.16
Medical and Health	281.81	310.01	196.18	652.33
Bills (water, electricity and telephone)	235.52	240.17	382.41	383.72
Festivals	262.11	1524.28	360.98	1531.47
Recreation	138.39	166.27	166.27	173.90
Others	360.14	1792.56	158.33	2316.98
Total	4414.02	7169.76	6077.80	10204.36

data on the mean and standard deviation show changes in the patterns of expenditure. Change in the patterns of income is the common indicator for a better standard of living. People, especially the poor living below the poverty line, tend to spend more on food. It was observed from the study that most of the people bought the rice from the ration shop which was very cheaper than in the open market. But the rice quality was not very satisfactory. If a person shifted from buying in the ration shop to the open market it meant that there was a positive change in their income and expenditure schedules.

(c) *Savings pattern of SHG members*

The concept of microcredit SHGs rested on the premise that members would develop the habit of thrift through an organised sector before they could avail themselves of loans. Through the internal savings of the group, the poor could get credit from the SHG for consumption or for emergency needs, which very often cannot be catered for by the formal credit system. The savings will increase their confidence to meet the credit needs of the SHG members. This resulted in the efficient deployment of credit among the members as their own money was at stake. Savings was very much encouraged and it was mandatory for the members to save at least a minimum amount in their groups as it is passport to bank linkage loans. When the income showed a positive sign, it reflected in the amount of savings.

Table 6 Average level of savings per annum of respondents before and after joining the SHGs

Agencies	Before SHG (in Rs)	After SHG (in Rs)	% of increment
SHG	–	3780	–
Bank	880	1380	22.12
Other Sources	511	904	27.77
Total	1391	6064	62.68

From the statistics given in Table 6 shows that an average household saved Rs. 1391 per annum before joining the SHG. After joining the SHG programme, the average savings increased by more than four times to Rs. 6064. The majority of members maintained their savings in banks (both co-operative and commercial banks) before joining the SHGs. The other sources of savings indicated savings maintained with friends and relatives, chits funds, jewellery chits, etc. Before joining the SHG, the average savings in other sources was Rs. 511. In the post-SHG situation, the members saved an average amount of Rs. 3780 with the SHG as the internal savings corpus, Rs. 1380 with banks and Rs. 904 with other sources. The high increment of savings with the banks (62.68%) indicated the positive impact of the programme on banks as a source of mobilisation. The savings in the SHGs showed a good impact as members had a comfortable income level to increase their savings, whereas the savings in other sources showed a 27.77% increase.

In order to see the degree of significance, a *t* test was performed to verify the level of significance. Paired sample *T* test was applied to find out the significant difference between the average gross monthly income, expenditure, savings of women members before and after joining the SHGs.

Table 7 above indicates that the mean value of the income, expenditure and savings after joining the group had increased from 5186.8, 3772.9, 10465.6 to 7364.0, 6087.5 and 14104.5, respectively, which shows a positive significance of the income, expenditure and savings of the members and their households. The *P* value was less than 0.01 which showed that there was a significant difference in the level of income, expenditure and savings of the respondents before and after joining the SHG at the 1% level.

Table 7 Paired t test for significant difference between Income, Expenditure and Savings of Women Members before and after joining the SHGs

Particulars	SHG members	Mean	Stand Deviation	t value	P value
Monthly Income	Before Joining SHG	5186.8	5422.7	10.3	0.000**
	After Joining SHG	7364.0	5944.9		
Monthly Expenditure	Before SHG	3772.9	2752.2	21.2	0.000**
	After SHG	6087.5	3815.5		
Monthly Savings	Before SHG	10465.6	13902.9	3.2	0.002**
	After SHG	14104.5	18967.1		

Note: **denotes significance at 1% level.

CONCLUSION

The findings from this study showed that SHGs played a major role in the development of women. The women belonging to the lowest strata had been given a chance to interact with many groups like banks, NGOs and officials from the government and they were exposed to public institutions. In well-established SHGs, members contributed substantially to their family development in the form of getting credit for the education of children, health needs and even for weddings and the construction of houses. It showed the way for the poor women to be involved in income-generating activities and helped them to increase their savings and mobilisation of capital in the future. The SHGs also increased the sustainability of women in terms of income and credit. Accessing the formal banking system encouraged and motivated them to get involved in self-employment activities. Group participation in SHGs developed the women to cooperate and coordinate team work which results in solidarity among them to fight against any evils or ill-treatment among the group members. The woman from the lower strata gains knowledge to handle the banking activities on their own and helps to learn in handling financial needs of their family. When credit is injected in their income generating activities on one side it helps them to improve their life and to come out of the poverty and on the other side it gives them confidence and empowerment.

Policy implications and recommendations

Strict Government Monitoring Mechanism of NGO Funding is highly in need. The poverty alleviation policies in India directed at women are coordinated by the government and NGOs. The government gives funding to both SHGs and NGOs to deliver credit to the women. The government's monitoring mechanism to track the NGOs to check whether the benefit reaches the poor women is not sufficient. NGOs have been involved in microcredit for a long time and they are trained in this field, whereas the new entrants into the field are adding microcredit to their portfolios, thus positioning themselves to be technically eligible to use government funds. If the funds are not channelled to the NGOs who are qualified, competent and able, the efforts of the government to reduce poverty will fail. Thus, a more controlled structure is needed to ensure that the women get to benefit from the funds.

There is a need to provide these women with better entrepreneurial and skill development programmes to enhance their skills and capabilities to fetch higher earnings. At present their

training what they undertaking is not sufficient to meet the highly competitive markets this need to be addressed. These loopholes need to be address. There is no doubt that SHG plays an important role in the development of the women in the lower strata.

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BIOGRAPHICAL NOTES

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