

# **CHAPTER 7**

## **FINDINGS AND RECOMMENDATIONS**

### **7.1 Introduction**

Microfinance has helped to make positive changes in the life of poor and needy villagers in India at the time of monetary crisis and become self-dependent. SBLP contributes to poverty reduction and social empowerment of the people. The main findings of the study have been summarized in this chapter. The chapter is organised in section 7.2 which gives a summary of the findings of the study as a whole. Section 7.3 concludes the study and the chapter with some suggestions.

### **7.2 Summary of the findings**

This section gives a summary of the major and minor findings of the entire study from the primary and secondary data.

#### **7.2.1. Performance of SBLP in India, it's regions and in Assam: Substantiations from Secondary data**

From the first objective, it was found that among all the three banking agencies, CMB's performance is better in terms of saving mobilization and outstanding loan amount nationally. However, in terms of credit disbursement and NPA against SHG loan, RRB's performance is better at all India level. The current study also reveals the poor performance of COB in promoting SBLP nationally. The first objective revealed that SR is single-handedly taking SBLP movement forward over the years with the high rate of SHG's saving deposit, credit disbursement and loan outstanding and low NPA and also has a CAGR higher than national average under all four indicators.

SBLP has a positive growth in all six regions although the rates of growth vary from region to region. The performance of SBLP in NER is not satisfactory.

NER has a low rate of per SHG outstanding loan amount with a high rate of NPA against SHG loans. The overall performance of NER in SBLP promotion is highly unsatisfactory with respect to other regions of the country. Among the three banking agencies, RRBs performance is better in terms of the number of SHG saving linked, the amount deposited and credit linked within NER. However, in terms of per SHG saving deposit and loan disbursed, CMB is doing better than RRB and COB. The gap between numbers of SHG saving linked to that of the numbers of SHG credit linked has been increasing every year with lesser and lesser number of SHG credit linked and the gap is highest for RRB in NER.

The biggest share in SBLP business in NER is concentrated mainly in Assam and to some extent in Tripura. But with a low rate of Saving Mobilisation, Credit Disbursement, Outstanding Loan and very high NPA with respect to all India average the programme has not been successful as it was expected to be in Assam. Though RRB has been performing well due to the laudable role played by AGVB in promoting the SBLP movement in Assam, the long-term sustainability of this programme in Assam is uncertain as a result of burgeoning NPA rate of SHG loans in recent times.

#### **7.2.2. SBLP's role in women empowerment and sustainability of SHG formed under SBLP: Substantiations from Primary Survey**

A primary survey has been carried out in five districts of Assam based to a number of SHG accounts with AGVB under SBLP.

It was seen that for Economic Empowerment, "Thrift and credit" explains the highest amount of total variance. Amongst the four variables comprising of thrift and credit the

variable “increase in family income” has the highest factor loading followed by “contribution to family expenditure”. For educational empowerment, “Banking Education” explains the highest amount of total variance. Amongst the six variables comprising of Banking Education the variable “increase in Respondent learned how to maintain books of accounts post joining SHG” has the highest factor loading closely followed by “Respondent can do banking transaction independently post joining SHG”. In social empowerment, “active participation in the household decision” explains the highest amount of total variance. Amongst the five variables comprising of active participation in the household decision the variable “Respondent's participation in children's education decision increased post joining SHG” has the highest factor loading followed by “Respondent's participation in children's marriage decision increased post joining SHG”. In political empowerment, “women’s right and power” explains the highest amount of total variance. Amongst the three variables comprising of active participation in the household decision the variable “Respondent has been elected as a member of Gaon Panchayat after joining SHG” has the highest factor loading followed by “Respondent has participated in the election as a member after joining SHG”.

From the second objective, on the basis of exploratory factor analysis, 10 factors are found to be important which can affect the empowerment of SHG beneficiaries. SBLP can contribute to the overall empowerment of its women beneficiaries by an increase in contribution to family income, family expenditure, increased banking education, increased role in the decision-making process and increased knowledge of their rights and power.

Under economic empowerment, 94% of respondents are covered under health insurance post joining SHG. On contrary to this only 8% family members of the respondents have

availed the facility Kissan Credit Card (KCC). Under educational empowerment, 89% of the respondents have agreed that their Literacy skill has increased while maintaining books of accounts, banking transactions of SHG accounts and by attaining orientation programme and skill development programme. On contrary to this 90.88 % of respondents has a neutral opinion as regards to increasing in SHG related knowledge. Under social empowerment, 84% have reported an increase in participation in training and awareness programme post joining SHG. They reported having attended those programmes because it was held by AGVB to make SBLP programme a success. Domestic violence is not as common in Assam as such most of the responses are found to be neutral for the sampled population. Most of the households have reported no change in political participation even after joining SHG.

Out of 340 households, 62% of the respondents agreed to have been economically empowered. However, the majority of respondents have revealed that SBLP could not motivate them much in terms of educational, social and political empowerment.

Results of Karl Pearson correlation matrix shows that economic empowerment is positively correlated with educational, social and political empowerment. There is a positive interrelationship between all the four dimensions of empowerment. Economic empowerment will lead to the overall empowerment of rural women under SBLP in the long run.

From the third objective, it was seen that the empowerment variables identified through factor analysis differ significantly with various demographic and socio-economic variables.

The results t-test shows in the third objective show that there is a significant difference between the two age groups, with regards to educational empowerment. The result of t-test further shows that there is a significant difference between the two income and expenditure groups with regards to all the forms of empowerment. The result of ANOVA and Welch F shows there exist significant differences between religious groups, marital status, educational qualification and occupation with regards to various forms of empowerment through SHG. The result of Welch F shows there exist significant differences between various castes with regards to economic, social and political empowerment through SHG.

From the Fourth objective, it was found that out of 170 SHG, 30.59% SHGs are found to have good organisational performance and 22.94% SHGs are found to have good financial performance. However, only 12.94 % of SHGs are found to have good performance in terms of composite sustainability index. It is suggestive of the fact that for SHGs to be sustainable in the long run financial sustainability is very crucial and financial sustainability is achievable only with proper group management.

When district wise performance of SHGs are considered, it was found that 17.65% SHGs are found to have good performance in the Kamrup (M) district, 23.53% % SHGs are found to have good performance in the Baksa district, 35.29% SHGs are found to have good performance in the Kamrup (R) district, 20.59% SHGs are found to have good performance in the Barpeta district and 32.35% SHGs are found to have good performance in Nalbari district in terms of composite sustainability index which can be suggested that these SHGs can be sustainable in the long run. Branch network of bank's play a crucial role in better performances of SHG's under them. A district with higher

rural branch network has performed better than districts with the less rural branch network.

Further, it was found that for organisational sustainability, “Regularity of meetings” and “Participation of members in decision making” are significant contributors. For financial sustainability, “Rotation of Funds” and “Repayment Performance” are significant contributors. For composite sustainability, “financial sustainability” is a significant contributor. Of the 12 variables of composite sustainability, “Regularity of meetings”, “Regularity of savings”, “repayment performance of members”, “rotation of fund” and “Utilization of common fund” are significant contributors of the overall sustainability of the group. This again indicates the higher role of financial performance in the overall performances of groups.

### **7.2.3 Findings from case studies:**

#### **Case study 1: Household**

Nilima Kakati, a Member of Pushpabhadra Atma Sahayak Got, 1 No Jalah, Kamrup (R), Aged 39 was Single and has been weaving traditional attires (mekela/sador). She joined SHG in 2009 and stated that since then she has been getting support from the SHG in buying raw materials. She also said that she opted for a loan of 12 thousand from the SHG at the time of purchasing a “Tat Xal” (weaving machine) and have repaid the whole amount within one year from the profit generated by selling her cloths in nearby market and also in NEDFi haat of Guwahati which has been arranged by AGVB. She asserted that she was financially self-sufficient and contributes nearly Rs. 7,000 in monthly family expenditure’.

## **Case study 2: SHG**

Kamala Das, who is President of Asha Atma Sahayak Got, Chamata, Nalbari, Aged 46 and is Widow along with 12 other women of her village opened one SHG in 2005 and started saving money. After one year they linked their SHG to Chamata branch of AGVB (then Pragjyotish Gaonlia Bank). They got a micro loan of Rs. 25,000 from the bank within six months of opening the account. They purchased one Jersey cow and started selling milk locally. Now they have a small dairy farm of nearly 50 cows and people from the Nalbari town come and collect dairy products from their farm to prepare sweets for their sweet house. Now, they have a fix customer base and have become self-sufficient after joining SHG.

### **7.3 Recommendation:**

- SHG's from a particular area come together to form a federation. Though majority household members have become economically sustainable after joining SHG, to make them sustainable socially, those federations should encourage members to come out of their comfort zone for marketing their produce goods, ask government department and banks to arrange various orientation and training programme and arrange literacy programme for those who are illiterate. They should also encourage the group members to participate in family decision making and also encourage them to have a say in village level political groups with their active participation. Women should be motivated more to actively participate in social and political activities. This will ensure that they obtain educational, social and political empowerment along with economic empowerment of SHG members.

- SHG's which used loan amount for productive purposes appears to be more sustainable. Therefore it can be recommended that banks should encourage and give preference for repeated loan facilities to those SHG's which utilize the loan amount mostly in income generating ventures rather distributing the loan amount within themselves for consumption and unproductive purpose. Similarly, at the SHG level, group members should give more preference to those loan proposals of their members who want to use the loan amount in income generating ventures. This will help the group to become sustainable in the long run.
- The bank should encourage those SHG's which has diversified activities rather than monotonous activities for profit generation. This will help in increasing the profit margin of SHG's and will help in making the SBLP more sustainable in the long run by reducing the NPA rate.
- Banking agencies should emphasize on opening more branches in the villages of Assam. That will ensure a higher level of SHG bank linkage and better performances of SHG's if they get more individual attention from branch officials. SHG needs more nurturing to sustain in the long run from their SHPI.