

**IMPACT OF SELF HELP GROUP SCHEME OF MICROFINANCE IN KAITHAL DISTRICT OF HARYANA****Virander Pal Goyal**

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**Abstract**

*Financing under Self Help Groups (SHGs) scheme is based on the concept of Microfinance which is a term for the practice of providing financial services such as microcredit, micro savings and micro insurance to the rural poor. As this program is going on for the last many years, the present study has been carried out keeping in view the objectives that what is the impact of Microfinance on living standards, empowerment of women and poverty alleviation in the Kaithal district of Haryana. It has been found that there has been considerable increase in the income, savings and economic assets of the beneficiaries after joining the scheme. The increase in income and savings has raised the standard of living of the members. It has also resulted in increasing their confidence and has helped in social justice and empowerment of women. Microfinance can be a success story if we adopt healthy practices adopted by Gramin bank of Bangladesh such as five members in SHGs. It is sad to observe that our approach in micro financing is 'target oriented' in terms of expenditure allocations which is required to be made 'result oriented'. There is a scope of monitoring and evaluation by academicians rather than professionals and officials to make it unbiased. To ensure inclusive growth which means including the excluded segments, caring the less cared and using the less used manpower, we need to control corruption, population and inflation. There is a strong case for monitoring and evaluation with good governance (SMART administration), manpower planning and inflation targeting for achieving the better results in making microfinance under SHGs a success story in India.*

**Key words :** SHG ,Good Governance as SMART administration

India is still predominantly a rural country and a 'Land of Villages'. The real India has been and still is 'Village India'. Mahatma Gandhi has rightly said that, 'the real India lives in the villages'. As per 2011 census, out of total population of 121 crores of the country, 68.84 percent people live in villages and out of them more than 25.7 percent live below the poverty line and lead a miserable life. This estimate of poverty is based on Planning Commission's latest report which is based on the Suresh Tendulkar's Methodology of Poverty Line in which Rs. 816 per person monthly expenditure has been taken for rural areas and Rs.1000 for the urban areas. If a person is able to incur expenditure more than this, he is considered to be living above the poverty line. The problem of poverty in India is basically the rural one. One of the main causes of rural poverty is the low productivity of land and labor. The other contributing factors include inequitable land distributions, institutional inadequacies and lack of infrastructure. Rural poverty is reflected in poor nutrition, inadequate shelter and low health standards. Because of the deplorable plight of such a large number of rural masses, India's effort towards development is 'Rural Development', which has been evolved as a strategy to improve the social and economic condition of the rural masses.

**Rural Development Strategy under the Plans**

Government of India has been making efforts to alleviate rural poverty since long. In spite of the eleven five year plans that have been implemented in the country since 1951, the extent of poverty does not seem to have diminished in any significant manner. Experiences of rural development strategy during the past six decades show that the achievements in qualitative terms have been far below expectations and non-commensurable with investments made. Despite the significant changes in the approaches and strategy of rural development,

we are yet to achieve the minimum desirable targets in field of education, nutrition, health, drinking water and employment. "Removal of Poverty" continues to be the main objective of five year plans in India. Beginning with TRYSEM (Training Rural Youth for Self-Employment), a number of allied programs such as IRDP (Integrated Rural Development Program), DWACRA (Development of Women and Children in Rural Areas), SITRA (Supply of Improved Toolkits to Rural Artisans) and GKJY (Ganga Kalyan Yojna) were added over the years. The multiplicity of the programs resulted in a lack of proper social intermediation, absence of desired linkages among these programs and implementation being more concerned with achieving individual program targets rather than focusing on the substantive issue of sustainable income generation. Major rural development programs being implemented in India since 1951 can be broadly divided into five categories i.e. Self-employment programs, Wage employment programs, Public distribution system, Nutritional programs and Social security programs.

In the above context, self-employment programs assume significance as they alone can provide income to the rural poor on a sustainable basis. To rectify the situation the government decided to restructure the various ongoing self employment programs. A new program known as "Swaranjayanti Gram Swarojgar Yojna" (SGSY) was launched in the country from 1st April, 1999. The basic objective of the SGSY is to bring the assisted poor families (Swarozgaris) above the Poverty Line by providing them income-generating assets through a mix of Bank Credit and Government Subsidy. This program aims at establishing a large number of micro enterprises in the rural areas based on the ability of the poor and potential in the area. SGSY is different from earlier programs in terms of the strategy envisaged for its implementation. It has been con-



ceived as a holistic program of self-employment. It covers all aspects of self-employment of the rural poor viz. organization of the poor into Self Help Groups (SHGs) and their capacity building, training, selection of key activities, planning of activity clusters, infrastructure build up, technology and marketing support. Financing under SGSY is based on the concept of Microfinance.

### **Microfinance**

Credit is one of the most crucial inputs in the process of development. Microfinance is expected to play a significant role in poverty alleviation and rural development. In the recent past it has become one of the most promising ways to use scarce development funds to achieve the objective of poverty alleviation. Microfinance is a term for the practice of providing financial services such as microcredit, micro savings and micro insurance to the rural poor. It is a financial service of small quantity provided by financial institutions to the poor. These services may include savings, credit, insurance, leasing, money transfer etc. The poor find it difficult to have an access to financial services through the formal sector because of the cumbersome procedure. They do not have any collateral to secure a loan though they have small savings. These poor people have to approach village moneylenders to meet their credit needs. Microfinance has become one of the most effective interventions for economic empowerment of the poor.

### **Self Help Group (SHG)**

SHG is a group of rural poor who have volunteered themselves in a group of 10-20 people from a homogeneous class for addressing their common financial problems. They agree to convert their savings into a common fund known as Group Corpus. The members of the group agree to use this common fund to make small interest bearing loans to their members. The Group Corpus is supplemented with Revolving Fund sanctioned as cash credit limit by the banks or the group could also have access to credit under the Self Help Group- Bank Linkage program. These groups are like micro banks of 10-20 people who manage two types of loans; internal and external. Internal loans are based on the savings of members, whilst the external loans are of various origins, banks being the most frequent source.

### **Objectives of the Study**

The present study has been carried out keeping in view the following objectives:

To analyze the socio-economic impact of the microfinance on the members of the Self Help Groups. To analyze the sustainability of the income of the members and their standard of living. To analyze the impact of microfinance on the empowerment of the rural women and their self dependency. In the light of the above objectives of the study, the basic research question is

"What is the impact of Microfinance on living standards, empowerment of women and poverty alleviation of the poor people in Kaithal district of Haryana?"

### **Methodology**

The present study has been carried out in the Kaithal district of Haryana. Kaithal came into existence as a district of Haryana in 1989 and is situated in the North- West of the state. It is having a geographical area of 2317 sq.km with a total population of 1072861 as per 2011 census. Out of this population 78 percent people live in the rural areas. Sex ratio in the district is 880 females per 1000 males as compared to 877 in the state and the population density is 463 per sq.km as compared to 573 of the state. The literacy rate is 76.4 percent as compared to 76.6 of the state. The district is having six blocks and 263 villages. Out of the six blocks two blocks namely Guhla and Siwan has been selected for the present study. Two villages from a block have randomly been selected for the study. In this district rural poor are primarily reliant on agriculture and animal husbandry but in our study sample, maximum number of beneficiaries are engaged in the non-farm economic activities such as papad making, soft toys making, kariyana shop, maniari shop, tailoring and embroidery etc. The distribution of the sample SHG and beneficiaries of SGSY is given in the table-1 below:

**Table 1**  
**Distribution of sample SHGs and members**

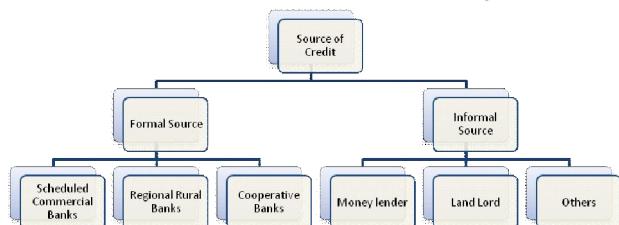
Sr. No.	Names of Block	Names of villages	No. of sample SHGs	No. of members of sample SHG
1	Guhla	Kharaal, Dandota	6	43
2	Siwan	Farshmajra, Siwan	6	39
<b>Total</b>	<b>2</b>	<b>4</b>	<b>12</b>	<b>82</b>

### **Source: Compiled from Primary Data**

Thus the ultimate sample consists of 12 Self Help Groups from four villages and 82 members from these SHGs. The data has been collected from primary as well as secondary sources. Secondary data has been taken up as on 31.03.2012 because of the easy availability. Primary data has been collected from the borrowers in the field by personnel interview method through an interview schedule designed for the purpose. To collect the primary data the researcher has visited the villages of the study area and has interacted with the beneficiaries extensively by putting the questions in the local language. The survey was carried out in the month of February, 2013. Secondary data has been collected from various sources including Department of Economic and Statistical Analysis, Haryana and District Rural Development Agency which is the nodal agency for the implementation of SGSY.

### **Progress of Microfinance in Kaithal District**

There are mainly three formal sources i.e., Commercial Banks, Regional Rural Banks and Cooperative Banks which are providing institutional credit in Haryana. The credit accessibility in the state can be explained with the help of following flow chart:





The SHG-Bank Linkage program under Swaranjayanti Gram Swarojgar Yojna (SGSY) was launched in the State and Kaithal district on 01/04/1999. The physical progress of SHG-Bank Linkage program under SGSY in Kaithal District as on March 31, 2012 since the inception of the scheme is given in the

table below:

Table 2: Physical Progress of SHG-Bank Linkage under SGSY in Kaithal District as on March 31, 2012 (Since inception of the scheme on 1-4-99)

Particulars	Blocks						
	Guhla	Kaithal	Kalayat	Pundri	Rajound	Siwan	Overall
No. of SHGs formed	397	438	221	427	277	261	<b>2021</b>
Passed Grade I	329	348	158	414	233	248	<b>1730</b>
Passed Grade II	215	211	109	248	146	151	<b>1080</b>
BPL families crossed poverty line	358	150	75	260	179	245	<b>1267</b>
No. of SHG that have taken up Eco. Activities	329	348	158	414	233	248	<b>1730</b>
No. of Women SHGs formed	318	341	155	409	229	244	<b>1696</b>
No. of Women SHGs taken up Economic Activities	318	341	155	409	229	244	<b>1696</b>

#### **Source: Monthly Progress Reports of March, 2012, DRDA, Kaithal**

2021 SHGs are formed in the district as on March 31, 2012, of which 1730 have been passed in Grade I and 1080 in Grade II. 1730 SHGs have taken up economic activities and 1267 families have crossed poverty line. A majority of SHGs formed are of women. Funds Utilizations for SHGs as on March 31, 2012 is given in the table below:

**Table 3**

#### **Funds Utilizations for SHGs under SGSY in Kaithal District as on March 31, 2012 (Plan Year: 2011-12)**

S. No.	Particulars	Lakhs (Rs.)
1.	Allocation of funds	208.13
2.	Centre	156.10
3.	State	52.03
4.	Funds released	208.13
5.	Total funds available	218.91
6.	Expenditure	206.00
7.	% of Expenditure	94.11

#### **Source: Monthly Progress Reports of March, 2012, DRDA, Kaithal**

The above table shows that 94 percent of the funds available have been utilized for the program. The expenditure incurred on various items is given in the table below:



**Table 4**  
**Expenditure Incurred under SGSY in Kaithal District as on March 31, 2012 (Plan Year: 2011-12) (Lakhs Rs.)**

S. No.	Particulars	Blocks						
		Guhla	Kaithal	Kalayat	Pundri	Rajound	Siwan	Overall
1	NGOs/Facilitators	-	-	-	-	-	-	-
2	Basic Orientation Program	-	-	-	-	-	-	-
3	Skill development	0.69	4.05	0.55	1.09	0.45	0.56	<b>7.41</b>
4	Infrastructure Development	13.00	-	-	-	-	25.00	<b>38.00</b>
5	Marketing	-	-	-	-	-	-	-
6	Revolving Fund	2.50	4.90	0.60	5.20	0.70	2.60	<b>16.50</b>
7	Subsidy	26.24	45.67	2.90	46.91	6.35	16.00	<b>144.09</b>
8	Risk Fund	-	-	-	-	-	-	-
9	Formation of Federations	-	-	-	-	-	-	-
10	Total Expenditure	42.43	54.62	4.06	53.21	7.50	44.16	<b>206.00</b>

**Source: Monthly Progress Reports of March, 2012, DRDA, Kaithal**

The above table shows that very small amount has been spent on skill development where as huge amount has been spent on subsidy. An amount of Rs. 38 lakh has been spent for infrastructure development in two blocks only. Credit disbursed to SHGs is given in the table below:

**Table 5**  
**Credit disbursed to SHGs under SGSY in Kaithal District as on March 31, 2012**  
**(Plan Year: 2011-12) (Lakhs Rs.) Total Credit Target 438.01**

S. No.	Particulars	Blocks						
		Guhla	Kaithal	Kalayat	Pundri	Rajound	Siwan	Overall
1.	Credit disbursed	39.37	68.51	4.35	70.37	9.53	24.00	<b>216.13</b>
2.	Subsidy	26.24	45.67	2.90	46.91	6.35	16.00	<b>144.09</b>
3.	Total investment	65.61	114.18	7.25	117.28	15.88	40.00	<b>360.22</b>
4.	SC	51.25	60.50	7.50	64.50	9.75	27.50	<b>221.00</b>
5.	Women	58.75	113.75	7.50	99.50	17.00	46.25	<b>342.75</b>
6.	Subsidy to credit ratio	0.40	0.40	0.40	0.40	0.40	0.40	<b>0.40</b>

**Source: Monthly Progress Reports of March, 2012, DRDA, Kaithal**

An amount of 360.22 lakh has been disbursed in the district against the target of 438.01 which comes out to be 82 percent. 61 percent credit has been disbursed to the SC and 95 percent to the women which shows that women are the main beneficiaries under the scheme. Block & Bank -wise credit disbursed to SHGs is given below:

**Table 6**  
**Block & Bank -wise Credit Disbursed to SHGs under SGSY in Kaithal District as on March 31, 2012**  
**(Plan Year: 2011-12) (Lakhs Rs.)**

S. No.	Name of Blocks	Credit Disbursed by				Total by all Banks
		Commercial Banks	Co-operative Bank	Regional Rural Bank	Other, if any Bank	
1	Guhla	39.37	0.00	0.00	-	<b>39.37</b>
2	Kaithal	68.51	0.00	0.00	-	<b>68.51</b>
3	Kalayat	4.35	0.00	0.00	-	<b>4.35</b>
4	Pundri	70.37	0.00	0.00	-	<b>70.37</b>
5	Rajound	9.53	0.00	0.00	-	<b>9.53</b>
6	Siwan	24.00	0.00	0.00	-	<b>24.00</b>
	<b>Total</b>	<b>216.13</b>	<b>0.00</b>	<b>0.00</b>	-	<b>216.13</b>

**Source: Monthly Progress Reports of March, 2012, DRDA, Kaithal**



The above table shows that all the credit disbursed during the year 2011-12 has been disbursed by the commercial banks only. Regional Rural Banks and Co-operative Banks have not disbursed any amount during the year. Sector wise physical coverage of members of SHGs and individual swarozgaris under SGSY is given below:

**Table 7**

**Sector wise Physical Coverage of Members of SHGs and Individual Swarozgaris under SGSY in Kaithal District as on March 31, 2012 (Plan Year: 2011-12) (Lakhs Rs.)**

S. No.	Name of Blocks	Primary Sector				Secondary Sector					Tertiary Sector	Total
		Irrigation	Live Stock	Others	Subtotal	Village Indst.	Handi Craft	Handloom	Others	Sub Total		
1	Guhla	-	30	-	30	-	-	260	-	260	0	290
2	Kaithal	-	200	-	200	-	-	260	-	260	0	460
3	Kalayat	-	20	-	20	-	-	10	-	10	0	30
4	Pundri	-	40	-	40	-	-	430	-	430	0	470
5	Rajound	-	10	-	10	-	-	60	-	60	0	70
6	Siwan	-	10	-	10	-	-	180	-	180	0	190
	<b>Total</b>		<b>310</b>	-	<b>310</b>	-	-	<b>1200</b>	<b>0</b>	<b>1200</b>	<b>0</b>	<b>1510</b>

**Source: Monthly Progress Reports of March, 2012, DRDA, Kaithal**

In the primary sector all the members has been financed for the live stock and in secondary sector all the members has been financed for handloom which shows that financing under the scheme has done for only two activities. There is no financing for irrigation, village industry and handicraft and under tertiary sector for any activity. Sector wise Total Investment (Subsidy + Credit) disbursement to SHGs and individual swarozgaris is given in the table below:

**Table 8**

**Sector wise Total Investment (Subsidy + Credit) Disbursement to SHGs and Individual Swarozgaris under SGSY in Kaithal District as on March 31, 2012 (Plan Year: 2011-12) (Lakhs Rs.)**

S. No.	Name of Blocks	Primary Sector				Secondary Sector					Tertiary Sector	Total
		Irrigation	Live Stock	Others	Sub Total	Village Industries	Handi Craft	Handloom	Others	Sub Total		
1	Guhla	-	7.85	-	7.85	-	-	57.76	-	57.76	-	65.61
2	Kaithal	-	50.43	-	50.43	-	-	63.75	-	63.75	-	114.18
3	Kalayat	-	5.18	-	5.18	-	-	2.07	-	2.07	-	7.25
4	Pundri	-	10.54	-	10.54	-	-	106.75	-	106.75	-	117.28
5	Rajound	-	2.64	-	2.63	-	-	13.25	-	13.25	-	15.88
6	Siwan	-	2.00	-	2.00	-	-	38.00	-	38.00	-	40.00
	<b>Total</b>	-	<b>78.65</b>	-	<b>78.65</b>	-	-	<b>281.56</b>	-	<b>281.56</b>	-	<b>360.22</b>

**Source: Monthly Progress Reports of March, 2012, DRDA, Kaithal**

#### **Data Analysis**

The primary data collected from the beneficiaries of the microfinance has been coded, tabulated and presented in the form of tables. The data has been analyzed by calculating percentages and statistical techniques such as Arithmetic mean, Karl Pearson's correlation co-efficient, t-test, f-test has been used by applying SPSS. The overall socio-economic profile of the sample beneficiaries is given in the table 9.



**Table 9**  
**Socio-Economic Profile of the Sample Beneficiaries**

S No.	Factors	Category	Frequency (N-82)	Percentage (%)
1	Age	20-30 (years)	18	22
		31-40	32	39
		41-50	24	29
		51-60	7	9
		More than 60	1	1
2	Gender	Male	7	8
		Female	75	92
3	Marital Status	Married	74	90
		Unmarried	-	-
		Widow	8	10
		Divorced	-	-
4	Caste	SC	43	52
		ST	-	-
		BC	34	42
		General	5	6
5	Religion	Hindu	69	84
		Muslim	7	9
		Sikh	6	7
		Others	-	-
6	Occupation	Agriculture	-	-
		Allied Activity	5	6
		Casual Labor / Agriculture	-	-
		Labor	77	94
7	Educational Level	Illiterate	58	71
		Primary	20	24
		Metric	4	5
		Graduate	-	-
8	Family Type	Post Graduate	-	-
		Nuclear	60	73
		Joint	22	27
9	Economic Group	BPL	76	93
		APL	6	7

**Source: Compiled from Primary Data**

Table 9 depicts the overall socio-economic profile of the sample beneficiaries. The maximum numbers of beneficiaries (32) are in the age group of 31-40 years whereas these should be in the age group of 20-30 which is considered to be appropriate age for a member to join the group. 75 members (92 percent) are female and 74 (90 percent) are married. 43 (52 percent) belong to SC category and 69 (84 percent) are Hindu. 77 (94 percent) are engaged in non-farm activities such as business and manufacturing. 58 (71 percent) are illiterate and 20 (24 percent) have studied up to primary level. Only 4 members have education up to matric level. 60 members belong to nuclear families and 22 are from joint families. Out of the total 82 beneficiaries 76 are from BPL and rest 6 belong to APL families. 67 percent of the members took money from the village money lender for their credit needs before joining the SHG and majority of them found the borrowed amount insufficient to meet their credit needs.

In the sample of the study, 64 members (78 percent) belong to the groups which are less than 6 years old whereas 18 members belong to groups which are up to 9 years old. Government agencies helped in formation of 73 percent groups whereas banks helped in formation of only 27 percent groups which means that government agencies like DRDA has a major role in the formation of SHGs. The purpose of joining the group for most of the members is savings and employment/income generation. 62(76 percent) members were financed by Commercial Banks whereas only 20 (24 percent) by the RRBs. 80 members (98 percent) are repaying the bank loan regularly. Majority of the members are selling their prod-

ucts locally in exhibition and melas. 77 (94 percent) members did not find any difficulty in selling their products.

It has also been observed that SHG members still do not have access to insurance services which are crucial for security and sustainability of these groups. It has been found that only 7 (9 percent) members have purchased an insurance policy after joining the group. The other findings of the study are analyzed by comparing the social and economic determinants before and after joining the group in the table below:

**Table 10**  
**Socio-Economic Determinants before and after joining the SHG**

S. No.	Socio-Economic determinants	Category	Before joining (N-82)	After joining (N-82)
1	Amount of loan taken	Up to 10000	33(40.2)	22(26.8)
		10001-20000	14(17.1)	26(31.7)
		20001-30000	03(3.7)	26(31.7)
		Above 30000	05(6.1)	08 (9.8)
2	Assets Owned	Land	04(4.9)	04(4.9)
		Domestic animals	27(32.9)	40(48.8)
		Type of house- i) Kutch ii) Semi-Pucca iii) Pucca	60(73.2) 08(9.8) 14(17.1)	44(53.7) 09(11.0) 29(35.4)
		Household goods	05(6.1)	05(6.1)
3	Annual Income	Any Other	-	02(2.4)
		Below 20000	68(82.9)	24(29.3)
		20001-40000	14(17.1)	54(65.9)
		40001-60000	-	04(4.9)
4	Annual Savings	Above 60000	-	-
		Below 10000	45(54.9)	73(89.0)
		10001-20000	01(1.2)	07(8.5)
		20001-40000	-	-
		Above 40000	-	-

**Source: Compiled from Primary Data**

\* Figures in parenthesis are percentages.

Above table reveals that after joining a SHG, the amount of loan taken has increased considerably as number of loan takers has increased and the members have moved to the higher category of loan amount which means more investment in the economic activity. The number of assets owned has also increased in case of domestic animals whereas land and household goods remain the same. The beneficiaries have invested in housing as number of members living in Katcha house has reduced from 60 (73.2 percent) to 44 (53.7 percent) and number of members living in Pucca house has increased from 14 (17.1 percent) to 29 (35.4 percent). The level of annual income has also increased as less members are now having income below 20000 as it reduced from 68 (82.9 percent) to 54 (65.9 percent). 58 members moved to the income level more than 20000 and 4 out of them to more than 40000 per annum. Annual savings has also increased considerably as 73 (89 percent) of the members are now able to save as compared to 45 (55 percent) before joining the group. A Quality of Life Index (QLINDX) taking into consideration increase in the consumption expenditure on food, clothing, education, health, insurance etc. has also been prepared. It has been found that improvement in the quality of life of the male members has been significantly higher than that of females which is revealed by the independent samples taken for t-test of means of Quality of Life Index (QLINDX). The t-ratio assuming equal variances comes out to be 2.781. Table-11 shows the results of t-test as below:



**Table 11**  
**Quality of Life Index for Sample**

Members	Mean	Std. Deviation	Difference between means	Standard Error	t-ratio
1. Male	4.2857	1.2536			
2. Female	3.3200	.8408	0.9657	0.3472	2.781

**Source: Compiled from Primary Data**

**Table 12**  
**Pearson's Correlation Matrix**

	FSIZE	QLINDX	SATISFN	OBMICR	ASTIMPCT	ESTEEM	WEMP
FSIZE	<b>1.000</b>	0.012	-0.182	-0.008	0.143	0.046	-0.029
QLINDX	0.914	<b>1.000</b>	0.407**	0.550**	-0.028	0.272*	-0.235*
SATISFN	0.102	0.000	<b>1.000</b>	0.262*	-0.112	0.126	0.111
OBMICR	0.945	0.000	0.017	<b>1.000</b>	-0.110	0.346**	-0.333**
ASTIMPCT	0.199	0.801	0.319	0.327	<b>1.000</b>	-0.106	-0.008
ESTEEM	0.681	0.013	0.216	0.001	0.343	<b>1.000</b>	-0.245*
WEMP	0.797	0.034	0.323	0.002	0.942	0.026	<b>1.000</b>

**Source: Compiled from Primary Data**

\* , \*\* show the level of significance at 5% and 1% respectively  
The lower left part of the matrix shows significance (2-tail test) and upper right part shows the correlations.

There has been a medium, positive and significant correlation between quality of Life Index (QLINDX), overall satisfaction with the scheme (SATISFN) and degree of achievement of objectives (OBMICR). The quality of life index (QLINDX) has been found significantly and positively correlated with self esteem with low correlation. The low, positive and significant correlation between degree of achievement of objectives and satisfaction with the scheme has been found. The degree of achievement of objectives has low, positive and significant correlation with self esteem and a low, negative and significant correlation with women empowerment. It may be inferred that women empowerment is not going with hand in hand with other objectives. The impact on asset creation has not been found related with any of these variables. However this variable (ASTIMPCT) has been designed in such a way that for an individual member its maximum score can go up to 6, if a respondent is benefited in all asset categories taken in our study. The average score in our study is found to be 2.4 which imply that at average in forty percent of assets, all members have been benefited.

It has also been tested that whether the incomes and savings of the members has increased after joining the Self Help Group. A paired sample t-test has been conducted and the results are given in table below-

**Table 13**  
**Impact on Income and Saving after Joining SHG**

	Mean	Number (N)	Difference of Means	t-value
Pair-1 INCJOIN	1.1707	82		
INCLOAN	1.7561	82	-0.5854	-8.724
Pair-2 INCSAV	1.0435	46		
SAVJOIN	1.0217	46	0.0217	0.573

**Source: Compiled from Primary Data**

A correlation matrix of family size (FSIZE), Quality of Life Index (QLINDX), overall satisfaction with the scheme (SATISFN), degree of achievement of objectives of microfinance (OBMICR), impact on asset creation (ASTIMPCT), level of self esteem (ESTEEM), women empowerment (WEMP) and overall impact has also been constituted. The results are given in the table below -

INCJOIN – Income at joining the group, INCLOAN – Income after taking loan

INCSAV- Increase in savings, SAVJOIN - Saving at joining the group

The above table reveals that income of the members has increased significantly after availing microfinance however there has not been a significant increase in the savings of the members after availing microfinance, which implies increase in consumption and the living standards.

#### VI Conclusion and Policy Implications

From the above analysis it is clear that microfinance has a positive impact on the socio-economic life of the members of the SHGs in the form of increase in income and savings thus resulting in increase in expenditure on food, clothing, health and education which helped in increasing standard of living of poor people in the Kaithal district of Haryana. More than 85 percent groups formed have undertaken economic activities and 63 percent of assisted families have crossed the poverty line. It has helped in getting rid of money lenders as it has helped in fulfilling immediate credit needs of the rural masses. More than 80 percent groups formed in the district belong to the women. Microfinance had also improved the social status of rural women and increased their confidence which resulted in their empowerment. It has also resulted in social justice and helped in reducing domestic violence. Women themselves sell their product in the market which has made them entrepreneurs as they take their decisions themselves. It has further been observed from the study that delivery of microcredit to the poor is more effective and less costly in the organized form of Self Help Groups (SHGs). Some of the policy implications flowing from the study are appended below- It is found that number of members in a Self Help Group was 10 to 12 in majority of the groups whereas the ideal number is found to be 5. Members believed that small groups are easy to handle and help in better understanding among the members. At least one member in the group should be from middle class



family who knows systems and procedures better.. It will help in more effective organization of the group. This fact has also been advocated by Mohammad Yunus while explaining the experiences of microfinance in Bangladesh.

The major portion of the funds allocated for the scheme has been spent on subsidy and no amount has been spent on Basic Orientation Program, Infrastructure Development and Marketing. Funds must be allocated for these activities which will help in making the scheme more effective. Further instead of providing subsidies, loans at zero rate of interest should be provided to the beneficiaries.

To make micro financing a success story we should switch over to the "Islamic Banking Model" which emphasis on Zero percent rate of interest. Instead of disbursing crores of rupees in subsidies to the beneficiaries of the microfinance the government should compensate the financing institutions with this subsidy amount so that they can provide loans at Zero percent rate of interest. This will reduce the risk of mis-utilization of loan and will subsequently help reduce NPA in the banks.

Insurance products should also be subsidized for the SHG members as a welfare measure by the government. It would be ideal for poor segments of the rural population who cannot invest in multiple insurance policies. There is a serious need to introduce micro insurance products and bring together various players in the insurance sector for supporting pilots for development of composite insurance products which cater for life, health, crops, assets and accidents.

Microfinance can be a success story if we adopt healthy practices adopted by Gramin bank of Bangladesh which got recognition due to Nobel Peace Prize to Dr. Mohammad Yunus as an economist. Our approach in micro financing is 'target oriented' in terms of expenditure allocated which requires 'result orientation'. There is a scope of monitoring and evaluation by academicians rather than professionals and officials to make it unbiased.

To ensure inclusive growth which means including the excluded segments, caring the less cared and using the less used manpower, we need to control corruption, population and inflation<sup>17</sup>. There is a strong case for monitoring and evaluation with good governance (SMART administration), man-

power planning and inflation targeting for achieving the better results in making microfinance under SHGs a success story in India.

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