The Impact of Microfinance through SHG – Bank Linkage in the Selected Districts of Tamil Nadu: Empirical Evidence

U. Jerinabi and V. Vimala

The present paper provides a platform to the Impact of Microfinance through the SHGs – Bank Linkages of the Selected Districts in the Tamil Nadu State. The study focuses on Distribution of SHGs by Characteristics of Members, District Wise Governance of shgs, Age Group of Beneficiaries, Education of Beneficiaries, Sub - Caste of Beneficiaries, Religion of Beneficiaries, Marital Status of Respondents, Type of Family, Ownership of House, Electricity Facility in House, Toilet Facility in House, Cooking Facility In House, Drinking Water Facility Land Holding Size, Employment of Respondents, Subsidiary Employment of Family, Annual Income of Family, Changes in the Level of Housing Position (Average) of the Beneficiaries, Impact on Access to Housing Facility In Selected Districts, Growth in A Impact on Ownership of Household Assets in Selected Districts and Annual Net Household Income (%) in the Tamil Nadu State. With the help of a structured questionnaire and personal interviews with the SHGs, the analysis is made thereafter. The analysis, interpretation and evaluation will be made by using suitable statistical tools and techniques in order to arrive a authenticate information about the SHGs –Bank Linkages in the Selected Districts of Tamil Nadu has been made. Finally it makes an attempt to offer few suggestions to enhance the SHGs –Bank Linkages to benefits the SHGs and Rural Women and to provide maximum benefits to cope up with the existing challenges in the wake of severe competition and ultimately providing better service to the people.

Key Terms: *SHGs, Micro Finance, Rural Women, Employment Generation*

Introduction

While one can genuinely have a sense of pride in the extraordinary excellence the world has witnessed in the field of science and technology, this unique accomplishment has failed to percolate down to the so-called poor sections of the society living in rural agglomeration and the world over.

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A very sizeable chunk of humanity in the developing countries in particular continues to suffer from poverty, ignorance, malnutrition and diseases for generations. This realization has eventually generated enough confidence that the rural poor may be awakened to participate in a well-designed programme to alleviate their poverty with their involvement and initiatives. This has been engaging the attention of the planners, thinkers, administrators, economists, philanthropists, educationists, social activists, politicians, etc. in our country for the last several decades (Center for Social Audit and Research, 2007).

Evolution of Microfinance Institutions

The task force on supportive policy and regulatory framework for Microfinance has defined it as under : "Provision of thrift, credit and other financial services and products for very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards. (Kanwar *et al.*, 2008). Micro credit emphasis more on loans while Microfinance includes support services like market assistance, technical assistance, capacity building, insurance, social and cultural programmes and promotion of thrift along with loans. Microfinance programme was launched to improve the standard of living of the poor people.

Evolution of Self Help Groups (SHGs)

Informal agencies oriented to saving and credit functions are not a new phenomenon in India (Desai and Namboodiri, 2001). Some forms of credit operations were in operation even before 1904 when the Co-operative Credit Society Act was passed. Credit instruments such as Nidhis and Chit funds were popular especially in South India. They had several distinguishing features such as encourage thrift, mobilize small savings and inculcate the habits of punctuality and planning. The useful role played by these institutions in rural areas as an important so). urce of credit to people with moderate needs was well recognized (Namboodiri and Shiyani, 2001)

Literature Review

Jain (2001)[1] noted that women are assisted for income generating in number of ways by NGOs. They are given financial assistance directly or as facilitated by NGO functionaries to have access to finance from banks, financial institutions donors, corporate sector and government schemes etc. NGOs also help women for skill development by conducting training programmes through various resource agencies. Many **The Poverty Working Group (2001)**[2] in its discussion to End Women's Poverty underlined the need for conducting projects to eliminate poverty, NGOs and government working to end women's poverty, raising international awareness of poverty and available resources

drawing sufficient evidence from various countries including India, Australia, Canada, Nigeria etc.

Dasgupta (2001)[3] observed that the informal credit in the form of group approach has effected few benefits such as savings mobilized by the poor, access to the required amount of credit, matching the demand and supply of credit structure and opening of new market for Financial Institutions, reduction in transaction cost for both the lenders and borrowers, tremendous improvement recovery, heralding a new realization of subsidy-less and corruption less credit and remarkable empowerment of the women. **Yaron (1994)**[4] underlined that the microfinance institutions remain most successful ones in terms of outreach and performance in delivering credit services to the poorest of the poor women, and small artisans in the rural and urban areas, reduction in adverse selection of borrowers, development of collateral substitutions, offering cost effective approaches to formal institutions.

Datta and Raman (2001)[5] underlined that SHGs were able to provide various services such as business loan, consumption loan, loan for settlement of old debt and loan for other contingency purposes to their members. The SHGs under study are characterized by heterogeneity in terms of social and economic indicators. The principle of self-selection by members in order to have social cohesiveness of the group, which is widely discussed in the theoretical literature, is indirectly reinforced.

Hayes et al. (2002)[6] analysed the relationship between poor women's participation in micro credit programmes and their empowerment by taking both SHG and non-SHG members in rural BanThey have split the concept of Women Empowerment into three components and measured separately in order to arrive at a better understanding of their underlying factors and their relationship to women's empowerment. **Madheswaran and Dharmadhikary (2002)**[7] analysed the use of peer monitoring in rural lending and found a positive impact on loan repayment and rural poverty. They found that their results obtained from their study corroborate the theory of peer monitoring. However, the success of group lending are attributable not only to peer monitoring but to other factors such as lending for consumption purposes. **Borbora and Mahanta (2002)**[8] analysed the impact of microfinancing through SHGs taking the case of Rashtriya Gramin Vikas Nidhi in Assam and found that 80 per cent of the SHG members were from poor families, in the age group of 8 to 50 years. They involved both in saving and taking loan.

Puhazhendhi and Satyasai (2002)[9] have attempted to evaluate the performance of SHGs with special reference to social and economic empowerment taking 560 sample households, in 223 SHGs in 11 states. They

compared the pre and post SHG situations and constructed a social and economic index. **Datta and Singh (2002)**[10] evaluated the impact of SHG on the income of the members taking BPL households without bank loan and BPL and APL households with bank loan in Punjab. It was observed that SHGs belong to the BPL households generated 70 per cent of the saving and the remaining by APL households. The loan sanctioned to BPL households was just 7.4 per cent while it was 41 per cent for the APL SHGs.

Statement of the Problem

In the last two decades, microfinance programme shows an increasing trend in terms of both linkages and disbursement of loans to the rural poor. Banks are pumping credit in enormous way because they find it profitable to provide credit to the poor. The evaluation of microfinance institutions revealed that they are successful in outreach of the clients. However, whether the programme had achieved significant impact on financial sustainability or not is under question (Meyer, 2001). There are empirical evidences which show that the involvement of women associated with the microfinance programmes has been on the rise, resulting in a greater awareness and confidence amongst them, but the media reports have been quoting cases of under utilization of Microfinance and its failure, instigating this study. In general, microfinance is a path towards empowering the most marginalized among the poor to take charge of their life-cycle related requirements. It has been believed that through microfinance, they are better positioned to access not only financial services but also the resources such as, group support, accessibility to markets, and other related benefits. While microfinance is looked upon as a financially viable approach to address economic vulnerability, it has demonstrated the potential of building up the social capital of the poorest communities. Why then should the concept be declared a flop? (The Hindu). It is in this context that the study has been taken up to document the organization, management functioning of SHGs and their members, impact of SHGs programmes on asset creation, income generation, employment generation of the members and their economic political and social empowerment.

Scope of the Study

The financing of Self Help Group is a significant factor that contributes to the development of the Self Help Group members initiatives. The Self Help Group is a social and an economic organization that relies on its members' own resources and gradually supplements its resources from the banking system. It builds on the collective decision-making abilities of the members and their capacity to utilize effectively the available resources for all round development of the members and the people around them. The growth and linkage of

Self Help Groups are found to be growing on an enormous way at the grass root level, after the introduction of SGSY programme.

In this context, an attempt has been made to analyse the functional pattern of Self Help Groups and their members from the financial perspective, viz., in terms of savings mobilization, delivery of credit, management of funds, training, income generating activities, marketing problems, repayment of loans and establishing linkage with banks. The study also focuses on the impact of the programme at the household level in terms of income, employment and asset creation. The overall results that emerge from the study would provide a scope for reformulating the policies relating to the effectiveness of the Self Help Group functioning and to enhance its scope to cover more sections of the society under the Self Help Groups' umbrella.

Objectives of the Study

The overall objective of the study is to find out the impact of microfinance through Self-Help Group Bank Linkage Programme on rural women in terms of income generation, asset creation and employment generation. The specific objectives of the study are:

01. To study the structure, conduct and performance of SHGs promoted under the programme; and

02. To study the accessibility of the rural women to institutional and non institutional credits and problems faced in administration of SHGs.

Selection of the Study Area

The present study was confined to the selected group of rural SHG women in three districts of Tamil Nadu namely, Coimbatore district, Erode district and Salem district. Since the researcher hails from Coimbatore district, she was familiar to the cultural and economic condition of Coimbatore district and the nearby districts namely Erode district and Salem district, which facilitated her to take indepth analysis of the impact study.

Selection of the Sample Units

A multistage purposive and random sampling technique was used to select the respondents. In the first stage affiliated NGO's engaged in the promotion of the SHGs were obtained from Tamil Nadu Women Development Corporation in the selected districts. From these NGOs who have organized groups for more than five years and are willing to provide necessary information were approved to get the list of SHG.

Accordingly three NGO's from each district were selected namely

Sl. No.	Coimbatore	Erode	Salem
1.	Sri Avinashilingam Educational Trust	DRSW-Service Organisation	Bharathiyar Makkal Nalavalu Sangam (BHAVANA)
2.	Deepam Social Education Trust	Center for Achievement and Rural Education	Peoples Voluntary Integral Service Organization
3.	Coimbatore Rural Development Association	BEACT	NYK

In the second stage, based on the information provided by the NGOs, the village in which they have organized groups were found out and two villages from each NGOs was randomly selected in three districts. In the third stage, five SHGs completed five and above years of experience as on 31st march 2007 and engaged in micro enterprises from each village were selected. Totally 90 SHGs were randomly selected. From each group, five members who involved in micro enterprises were selected. A total 450 members constitute as a sample groups. The coverage of the area and the sample size is shown in given table.

Selection of Village and Samples

Districts	NGO	Village	Number of SHGs	Number of Beneficiaries
Coimbatore	Sri Avinashilingam	1. Tholampalayam	5	
	Educational Trust	2. Velliangadu	5	25
	Deepam Social	1. Chinniampalayam	5	
	Education Trust	2. Kangayampalayam	5	25
	Coimbatore Rural	1. Devarayapuram	5	
	Development Association	2. Madampatti	5	25
Erode	DRSW-Service	1. Ayyampalayam	5	
	Organisation	2. Nallur	5	25
	Centere for Achievement&	1. Makinancombau	5	
	Rural Education	2. Sellapampalyam	5	25
	BEACT	1. Chikkahajanur	5	
		2. Koothampalayam	5	25
Salem	BharathiyarMakkal	i) Tharamangalam	5	
	Nalavalusangam (BHAVANA)	ii) Kadayam patty	5	25
	Peoples Voluntary Integral	i) Ayothipattanam	5	
	Service Organization	ii) Veerapandy	5	25
	Nehru Yuva Kendra	i)Peddanckenpalayam	5	
	(NYK)	ii) Magudanchavadi	5	25
Total	**9**	**18**	**90**	**450**

Tools for Collection of Data- To fulfill the objectives of the study both primary and secondary data were collected.

Primary Data- The primary data was collected from 450 respondents through a detail interview schedule, personally administered and observed from surveying the locality and from personal interviews.

Three interview schedules were prepared.
01.   One schedule to collect information about the group by contacting the group leaders / representatives.
02.   Another schedule to collect information from the beneficiaries.
03.   Third schedule to collect information from the bank officials, panchayat officers regarding the problems faced by them in administrating the SHGs.

Schedules meant for group contains questions related to structure, organization and management, conduct of meeting, savings of the group, loan details and income generating activities of the group. Schedule meant for member contains questions on the socio-economic background of the respondents, their position, participation in the group, training and experience, savings, loan details, income generating activities and impact of the microfinance on the socio economic status of members.

Major variables used for data collection.
(a)   Personal details of respondents
(b)   Socio-economic background
(c)   Business level impact
    (i) Investment
    (ii) Income, expenditure and profits
    (iii) Employment
    (iv) Acquisition of business assets
    (v) Business credit
(d)   Household level impact
    (i) Household income
    (ii) Household
    (iii) Ownership of household assets.
(e)   Individual impact
    i) Diet and health
    ii) Personal savings and debts
(f)   Social impact on respondents

Secondary Data - Secondary data was collected from the records and monthly statements maintained by the groups, such as cash book, loan ledger, saving register, minutes book of the meetings conducted, members attendance

registers and bank pass book. Publication of RBI, NABARD, MFI and District Statistical Office and also from various books and journals.

Period of The Study - The data collection was done for five years from 2002-03 to 2006-07.

Tools for Analysis of Data

To draw meaningful inference, a sound methodology accompanied by appropriate tools and techniques of analysis were necessary. The statistical tools and techniques used in the analysis were Percentage and average, Compound growth rate , Paired 'T' Test , Ratio Analysis , Co-Efficient Of Variation And Cross Tabulation

Functioning Of Sample SHGs under Bank Linkage Programme

Profile of Sample SHGs

The district-wise profile of sample SHGs is presented in Table - 1.

Table 1. **District Wise Profile of Sample SHGs**

Particulars	Coimbatore	Erode	Salem	Overall
Average number of members	11.90	12.20	12.06	12.05
Average number of years of bank linkage	4.40	4.30	4.20	4.30
Percentage distribution of SHGs by number of years of bank linkage				
3 – 5 years	63.30	66.70	83.30	71.10
>5 years	36.70	33.30	16.70	28.90
Total	100.00	100.00	100.00	100.00
SHG networking with others into a Federation (%)	26.70	16.70	20.00	21.13

Source: Primary Data.

It can be seen from the Table 1 that the average number per SHG is 12.05. Among the three districts covered in the sample, the average number of members in the sample SHG ranges between 11.9 to 12.20 (Erode district). This fits in well with the ideal size of a SHG which is between 10 to 20 members, the reason being that in a bigger group, members cannot participate actively. Of the 90 SHGs in the sample, about 28.9 per cent have been in existence for more than five years, while the remaining 71.1 per cent have obtained bank linkage in the last 3 – 5 years, district wise analysis showed that a higher percentage of SHGs (around 36.7 per cent) in Coimbatore district have been linked for more than five years. SHGs get a number of benefits by networking with other SHGs and becoming part of a federation. In the present sample, one fourth of the SHGs in Coimbatore district are members of a federation.

Characteristics of members of SHGs

The percentage distribution of sample SHGs by various socio economic characteristics of the members for the sample districts is presented in Table 2.

Table 2. **Distribution of SHGs by Characteristics of Members**

Particulars	Coimbatore (N=359)	Erode (N=367)	Salem (N=362)	Overall (N=1088)
Distribution of SHGs by age of members				
Below 25	2.51	2.46	2.49	2.50
26- 35	45.68	45.79	43.09	45.80
36 -45	44.01	42.52	46.41	42.90
46- 55	7.80	9.23	8.01	8.80
Total	**100.00**	**100.00**	**100.00**	**100.00**
Average age of members (years)	35.70	35.90	36.00	35.80
Distribution of SHGs by caste of members (%)				
BC	33.43	38.96	15.75	2.48
MBC	13.37	15.53	34.25	44.85
SC/ST	51.25	43.60	48.06	44.30
Others	1.95	1.91	1.94	8.37
Total	**100.00**	**100.00**	**100.00**	**100.00**
Distribution of SHGs by literacy level of Members				
Illiterate	11.98	11.17	11.04	11.40
Literate	25.07	25.34	25.69	25.36
Primary / Middle	47.07	47.96	48.90	47.98
Secondary / HSC	13.94	14.17	13.8	13.97
Graduates	1.94	1.36	10.56	1.29
Total	**100.00**	**100.00**	**100.00**	**100.00**
Distribution of SHGs by martial status of members				
Married	89.97	89.65	95.30	91.63
Unmarried	3.62	3.27	2.21	3.03
Separated	1.11	7.08	2.49	3.58
Divorced	0.28	-	-	0.09
Widowed	5.02	-	-	1.67
Total	**100.00**	**100.00**	**100.00**	**100.00**

Distribution of SHGs by monthly income level of members

Below Rs 1000	10.02	21.25	21.00	17.46
1000 – 2000	68.53	46.32	41.99	52.21
2001 – 3000	19.78	17.98	25.41	21.05
3001 – 4000	1.67	14.45	11.60	9.28
Above 4000				
Total	**100.00**	**100.00**	**100.00**	**100.00**

Distribution of SHGs by monthly income level of members

House wives	25.30	29.30	37.31	30.70
Self Employed	21.30	22.70	8.00	17.30
Employed	4.00	5.30	4.00	4.40
Labour	49.40	42.70	50.69	47.60
Total	**100.00**	**100.00**	**100.00**	**100.00**

Source: Primary Data.

The members of the sample SHGs were reported to be young, with an average age of about 35.8 years. In an ideal SHGs the members should have similar social and financial back grounds. This contributes not just to easier interaction of members, but also to smoother communication facilitating equal opportunity of self expression for members. As far as the distribution of the SHG members by caste is concerned the percentage of SHGs with members from SC / ST category was 44.30 per cent. Looking at the district-wise distribution, it is seen that Coimbatore district had the highest percentage of SHGs with SC / ST members, while Erode had the lowest.

In order to study the percentage distribution of SHGs by education level of the members of the groups, the SHGs were divided into five categories :

a)   Those in which all the members of the group are illiterate

b)   Those in which the members were literate

c)   Those in which the members were primary and middle school

d)   Those in which the members were had the education at the secondary and higher secondary level and those members who were graduates.

It can be seen that a very small percentage of SHGs (1.29 per cent) fall in the fourth category. While a higher percentage of SHGs (47.98 per cent) fell into the third category. Nearly 25.36 per cent of the SHGs were in the category of that is the members in each group being literate.

The literacy level among SHGs in the entire districts remained more or less same. More than 90 per cent of the members of SHGs were married and more than 50 per cent of the members of SHGs were fall in the category of monthly income level ranges between Rs. 1000 – 2000. The data reflects that slightly more than 50 per cent of SHG members were labours and 30.7 were house wives. It was in Coimbatore district and Erode district that a more sizeable percentage of the members were self employed.

Governance aspects of SHGs

For a SHG to function properly and become sustainable, it is important to have a good leader in whom all the members can repose trust. Hence, the way in which the leader is elected assumes great importance. Table 3 below provides the method of electing the leader.

Table 3. **District Wise Governance of SHGs**

Particulars	Coimbatore	Erode	Salem	Overall
System of selecting leaders(%)				
Election	13.37	17.44	6.90	12.60
Nomination	83.29	75.48	87.57	82.08
Any other	3.34	7.08	5.53	5.32
Total	**100.00**	**100.00**	**100.00**	**100.00**
Frequency of change in leadership (%)				
6 months	3.06	3.54	4.97	3.86
One years	37.04	46.05	50.00	44.36
Two years	47.91	40.87	29.00	39.26
> 2 years	11.99	9.54	16.03	12.52
Total	**100.00**	**100.00**	**100.00**	**100.00**
SHGs reporting change in leadership since established (%)	34	39	42	38.3

Source: Primary Data.

It is seen that in more than 80 per cent of the SHGs, the leader was nominated and elections were held in only about 10 per cent of cases. It was 87.57 per cent nomination for the SHGs in Salem district ; SHGs in Erode district had 17.44 per cent of elected leaders. During the field study it was observed that in many of the SHGs the members mostly wanted and preferred the highest educated among them to be the leader since most of the members illiterate. The concern for smoothness in day to day operations could be an important reason for the high percentage of leaders chosen by nomination in the SHGs. For an SHG to run smoothly it is important that there should be change in leadership so that one person does not hold the

reins forever and also to see that more members get experience in leadership function. The general trend recorded with more than 80 per cent of SHGs is to change the leader, once a year (44.36 per cent) or once in two years (39.26 per cent).

Socio Economic Conditions of Beneficiaries

In order to evaluate the performance of the microfinance program and the extent of assistance the beneficiaries received from banks, a sample survey was undertaken in the three selected districts. The beneficiaries were selected covering five rural SHGs and three NGOs in each of the three districts. Age, Education, Caste, Religion, Marital status, Family Income and Housing conditions are some of the important variables that affect women in their empowerment and development.

Table 4. **Age Group of Beneficiaries**

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Below 25	10	6.7	64	42.7	4	2.7	78	17.33
26-35	80	53.3	57	38.0	81	54.0	218	48.45
36-45	37	24.7	24	16.0	38	25.3	99	22.00
46-55	23	15.3	5	3.3	27	18.0	55	12.22
Total	**150**	**100.00**	**150**	**100.00**	**150**	**100.00**	**450**	**100.00**

Source: Primary Data

Most of the surveyed beneficiaries were belonging to age group of 26 – 35 years (48.45 per cent) and 36 – 45 years (22 per cent). Further, the beneficiaries in the aged above 46 years constituted 12.22 per cent of total beneficiaries. Thus, majority of the beneficiaries belonged to middle age group. The result was presented in Table - 4.

Table 5. **Education of Beneficiaries**

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Illiterate	43	28.7	3	2.0	23	15.3	69	15.33
Literate	78	52.0	38	25.3	39	26.0	155	34.45
Primary	24	16.0	41	27.3	39	26.0	104	23.11
Middle	5	3.3	37	24.7	35	23.4	77	17.11
Secondary	0	0	16	10.7	0	0	16	3.55
Higher secondary	0	0	8	5.3	0	0	8	1.78
Graduates	0	0	7	4.7	5	3.3	12	2.67
Diploma\ITI	0	0	0	0	9	6.0	9	2
Others if any	0	0	0	0	0	0	0	0
Total	**150**	**100.00**	**150**	**100.00**	**150**	**100.00**	**450**	**100.00**

Source: Primary Data

Most of the beneficiaries were found poor in terms of education and literacy development. Even 15.33 per cent women respondents were reported to be illiterate. Illiteracy was found more in Coimbatore district (28.7 per cent) and Salem District (15.3 per cent). At the same time, literate women respondents were reported high in Coimbatore district (52 per cent). The Microfinance programme through SHG generates micro Enterprise to the socially deprived section of the society. In order to know the extent of coverage given under SHG Bank Linkage program to the socially depressed sections and status of the beneficiaries, an analysis has been made and presented in Table - 5.

Table 6. Sub - Caste of Beneficiaries

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
BC	95	63.3	150	100.0	99	66.0	344	76.44
MBC	21	14.0	0	0	51	34.0	72	16.00
SC\ST	34	22.7	0	0	0	0	34	7.56
Others	0	0	0	0	0	0	0	0
Total	150	100.00	150	100.00	150	100.00	450	100.00

Source: Primary Data

In all three districts, as category-wise analysis revealed that 76.44 per cent of back ward community (BC), 16 per cent of the most back ward community (MBC), 7.55of schedule caste and schedule tribes. It can be observed from Table - 6, that 34 beneficiaries belonged to schedule caste community in Coimbatore district and all the beneficiaries of Erode district belonged to back ward community.

Table 7. Religion of Beneficiaries

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Hindu	59	39.3	90	60.0	150	100.0	299	66.44
Muslims	20	13.3	60	40.0	0	0	80	17.78
Christian	59	39.4	0	0	0	0	59	13.11
Others	12	8.0	0	0	0	0	12	2.67
Total	150	100.00	150	100.00	150	100.00	450	100.00

Source: Primary Data

A majority of women beneficiaries belonged to Hindu religion 66.44 per cent, 17.78 per cent belonged to Muslim religion and 13.11 per cent belonged to Christian religion (Table - 7).

Table 8. **Marital Status of Respondents**

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Married	137	91.3	137	91.3	145	96.7	419	93.11
Unmarried	0	0	7	4.7	5	3.3	12	2.67
Separated	10	6.7	4	2.7	0	0	14	3.11
Divorced	3	2.0	0	0	0	0	3	0.67
Widowed	0	0	2	1.3	0	0	2	0.44
Total	**150**	**100.00**	**150**	**100.00**	**150**	**100.00**	**450**	**100.00**

Source: Primary Data

It can be observed from Table 37 that out of 450 beneficiaries, 93.11 per cent were married and the 2.67 per cent were unmarried. However proportion of unmarried girls was reported significant in Erode district and Salem district. Again, widow beneficiaries have been reported only in Erode district (1.3 per cent).

Table 9. **Type of Family**

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Nuclear	103	68.7	95	63.3	105	70.0	303	67.33
Joint	47	31.3	55	36.7	45	30.0	147	32.67
Total	150	100.00	150	100.00	150	100.00	450	100.00

Source: Primary Data

The majority of the respondents were found living in nuclear families 67.33 per cent while more than one fourth beneficiaries accepted that they are living in joint families. This was reported high in Erode district (36.7 per cent).

Table 10. **Ownership of House**

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Own house	76	50.7	112	74.7	108	72.0	296	65.78
Rented	74	49.3	38	25.3	42	28.0	154	34.22
Total	**150**	**100.00**	**150**	**100.00**	**150**	**100.00**	**450**	**100.00**

Source: Primary Data

In Tamil Nadu all most all the villages in the selected districts has basic facilities. All the respondents have access to electricity (Table - 10).

Table 11. **Electricity Facility in House**

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Yes	150	100.0	150	100.0	150	100.0	450	100.00
No	0	0	0	0	0	0	0	0
Total	150	100.00	150	100.00	150	100.00	450	100.00

Source: Primary Data

The toilet facility is not available only to 22.89 per cent of the beneficiaries. The toilet facility has been reported to satisfactory in almost all the selected districts (i.e.) Coimbatore district (90.7 per cent) Erode district (66 per cent) and Salem district (74.7 per cent) Table - 11.

Table 12. **Toilet Facility in House**

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Available	136	90.7	99	66.0	112	74.7	347	77.11
Not Available	14	9.3	51	34.0	38	25.3	103	22.89
Total	150	100.00	150	100.00	150	100.00	450	100.00

Source: Primary Data

Table 13. **Cooking Facility In House**

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Gas	28	18.7	122	81.3	103	68.7	253	56.22
Kerosene	33	22.0	28	18.7	47	31.3	108	24.00
Firewood	45	30.0	0	0	0	0	45	10.00
Smokeless Chula	44	29.3	0	0	0	0	44	9.78
Total	150	100.00	150	100.00	150	100.00	450	100.00

Source: Primary Data

The majority of the respondents accepted that they are dependent on gas for cooking (56.22 per cent). It was reported high in Erode district (81.3 per cent). Other cooking devices such as fire wood and smokeless Chula are in use to the significant proportion in Coimbatore district. Most of the beneficiaries have access for safe drinking water. However the proportion of house holds that do not have access to safe drinking water sources has been reported high in Salem district (40 per cent) Table - 13.

Table 14. Drinking Water Facility

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Yes	109	72.7	145	96.7	90	60.0	344	76.44
No	41	27.3	5	3.3	60	40.0	106	23.56
Total	150	100.00	150	100.00	150	100.00	450	100.00

Source: Primary Data

Table 15. Land Holding Size

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
<1 Acre	34	22.7	52	34.7	47	31.3	133	29.56
1-3 Acre	91	60.7	26	17.3	8	5.3	125	27.78
4-6 Acre	16	10.6	0	0	0	0	16	3.56
7> Acre	0	0	0	0	0	0	0	0
Landless	9	6	72	48.0	95	63.4	176	39.1
Total	150	100.00	150	100.00	150	100.00	450	100.00

Source: Primary Data

Most of the beneficiaries are either landless 39.10 per cent possessing small and marginal landholdings. The landlessness has been reported high in Salem district and Erode district.

Table 16. Employment of Respondents

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
House Wife	36	24.00	87	58.00	38	25.30	161	35.70
Employment Self	8	5.30	3	2.00	1	0.70	12	2.70
Employment	54	36.00	18	12.00	12	8.00	84	18.70
Professional	6	4.00	1	0.70	0	0.00	7	1.60
Labour	46	30.70	41	27.30	99	66.00	186	41.30
Total	150	100.00	150	100.00	150	100.00	450	100.00

Source: Primary Data, (Figures given in brackets denotes Percentage)

More than one fourth respondents were housewives. It was found greater number in Erode district, while Self employed women have been reported high in Coimbatore district and lowest in Salem district. More than one fourth respondents were labourers. It was reported high in Salem district. The main Subsidiary employment of the surveyed households is shown in Table - 16. Agriculture, Animal husbandry and labour are reported to be main subsidiary occupations.

Table 17. **Subsidiary Employment of Family**

Particulars	Coimbatore		Erode		Salem		Total	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Agriculture	6	4	8	5.3	14	9.3	28	6.22
Animal Husbandry	59	39.3	95	63.4	0	0	154	34.22
Labour	70	46.7	47	31.3	89	59.4	206	45.79
Other	15	10.0	0	0	47	31.3	62	13.77
Total	**150**	**100.00**	**150**	**100.00**	**150**	**100.00**	**450**	**100.00**

Source: Primary Data

Table 18. **Annual Income of Family**

Particulars	Coimbatore		Erode		Salem		Total	
	N	%	N	%	N	%	N	%
Below 10,000	15	10.00	32	21.30	31	20.70	78	17.33
10000 -15000	102	68.00	69	46.00	63	42.00	234	52.00
15000 -20000	30	20.00	27	18.00	38	25.30	95	21.11
20000-25000	3	2.00	18	12.00	16	10.70	37	8.22
25000-30000	-	-	4	2.70	2	1.30	6	1.40
30000 and Above	-	-	-	-	-	-	-	-
Total	**150**	**100.00**	**150**	**100.00**	**150**	**100.00**	**450**	**100.00**

Source: Primary Data

Most of the families belong to income level of Rs.15000 to 20000 per annum (i.e.) low. However, most of the families are living below the poverty were or just above it. But they are contributing significant to the families' income.

House Hold Level - The impact of microfinance on the household level of the beneficiaries is discussed under the following headings.
(i)   Changes in annual household income.
(ii)   Changes in the housing position of the beneficiaries.
(iii)   Changes in the Ownership of household assets.

i)   Changes in Annual Household Income.

Household income and its distribution are central to any economic impact analysis. It is one of the most important indicators of development. Members of SHG are expected to increase their income generating activities and subsequently the income of their households improved through access to financial services. An nalysis of net income data collected from households revealed that households increased their household income over the pre and post SHG linkage situation in 2007 from Rs. 37103 to Rs. 49562 by nearly 33.6 per cent. The annual growth of household income was 7.67 per cent after the SHGs linked up to banks.

Table 19. **Growth in Annual Net Household Income (%)**

District	Base level	Compound Annual Growth Rate
Coimbatore	32180	7.2
Erode	48290	7.6
Salem	40840	8.1
Total	**37103**	**7.6**

Source: Primary Data

The district-wise analysis indicated that annual income of households was growing at a further rate in Salem district (8.1 per cent). The base level income of household in the pre SHG linkage period was highest in Erode district followed by Salem district and Coimbatore district.

ii)   **Changes in the Housing position of the beneficiaries.**

Table 20. **Changes in the Level of Housing Position (Average) of the Beneficiaries**

Housing Position	Coimbatore		Erode		Salem		Overall		% variation
	Before SHG	After SHG	Before SHG	After SHG	Before SHG	After SHG	Before SHG	After SHG	
Own house	60.00	72.00	50.00	83.00	53.00	87.00	54.00	81.00	50.00
Own house any where	2.00	25.00	25.00	41.00	19.00	47.00	15.00	38.00	153.30
Own plot/land	47.00	85.00	19.00	41.00	16.00	59.00	27.00	62.00	129.60
Electricity facility	5.00	55.00	59.00	87.00	59.00	87.00	41.00	76.00	85.40
Own toilet or pit latrine facility	7.00	11.00	41.00	63.00	49.00	63.00	30.00	45.00	50.00
Have pipe water facility	23.00	72.00	37.00	69.00	37.00	69.00	32.00	70.00	118.80
Average	**24.00**	**53.00**	**39.00**	**64.00**	**39.00**	**69.00**	**33.00**	**62.00**	**87.80**

Source: Primary Data

A look into the table revealed that the number of beneficiaries possessing of own house has increased by 50 per cent. The availability of internal loan from the SHGs has helped them to avail their facility. Further the usage of electricity facility has increased by 85.4 per cent and toilet facility by 50 per cent indicating the increase its awareness among the members regarding situation and other facilities. Similarly there was an increase of 118.8 per cent in getting tap connection followed by other facilities like possession of plot 129.6 per cent and possession of houses in other places increased by 153.3 per cent. The percentage changes in the level of housing position was high (120.8 per cent) in Coimbatore district, followed by Erode and Salem district (64.1 per cent). Overall, the housing position has increased.

Hence it is evident that the bank Linkage programme has resulted in increasing the housing status of the beneficiaries. To measure the level of changes in the housing position of the SHG members in the selected districts after bank linkage SHGs, a paired 't' test has been applied. The result has been shown in table 83.

Table 21. **Impact on Access to Housing Facility in Selected Districts**

Districts	Before SHG		After SHG		Incremental Increase		% Variation	T Value
	Mean	SD	Mean	SD	Mean	SD		
Coimbatore	0.24	0.24	0.53	0.29	0.29	0.19	120.8	3.779**
Erode	0.39	0.14	0.64	0.19	0.25	0.06	64.1	9.427**
Salem	0.39	0.18	0.69	0.15	0.25	0.09	64.1	7.679**
Total	**0.33**	**0.13**	**0.62**	**0.17**	**0.29**	**0.11**	**87.9**	**7.115**

*Source: Primary Data, Note: **significant at five per cent level*

A results of the paired 't' Test clearly portraits that the calculated value is greater than the table value at 5 per cent level. It has concluded that the housing position of the women has significantly increased after joining the groups for the women in all the districts.

iii) Changes in the Ownership of household assets

Poor are characterized by low asset base. Therefore, any programme targeting the poor should strengthen their assets holding pattern. Increase in asset base strengthen financial position of the house hold and also improves its shock absorbing capacity. The SHG Bank Linkage Programme through microfinance interventions increases house hold assets like cooking articles, gold ornaments, vehicles, household usage articles such as transistor, TV, furniture.

Table 22. **Ownership of Household Assets (%)**

Housing Position	Coimbatore		Erode		Salem		Overall		% Variation
	Before SHG	After SHG	Before SHG	After SHG	Before SHG	After SHG	Before SHG	After SHG	
Household articles (Fan / TV / Radio / Tape Recorder/ washing machine/ Swelling machines/ phone	62.00	100.00	53.00	100.00	65.00	99.00	60.00	99.00	50.00
Cooking articles (cooker, gas stove, grinder/mixie)	52.00	99.00	60.00	80.00	51.00	100.00	54.00	93.00	72.20
Vehicles (two wheeler /bicycle)	59.00	77.00	55.00	75.00	65.00	80.00	60.00	78.00	30.00

Domestic Animals	12.00	23.00	41.00	59.00	20.00	28.00	24.00	37.00	34.20
Gold/sliver	32.00	93.00	27.00	93.00	32.00	91.00	30.00	92.00	206.7
Average	**43.00**	**78.00**	**47.00**	**81.00**	**47.00**	**80.00**	**46.00**	**80.00**	**73.90**

Source: Primary Data

The field study revealed that the percentage of the beneficiaries acquired household assets has been increased to 73.9 after linking with banks. Further it could be noted that 92 per cent of the beneficiaries acquired gold and silver ornaments and 78 per cent beneficiaries were able to buy vehicles during the post SHG-Bank linkage period. The proportion of changes in the number of beneficiaries possess household assets was high in Coimbatore district (81.4 per cent) followed by Erode district (72.3 per cent) and Salem district (70.2 per cent). To find out the significant difference in the changes of ownership of household assets among the selected beneficiaries between pre and post SHG period, a paired 't' test was applied.

Table 23. **Impact on Ownership of Household Assets in Selected Districts**

Districts	Before SHG		After SHG		Incremental Increase		% variation	t value
	Mean	SD	Mean	SD	Mean	SD		
Coimbatore	0.43	0.21	0.78	0.32	0.35	0.18	81.4	4.658**
Erode	0.47	0.13	0.81	0.16	0.34	0.19	72.3	4.362**
Salem	0.47	0.46	0.80	0.79	0.33	0.19	70.2	4.166**
Total	**0.46**	**0.45**	**0.80**	**0.79**	**0.34**	**0.19**	**73.9**	**3.909****

*Source: Primary Data, Note: **significant at five per cent level*

As the calculated value is more than the table value at 5 per cent level, it is concluded that there exists a significant difference in the changes of ownership of personal assets of the selected beneficiaries in all the three districts between the two periods.

The Recommendations and Suggestion of the Study

❖ Branch managers of financial institutions should in any case be close to the communities they serve, and should beneficiaries' affiliant for any distribution channel through which they can profitably reach new customers. They should ensure the existing level and types of group activity and informal intermediation, and be ready to offer services and selling products, which are appropriate for local communities.

❖ The micro-financing institutions need proper regulation and operation of business transactions. Therefore, RBI, SIDBI, NABARD and other organizations should evolve proper mechanism for monitoring, supervision, direction, appraisal and evaluation of such institution including self help promotion institutions.

❖ A proper mechanism should be evolved to prepare database on SHGs, SHPIs MI's etc. Moreover, MIS with good management backing needs to be developed to achieve sustainability of micro-financing institutions.

❖ The factors responsible for poor performance of microfinance and functioning of SHG's should be investigated, examined and analyzed scientifically and systematically to resolve the emerging problems, difficulties and challenges being faced by NGO's, SHP's, SHG's dealing with microfinance.

❖ More research should be carried out to assess the impact of micro-credit through SHG's. The impact assessment should be more focused on socio-economic empowerment of members, social change, dynamics of groups, business, leadership, promotion of viable micro enterprises etc.

❖ Policy makers need to recognize the potential of micro financial services to support investment and growth in key economic sectors and hence to contribute significantly to national economic growth.

❖ Regulation of micro-financial services is necessary. It helps in long-term sustainability. The interests of small savers, ensuring proper terms of credit, instilling financial discipline and having a proper reporting and supervision system must be put in place. Regulation and supervision ensures that micro-financing organizations are run prudently and cases of poor people losing their money due to fund or incompetence are minimized.

❖ In addition to the institutional sustainability, the group should also become financially viable. It is achieved when the group is able to cover its operational costs from its own income.

❖ Strong marketing network is mandatory required for effective and proper marketing of products and services of micro enterprises linked SHG's. SHG's need marketing support and institutional capacity to handle marketing activities independently.

Limitations of the Study

01. As the study is based on the primary data collected through interview method, the reliability depends on the truth response of the SHG office bearers and members. However, adequate care has been taken to elicit true response through cross checks.

02. The study was confined to one district and it may have some limitations of comparison across time points. Nevertheless, all efforts have been put forth to make the study as objective as possible.

Conclusion

It is evidence that SHGs Bank Linkage Programme has resulted in positive economic and social impact on the beneficiaries in terms of increase in saving and income, asset creation, employment generation, decrease in depending on money lenders, improve decision making ability, active participation in community development programmes and on the whole the empowerment of women. The present study proved that providing finance assistance, developing the habit of saving and imparting training among SHG women will lead to economic empowerment and there by improve the quality of life and social status. These in turn motivate them to 'dream big' and fight against poverty and social backwardness. The SHGs have contributed in developing the personality of women in molding the community into right perspective and in exploring the initiatives of women in taking up entrepreneurial activities. SHGs have emerged as the providers of social capital for transferring today rural India into a powerful society through microfinance. Thus SHGs create a silent revolution which must be viewed as "change agents" in rural women. Microfinance through SHGs - bank Linkage not only enhances the national conscience but also enable in achieving Millennium Development Goals.

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