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Impact Of SHG Programme On Socio-Economic Empowerment: A Micro Level Study In India

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Abstract

Purpose: To study the socio-economic characteristics of the sample households and to analyze the saving and credit pattern of SHG's members.

Design/Methodology/Approach: The present study is empirical in nature as it is mainly based on primary data which was collected through interview schedule during field survey. A multistage random sampling method was adopted for the study. The collected data was analyzed with the help of various statistical tools like Frequency, Percentages, Means, Standard Deviations, and Coefficient of Variation. To prove the hypotheses, some tests like t-test (paired), Z test and Chi-square (χ^2) test also used in the study.

Findings: Microfinance has helped in increasing income/savings levels and number of assets which resulted in improvement in quality of life, satisfaction and esteem of the members thus leading to their empowerment. SHGs had positive impact on the employment and income of members. Microfinance programmes raised members above poverty line and enhanced their socio economic status.

Research Implications/Limitations: The study was considered only in one district of Haryana (India) i.e. Mewat District.

Practical Implications: Contributes to the body of knowledge on impact and success of microfinance programme and its implications for government and non government agencies and organisations for policy formulation regarding microfinance.

Originality/Value: The paper identifies a framework of relevant values and facilities that will be of use to those interested in this field.

Keywords: Microfinance, SHGs, Savings, Income & Employment Level and Mewat.

Paper Type: Research paper.

JEL Code: B26, C12, C19, C81, G10, G21

1. Introduction

Empowerment is a multi-dimensional socio-economic process that helps people gain control over their own lives. It is the process of enabling people, especially women to acquire and possess power resources to make decisions on their own. To alleviate discrimination, discontent and deprivation, microfinance programs have been promoted as an important strategy for empowerment ever since 1976 when Mohammad Yunus of Bangladesh begun experimenting with microcredit and Self-Help Groups (SHGs). Microfinance refers to loan; saving, insurance, transfer services and other financial products targeted at low levels clients. Microfinance in India is mainly provided through Self-Help Groups (SHGs), Microfinance Institutions (MFIs) and some other methodologies. The network of many financial institutions like public and private sector commercial banks, co-operative banks, regional rural banks (RRBs) and MFIs is used to provide microfinance services to the poor people. Microfinance programme claims to provide the poor an access to capital and give them opportunities to climb the economic ladder[2]. Microfinance, by its name refers the whole journey of financial and non financial services which covers skill up gradation, entrepreneurship development rendered to the poor and needy people for the purpose of enabling them to overcome poverty.

National Bank for Agriculture and Rural Development (NABARD) defines micro-finance as: "provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards" (NABARD, 2001).

In terms of demand of microcredit, there are 3 segments – at the very bottom, there are landless agriculture labourers and manual labourers. The next market segment is of small & marginal farmers and rural artisans, weavers and self-employed informal sectors such as hawkers, vendors, workers in household micro-enterprises. The third segment is of other farmers who have gone for commercial crops and other engaged in dairy farming, poultry, fisheries etc[3]. M-CRIL[4] provides an estimate for the annual demand at Rs. 480 billion with an average household credit demand of Rs. 8000. The RBI (2009) estimated that the overall demand for microfinance is around Rs. 200000 crores out of which only 10% is being met by existing MFIs and banks through the SBLP. On the Supply side, the Indian microfinance sector is characterized by a variety of microfinance service providers. These includes apex financial institutions like NABARD, SIDBI and government owned societies like RMK (Rashtriya Mahila Kosh), Commercial Banks, RRBs, formal sector financial institutions, Cooperatives societies, SHG federations, MACS, private sector companies, NBFCs, societies, trusts etc. New private sectors banks, most notably ICICI bank, but also AXIS bank and HDFC bank are actively seeking

[2] http://ietd.inflibnet.ac.in/bitstream/10603/3031/9/09_chapter%201.pdf

[3] Batra, Vikas and Sumanjeet. "The State of Microfinance in India: Emergence, Delivery Models and Issues", Journal of International Economics (0976-0792), 2012.

[4] M-CRIL is a credit rating agency for Microfinance Institutions based at Gurgaon, Haryana.

exposure in the microfinance sector. International banks such as ABN-Amro, City financial etc. is also showing interest in microfinance programme. In India, Micro Finance operates mainly through TWO channels i.e. SHGs – Bank Linkage Programme (SBLP) Model (SHGs) and Micro Finance Institutions (MFIs) (SHGs, JLG and Grameen Groups).

SHG is a registered or unregistered voluntary association of poor people of 10-20, from the same socio-economic background, involving primarily in saving and credit activities. It can be all women members group, all men members group or even a mixed group. SHG are also popularly called as DWACRA groups after the programme i.e. development of women and children in rural areas. However, over 90% of these are women members group. Savings, loans, loan-repayments are taken care of at the group level. These groups are in turn linked to a financial or a micro-finance institution for sourcing of additional funds as well as depositing their savings[5]. Best examples of this type of technology are the Self-Help Group Bank Linkage Programme in India, the Programme Hubungan Bank Danksm (PHBK) project in Indonesia, and the Chikola groups of K-REP in Kenya (Satish 2005).

2. Review of Literature

To justify the need of the present study, we have undertaken review of the available literature related to the concept of microfinance. For the purpose of better understanding, Review is presented in the tabular form.

Table: 1 Review of Literature

Researchers	Objectives	State/ District	Conclusions of The Study
Kumaran (1997)	To study the functioning of SHGs	Andhra Pradesh	Money contributed by members was pooled together and used a revolving fund to disburse loans on a priority basis. The members also started
Puhazhendhi & Satyasai (2000)	To examine the impact of microfinance on income level.	All over India (11 states)	33% rise in average annual income from pre to post SHG situation. 40% of this incremental income was generated by non-farm sector activities.
Dahiya et al. (2001)	To analyze the socio-economic status of working SHGs	Solan (HP)	The members were mainly involved in small business and service/profession. There was a considerable increase in annual income in post- SHG period.
Mishra et al (2001)	To examine the impact of SHGs on generation of income and employment among beneficiaries.	Faizabad (UP)	The survey showed that SHGs have helped to increase the income of the participants by 10-15%.
Nirmala et al. (2004)	To study factor affecting the	Pondicherry	The study showed that around 80% of the SHG members had initiated IGAs and the

[5] http://archive.indianstatistics.org/nceus/nceus_financing_nafus.pdf

	earning of SHGs.		majority of them were engaged in non-farm activities that were traditional and less remunerative.
Sarangi (2007)	Impact of microfinance on rural poor HH.	MP	Impact assessment result showed the significant positive effect of programme participation on increase in the income of the HH. He concluded that credit to serve as a sole instrument of poverty alleviation did not seem to be plausible, without other corroborative mechanism that help in increasing the potential of credit use by the poor or the small farmers.
Bansal (2010)	Impact of microfinance on poverty, employment and women empowerment.	Punjab	Microfinance in Punjab was provided through SBLP. Loans used for productive purpose directly influenced the level of income and employment of members.
Surender (2011)	To explore the employment generation through SHG and in depth information on various aspects of self employment through SHGs.	Across India	SHG had the capability of generating employment. It might the one of way through which problem of unemployment could be removed from the entire world. And the procedure of growth and development could be achieved.
Batra (2012)	To analyze the impact of microfinance on HH welfare.	Haryana	The study observed the improvements in assets base among the members. However, many members had not purchased any productive items and loan amount form the Bank/MFIs/Group was also the main source of finance to acquire there assets.
Batra (2012)	To study the structure and functioning of SHGs.	Haryana	The selected schemes were SGSY, SCRIA and Swaymsiddha. The study identified the various problems such as irregularity in meetings, low level of skill and knowledge, lack of training among members.
Ramakrishna & khaja (2013)	To study the SBLP.	Tekkalakote	The study proved that SBLP was the best technique in poverty alleviation of the rural poor and the SHG members were highly involved in IGAs. This programme had been effectively executed and evaluated properly.
Chatterjee (2014)	To find out the role of Self-Help Groups towards the economic empowerment of women.	West Bengal	SHG encouraged women to form voluntary association and emerge as a group of saver-cum-borrowers. In fact, any financial assistance, if utilized properly generates gainful employment opportunities. Positive sign of employment generation was found in rural economy of Khejuri. Income has a favorable effect on consumption expenditure in general and on education, health, social and familial status of members in particular.
	To examine the	Nagaland	The results revealed the credit to have

Nirmala & Yepthomi (2014)	impact of SHGs micro-financing on poverty alleviation and well-being of the rural poor women.		significantly improved their economic status and household wellbeing. It also led to their empowerment, independence and social participation. The study recommended training them for better competitiveness and employment activities, besides assisting with marketing facilities.
Kodamarty & Srinivasan (2016)	To evaluate the literature on the role of microfinance on women empowerment in India. It looked into both aspects and challenges relating to women empowerment.	India	The study found that economic and social variables have positive impact on women empowerment. But socio-cultural factors, education and infrastructure have negative impact on microfinance.
Chethana. B (2017)	To study the SBLP and financial inclusion with the help o econometrics	India	This paper showed that role of SHGs with SBLP is appreciable and SHGs helped under privileged society to get formal financial help and enhance their socio economic status.
Joshi (2019)	To classify the social and economic factors which impact the economic as well as social empowerment o SHGs.	Nainital(UK)	The findings showed that demographic factors and distance from the market have a noteworthy impact on the involvement of women in SHGs. Also, there is a momentous difference in both values which suggests that the value of the empowerment index gets increased after joining the SHGs.

3. Objectives of the Study

The objectives of the present study are:

- To study the socio-economic profile of SHG's members in Mewat district.
- To analyze the saving and credit Utilisation Pattern of SHG's members.
- To measure the impact of microfinance programme on employment and Income level of participants.

4. Hypothesis of the Study

H_0: There is no impact of SHGs in raising the employment and income level of the participants.

H_1: Microfinance programme has significant impact on employment and income level of the participants.

5. Research Methodology

The study has been conducted in Haryana state of India. The present study is empirical in nature as it is mainly based on primary data which was collected through interview schedule during field survey. A multistage random sampling method was adopted for the study. Out of four divisions of Haryana state, Gurgaon division was selected. For the purpose of present study, one district i.e. Mewat district was selected from Gurgaon Region. The availability of the programmes/schemes was also identified in the sampled district. The selected schemes for the study are MDA (Mewat Development Agency) and SGSY/NRLM (Swaranjayanti Gram Swarozgar Yojana/National Rural Livelihood Mission). SHG members were selected from each of selected SHGs randomly. A total of 400 respondents (320 SHG members from 80 SHGs and 80 non-members of same socio-economic background) were select as final samples. The collected data was analyzed with the help of various statistical tools like Percentages, Means, Standard Deviations, and Coefficient of Variation. Some information was also collected through Personal Interviews (PIs) and Focused Group Discussion (FGDs) which was used at appropriate places to support the quantitative data. To prove the hypotheses, some tests like t-test (paired), Z test and Chi-square (χ^2) test also used in the study.

6. Data Analysis and Main Findings

6.1 Socio-Economic Profile of Sample Members

It provided an overview of the salient socio-economic characteristics of the sample households and SHG participants covered under the study. The sample consists of 320 microfinance programme participants from 80 operating SHGs and 80 non participants of the same socio-economic background of Mewat district of Haryana.

- **Distribution of SHGs by Socio-Economic Characteristics of Members**

Age of the Respondents: The age of respondents plays a major role in the selection of IGAs under the programme. The average age of the group members was 37.3 years. The mean age of non participants was 38.2 years. The average age of respondents under MDA was 39.4 years and in SGSY, it was 35.2 years. It means that all members were near about the age of 37-39 years and the members around this age were mostly engaged in dairy production and farming (Table 2).

Gender: Under MDA, mostly groups were female based groups but in SGSY there were also many groups which have male members. But we selected only female members groups for the better measurement of the progress of SHGs and microfinance programme. The reason behind this was the sincerity and better performance of female members groups than male members groups. There were all the females' members in both MDA and SGSY. The total respondents are 100% females. In non participants, there were also all the females members (Table 2).

Religion: As far as religion of respondents is concerned, there were maximum Muslims respondents (54.06%). It is followed by Hindu (45.94%). In control group, 41.25% were Hindu respondents and 58.75% were Muslims members. Programme wise distribution shows that in MDA, 61.25% were Muslims and 38.75% were Hindu. Under SGSY, there were 67.50% Hindu and 54.06% were Muslims. There were no respondents found during the survey that belongs to Sikh and Christian community. It indicated that all the members were either Hindu or Muslim (Table 2).

Caste: Distribution of members by caste shows that there were majority of Other Backward Caste category respondents (42.19%). it is followed by Schedule Caste (30.62%), General (22.81%) and Backward Caste (4.38%). Under MDA, there were 20.17% General category respondents, 3.75% BC, 47.92% OBC and 19.16% SC. There were maximum Muslims respondents in MDA groups. While in SGSY, 3.75% respondents belong to General category, 6.25% to BC, 25.00% to OBC and 65.00% to SC. SGSY had majority of SC respondents and it mainly emphasized on BPL families. In control group, out of total 80 respondents, 47.50% were OBC which is followed by SC (32.50%), General (16.25%) and BC (3.75%). (Table 2)

Education Level: Table 2 also shows the distribution of members by education level. The education level of respondents is an important feature for the functioning of the groups. Education affects the management and organization of SHGs. Out of total respondents surveyed, 34.69% were illiterate and rests are literate. In control group, 47.50% non participants were illiterate and 52.5% were literate members. The percentage of illiterate members was high in SGSY groups. Under MDA, 32.50% were illiterate and 67.50% were literate respondents. While in SGSY, illiterate respondents were 41.25% and rest were literate. It shows that mostly members were not educated in all cases.

Table: 2 Distributions of SHGs by Socio-Economic Characteristics of Members

Particulars	**MDA**	**SGSY**	**Total**	**Control**
Average Age of Members	39.4	35.2	37.3	38.2
Distribution of Members by Gender				
Male	0(0.00)	0(0.00)	0(0.00)	0(0.00)
Female	240(100.00)	80(100.00)	320(100.00)	80(100.00)
Others	0(0.00)	0(0.00)	0(0.00)	0(0.00)
Distribution of Members by Religion				
Hindu	93(38.75)	54(67.50)	147(45.94)	33(41.25)
Muslim	147(61.25)	26(32.50)	173(54.06)	47(58.75)
Sikh	0(0.00)	0(0.00)	0(0.00)	0(0.00)
Christian	0(0.00)	0(0.00)	0(0.00)	0(0.00)
Distribution of Members by Caste				

General	70(29.17)	3(3.75)	73(22.81)	13(16.25)
BC	9(3.75)	5(6.25)	14(4.38)	3(3.75)
OBC	115(47.92)	20(25.00)	135(42.19)	38(47.50)
SC	46(19.16)	52(65.00)	98(30.62)	26(32.50)
Distribution of Members by Literacy Level				
Illiterate	78(32.50)	33(41.25)	111(34.69)	38(47.50)
Can Sign	37(15.42)	14(17.50)	51(15.94)	13(16.25)
Primary	52(21.67)	10(12.50)	62(19.37)	7(8.75)
Middle Class	14(5.83)	6(7.50)	20(6.25)	5(6.25)
High School	28(11.67)	8(10.00)	36(11.25)	9(11.25)
Senior Secondary	6(2.50)	7(8.75)	13(4.06)	4(5.00)
Graduation	8(3.33)	2(2.50)	10(3.13)	3(3.75)
Technical/P.G & Above	17(7.08)	0(0.00)	17(5.31)	1(1.25)
Total	**240(100.00)**	**80(100.00)**	**320(100.00)**	**80(100.00)**

Source: Computed from Survey Data.

Note: Figures given in parenthesis show percentage.

- **Economic Status of the Respondents**

Family Type: Table 3 shows the type of family of the respondents. 29.38% of the members were in joint family and 70.62% were in Nuclear family system. In control group, 33.75% respondents belong to joint family and remaining 66.25% were in nuclear family system. Programme wise distribution shows that under MDA, 30% were in joint family and 70% were in nuclear family. While in SGSY, there were 27.5% respondents in joint family and 72.5% were in nuclear family system.

Family Structure: The family structure of the respondents showed that average number of family members in all the groups was 6.45 and 6.0 in control group. In comparison to SGSY, under MDA there was highest average number of members in the family i.e. 8.3. The average number of earner in MDA was 2.4 and in SGSY, it was 1.3. In MDA, 6.1 were dependent and 3.4 were in SGSY it indicated that respondents had big family than average family (Table 3).

Employment Level of Respondents: As it is cleared from the table 3 that 47.50% respondents were housewife which is followed by casual employees (27.50%), Self Employed (23.13%) and Contractual employees (1.88%). In control group, 43.75% were housewife, 28.75% of members were Casual employees, and 22.5% were self employed. Under MDA, 41.25% of members were housewife which is followed by casual employees (30.42%) and self employed (25.38%). While in SGSY, 66.25% were housewife and 15% were self employed, 18.75% were Casual labourers. The survey shows that except SGSY, in all cases more than 50% of members were working women.

Occupation: The occupation of the respondent's shows that majority of respondents were labourers (34.52%) which followed by agriculturist/farming (26.79%), Business/shop/traders (24.40%) and artisan/craftsman (14.29%). In control group, maximum respondents were involved in agriculture/farming. Programme wise distribution of occupation of members shows that under MDA, 36.88% members were labourers, 29.08% were agriculturist, 20.57% of members were traders and only 13.47% were artisans. While in SGSY, the occupation of majority of respondents (44.44%) was business/trade/shop. It is followed by labourers (22.22%), artisans (18.52%) and agriculturist (14.82%). (Table 3)

Income Level: The approximate average monthly income of household after joining the group from all sources was Rs. 6334. In control group, it was Rs. 4530. Programme wise, in MDA the mean value of income of members was Rs. 7921 and in SGSY, it was Rs. 4747 (Table 3).

Sources of Income: The main source of income of members was agriculture and labour. In control group, respondents mostly earned through the cultivation and labour work (Table 3). Under MDA, the major source of income (40%) was cultivation which followed by laborer (36.67%), business/trade (22.08%). In SGSY, 48.75% of members had the agriculture as source of income. It is followed by business/trade (30%) and Labour (21.25%).

Expenditure: The approximate average monthly expenditure of household was Rs. 5597.50. In control group, it was Rs. 5280. Programme wise, in MDA the mean value of expenditure of members was Rs. 6875 and in SGSY, it was Rs. 4320 (Table 3).

Land Holding Pattern: The land holding pattern also shows the economic status of the respondents. Only 36.25% of members had land and 63.75% of members were found to be landless. In control group, 55% respondents were landless. In MDA, landless members were 59.58% and 76.25% in SGSY. The average size of land was 1.05 acres and in control group, it was 1.2 acres. Under MDA, 16.49% of members had land on her name while in SGSY; it was 10.53%. In control group, it was 11.11% (Table 3).

Economic Status: Out of total members surveyed, 45% were from the BPL families and 55% were from APL families. In control group, BPL respondents were 52.50% and 47.50% of the respondents were from the APL families. Under MDA, 26.67% of members were from BPL families. While in SGSY, 100% members were from BPL families. It indicated that SGSY was mainly concerned with BPL families while MDA was not targeted at BPL HH but for women empowerment (Table 3).

Table 3: Economic Status of the Respondents

Particulars	MDA	SGSY	Total	Control
Type of Family				
Joint Family	72(30.00)	22(27.50)	94(29.38)	27(33.75)
Nuclear Family	168(70.00)	58(72.50)	226(70.62)	53(66.25)
Family Size	8.3	4.6	6.45	6.0
Dependent	6.1	3.4	4.75	2.2
Earner	2.4	1.3	1.85	3.8
Status of Employment of Respondent				
Self Employed	62(25.83)	12(15.00)	74(23.13)	18(22.5)
Regular	0(0.00)	0(0.00)	0(0.00)	0(0.00)
Casual	73(30.42)	15(18.75)	88(27.50)	23(28.75)
Contractual	6(2.50)	0(0.00)	6(1.88)	4(5.00)
Housewife	99(41.25)	53(66.25)	152(47.50)	35(43.75)
Occupation of Respondent				
Agriculture/Farming	41(29.08)	4(14.82)	45(26.79)	21(26.25)
Labour	52(36.88)	6(22.22)	58(34.52)	6(7.50)
Business/Shop/Trader	29(20.57)	12(44.44)	41(24.40)	15(18.75)
Artisan/Craftsman	19(13.47)	5(18.52)	24(14.29)	3(3.75)
Average Monthly Income of HH before joining SHG (app.) (Rs.)	4350	2270	3310	-
Average Monthly Income of HH after joining SHG (app.) (Rs.)	7921	4747	6334	4530[6]
Sources of Income				
Cultivation/Agriculture	96(40.00)	39(48.75)	135(42.19)	42(52.50)
House Rent	3(1.25)	0(0. 00)	3(0.94)	0(0.00)
Employment/Labour	88(36.67)	17(21.25)	105(32.81)	27(33.75)
Investment	0(0.00)	0(0.00)	0(0.00)	0(0.00)
Business/Trade	53(22.08)	24(30.00)	77(24.06)	11(13.75)
Average Monthly Expenditure of HH[7] (app.) (Rs.)	6875	4320	5597.50	5280

[6] Mean value of income of the non-members at the time of field survey.

[7] Mean value of expenditure of the members and non-members at the time of field survey.

Landholding Pattern of SHGs' HH				
Yes	97(40.42)	19(23.75)	116(36.25)	36(45.00)
No	143(59.58)	61(76.25)	204(63.75)	44(55.00)
Average Size of Land (in acres)	1.6	0.5	1.05	1.2
Land on the Name of any Female Member of Family				
Yes	16(16.49)	2(10.53)	18(15.52)	4(11.11)
No	81(83.51)	17(89.47)	98(84.48)	32(88.89)
Economic Status				
BPL	64(26.67)	80(100.00)	144(45.00)	42(52.50)
APL	176(73.33)	0(0.00)	176(55.00)	38(47.50)
Total	**240(100.00)**	**80(100.00)**	**320(100.00)**	**80(100.00)**

Source: Computed from Survey Data.

Note: Figures given in parenthesis show percentage.

6.2 Saving and Credit Utilisation pattern of Members

- **Saving Pattern of SHGs Members**

The average saving per member per month in all the groups was Rs. 125. Programme wise, the highest saving amount was Rs. 150, occurring in MDA, followed by the SGSY (Rs. 100).

Table 4 Saving Pattern of SHGs Members

Particulars	**MDA**	**SGSY**	**Total**
Mean Value of Savings in Group per month (Rs.)	150	100	125

Source: Computed from Survey Data.

Note: Figures given in parenthesis show percentage.

- **Credit Utilization Pattern**

Loan taken by members: During the survey, it was also asked from the members that whether they had taken any loan from SHG and Bank/MFIs. Out of all 320 respondents, 100% members had taken loans from SHG and Bank/MFIs. As regards to source of loan, 4.06% members had taken loan from SHG, 11.56% only from bank and 84.38% had taken loan from both sources. In MDA, 5.42% members had taken loan from SHG, 12.08% only from bank and 82.50% of members in MDA had availed loan from both sources i.e. bank loan and group loan. In case of SGSY, not any single member registered that they had taken loan form group only and only 10% of respondents submitted that they had taken loan from banks. While majority of members (90%) stated that they had availed loan from bank and group both.

Average of loan amount: The mean amount of bank loan in all groups found to be Rs. 28163.80. The highest loan amount was in MDA (Rs. 33569.96) followed by SGSY (Rs. 22757.63). The results of large sample test for two sample mean show the significant difference between the values. In the same way, the average group loan was calculated for both programmes and highest amount was found in MDA (Rs. 24773.08) followed by SGSY (Rs. 14654.88). Again, value of |Z| was calculated and results show significant difference (Table 5).

Average frequency of loan taken and Interest rate: The mean frequency of bank loan was same (1.0) in MDA and SGSY both. The mean frequency of group loan was 2.5 in case of MDA and 3.1 in SGSY. The rate of interest charged on group loan was 24% in MDA and 12% in SGSY while interest rate of bank loan was 11.4% and 12% in MDA and SGSY respectively. The average number of group loan taken by members was 4 in MDA and 5 in case of SGSY. While average of number of bank loan were 3 in case of MDA and 2 in SGSY (Table 5).

Collateral used: In all programmes, no collateral was used to take loan and in all 70.62% cases, the loan amounts were used for individual based IGAs which include 74.17% and 60% for MDA and SGSY respectively (Table 5).

Table: 5 Credit Utilization Pattern

Particulars	**MDA**	**SGSY**	**Total**
Whether Loan taken after Joining the Group			
Yes	240(100.00)	80(100.00)	320(100.00)
No	0(0.00)	0(0.00)	0(0.00)
Sources of Loan			
Only Group Loan	13(5.42)	0(0.00)	13(4.06)
Only Bank Loan	29(12.08)	8(10.00)	37(11.56)
Both	198(82.50)	72(90.00)	270(84.38)
Mean Amount of Bank Loan (Rs.)	33569.96	22757.63	28163.80
S.D of Bank Loan (Rs.)	3096.52	2980.00	303826
C.V (%)	9.22	13.09	11.16
H_o= Mean Amount of Bank loan are same between both programmes. |Z| = 20.08, At 5% level of significance, the critical value of Z for one tailed test = 1.645. The calculated value |Z| > critical value of Z at 5% level. Hence, null hypothesis is rejected. So, Mean Amount of Bank loan are different between both programmes.			
Mean Amount of Group Loan (Rs.)	24773.08	14654.88	19713.98
S.D of Group Loan (Rs.)	3593.82	4026.55	3810.19
C.V (%)	14.50	27.48	20.99

H_o= Mean Amount of Group loan are same between both programmes. |Z| = 14.83, At 5% level of significance, the critical value of Z for one tailed test = 1.645. The calculated value |Z| > critical value of Z at 5% level. Hence, at 5% level of significance, null hypothesis is rejected. So, Mean Amount of Group loan are different between both programmes.			
Mean Frequency of Bank Loan	1.0	1.0	1.0
Mean Frequency of Group Loan	2.5	3.1	2.8
Rate of Interest (% p.a)			
Group Loan	24	12	18
Bank Loan	11.4	12	11.7
Average Number of Loans Taken From the Formation of Group			
Group Loan	4	5	4.5
Bank Loan	3	2	2.5
Collateral Used to Secured Loan			
Yes	0(0.00)	0(0.00)	0(0.00)
No	240(100.00)	80(100.00)	320(100.00)
Loan Amount Used for IGAs			
Yes	178(74.17)	48(60.00)	226(70.62)
No	62(25.83)	32(40.00)	94(29.38)

Source: Computed from Survey Data.

Note: Figures given in parenthesis show percentage.

- **Repayment System of Loan**

Repayment on time: The arrangement of the repayment on a period basis was common in all groups as in both programmes; the monthly repayment schedule had been fixed both by banks and groups. On the basis of timely payment of loan, only 12.50%of members claimed that they could not repay the loan amount on time. The highest frequency of irregular repayments were observed in SGSY (30%) followed by MDA (6.67%). The chi-square test shows the significant difference between both programmes (Table 6).

Loan amount Sufficient or not: As table 6 indicates that about 70.94% of members stated that the loan amount was inadequate to meet their needs. In MDA, 61.25% of respondents felt loan amount insufficient while in case of SGSY, all the 100% members stated that loan amount was not adequate for them. Total of 86.34% of respondents had not taken loan from other sourced even after joining the SHG. Programme wise, its status was 82.99% and 92.50% in MDA and SGSY respectively.

Other sources of loan and Interest rate: The main other source of loan was friends and family (48.39%) followed by money lenders (25.81%), other banks (9.67%) and neighbor (6.45%). In MDA, 52% of members had taken loan from friends and family followed by money lenders (28%), other banks (12%) and neighbor

(8%). In SGSY, majority of members (50%) had taken loan from other sources. It was followed by friends and family (33.33%) and money lenders (16.67%). The rate of interest charged by the all other sources was same under all programmes as cleared from the table data. (Table 6)

Table: 6 Repayment System of Loan

Particulars	MDA	SGSY	Total
Repaid Loan Amount on Time			
Yes	224(93.33)	56(70.00)	280(87.50)
No	16(6.67)	24(30.00)	40(12.50)
H_o = Repayment time is independent of programme. χ^2 **= 29.866**, significant at 5% significance level. Hence**, null hypothesis cannot be accepted**.			
Loan Amount Sufficient			
Adequate	93(38.75)	0(0.00)	93(29.06)
Inadequate	147(61.25)	80(100.00)	227(70.94)
Taken Loan From Other Sources After Joining The Group			
Yes	25(17.01)	6(7.50)	31(13.66)
No	122(82.99)	74(92.50)	196(86.34)
Other Sources of Loan			
Other Banks	3(12.00)	0(0.00)	3(9.67)
Friends & Family	13(52.00)	2(33.33)	15(48.39)
Money Lenders	7(28.00)	1(16.67)	8(25.81)
Neighbor	2(8.00)	0(0.00)	2(6.45)
Any Other	0(0.00)	3(50.00)[8]	3(9.68)
Rate of Interest of Loan Taken From Other Sources (% p.a)			
Other Banks	12	12	12
Friends & Family	0	0	0
Money Lenders	36	36	36
Neighbor	0	0	0
Any Other	0	25% less price	-

Source: Computed from Survey Data.

Note: Figures given in parenthesis show percentage.

[8] In this case, respondents borrowed money from milk barber. They do not pay in monetary terms. They charge less price than market price for milk sold. In this way, they pay their debt amount.

6.3 Impact of SHGs on Employment and Income Level

This section analyzes the impact of SHGs on employment and income level of the members. It is important to study the occupational status of respondents in order to know about the livelihood support system of members and non members.

- **Income Generating Activities after Joining the Group**

Table 7 shows that total of 70.62% of members and their HH was involved in economic activities after joining the group at the time of survey. But still 29.38% of members had not started any Income Generating Activity even after joining the SHG. The highest number of members who had started economic activities was in MDA (74.17%) followed by SGSY (60%). In SGSY, all the members of group had not started IGAs but they utilized loan amount for their family members and with the help of loan amount they settled their HH. The members of SGSY stated that they had spent the loan amount on the fulfillment of their basic needs. They had invested loan amount on education and Career of children, marriage of their daughters etc. to settle the life of their spouse. The chi-square test shows the no relation between both programmes regarding the selection of economic activities. Both the programmes were independent to each other.

Table 7: Income Generating Activities after Joining the Group

Particulars	**MDA**	**SGSY**	**Total**
Selection of IGAs			
Yes	178(74.17)	48(60.00)	226(70.62)
No[9]	62(25.83)	32(40.00)	94(29.38)
H_o = Selection of IGA is independent of Programmes. χ^2 **= 5.804,** significance at 5% significance level. Hence, Null Hypothesis is rejected.			

Source: Computed from Survey Data.

Note: Figures given in parenthesis show percentage.

- **Kind of Income Generating Activities undertaken after Joining the Group**

It is observed from the table data that the highest number of members and their HH were involved in livestock related activities (14.60%) followed by Kirana Store/Petty Shop/Bakery (11.07%), Fodder (11.07%), Agriculture (10.62%), Floor Mill (8.85%), Hand Fan (8.41%), Shoe Making (7.08%), Bangle Shop/Cosmetic Shop (6.19%), Food/Tea stall (5.31%), Anganwadi Workers (3.10%), Cycle Rickshaw (3.01%), Sewing

[9] Even after joining the SHGs, some members didn't start any IGAs because they used their loan for consumption purpose instead of investing in economic activities. The priorities of these members are to satisfy their basic needs. They use the loan amount for their family and children. After fulfilling their basic needs, they start to involve in IGAs.

Machine/Embroidery (2.65%), Tent (2.65%), Handloom/Handicraft (2.21%), Dari Making (1.77%), Pickle/Papad/Jam/Squash Making (1.50%), Labour/Domestic Servant (1.33%), Poultry Farm (1.33%), Basket Making (0.88%), Chalk/Pot Making (0.44%) and Camel Cart (0.44%).

In MDA, the main activities adopted by members were livestock (14.04%), Kirana Store/Petty Shop/Bakery (12.36%), Fodder (11.23%), Agriculture (10.68%), Floor Mill (8.99%), Shoe Making (7.87%) and Hand Fan (7.30%). Very few HH invested the loan amount for Dari Making, Basket Making, Sewing Machine/Embroidery, Tent, Handloom/handicraft and Food/Tea Stall. While in SGSY, 16.66% of members were engaged in livestock related activities. It was followed by Hand fan (12.5%), Fodder (10.42%), Agriculture (10.42%) and Floor Mill (8.33%). There were fewer members involved in Bangle Shop/Cosmetic Shop, Labour/Domestic Servant, Floor Mill, Shoe Making, Dari Making and Chalk/Pot Making (Table 8).

Table 8: Kind of Income Generating Activities undertaken after Joining the Group

Particulars	MDA	SGSY	Total
Bangle Shop/Cosmetic Shop	12(6.75)	2(4.17)	14(6.19)
Livestock (Buffalo/Cow/Sheep/Goat)	25(14.04)	8(16.66)	33(14.60)
Labour/Domestic Servant	2(1.12)	1(2.08)	3(1.33)
Kirana Store/Petty Shop/Bakery	22(12.36)	3(6.25)	25(11.07)
Pickle/Papad/Jam/Squash Making	0(0.00)	0(0.00)	0(0.00)
Food/Tea Stall	12(6.75)	0(0.00)	12(5.31)
Fodder	20(11.23)	5(10.42)	25(11.07)
Agriculture	19(10.68)	5(10.42)	24(10.62)
Mudha Making	0(0.00)	0(0.00)	0(0.00)
Floor Mill	16(8.99)	4(8.33)	20(8.85)
Shoe Making	14(7.87)	2(4.17)	16(7.08)
Cycle Rickshaw	0(0.00)	0(0.00)	0(0.00)
Sewing Machine/Embroidery	3(1.68)	3(6.25)	6(2.65)
Camel Cart	0(0.00)	1(2.08)	1(0.44)
Poultry Farm	1(0.56)	2(4.17)	3(1.33)
Tent	3(1.69)	3(6.25)	6(2.65)
Hand Fan	13(7.30)	6(12.5)	19(8.41)
Fisheries	0(0.00)	0(0.00)	0(0.00)
Handloom/Handicraft	5(2.81)	0(0.00)	5(2.21)
Piggery	0(0.00)	0(0.00)	0(0.00)
Dari Making	2(1.12)	2(4.17)	4(1.77)
Anganwadi Workers	7(3.93)	0(0.00)	7(3.10)

Basket Making	2(1.12)	0(0.00)	2(0.88)
Chalk/Pot Making	0(0.00)	1(2.08)	1(0.44)

Source: Computed from Survey Data.

Note: Figures given in parenthesis show percentage.

- **Income Earned from the Activity**

People join the SHG for the purpose of enhancing their living of standard and earn livelihood. Through SHGs, people can involve in economic activities with financial help by the group in the form of loan form SHG and Bank. The main purpose of any programme or scheme of Microfinance through SHGs is to raise people above poverty line and help then to earn livelihood by SHGs. In order to measure the success of both programmes and impact of SHGs on employment and income level of members, respondents were asked about their experiences in the changes in the level of income. Table 9 shows that the highest average income was observed in MDA (Rs. 3571.37) followed by SGSY (Rs. 2477.08). The value of |Z| shows the significant difference in the level of income under both programmes. In MDA and SGSY both, mostly members improved their income level through livestock related activities and agriculture. A paired t-test is used to measure the significance of difference between the mean incomes of participants. The test shows that the difference between the mean incomes of the participants of the programme in the pre and post situation is significantly different at one percent level under both programmes. After joining the group, mostly members under both programmes started economic activities with the help of which they raised their employment and income level.

Table 9: Income Earned from the Activity

Particulars	**MDA**	**SGSY**	**Total**
Income Earned from IGAs			
Mean Income	3571.37	2477.08	3024.23
S.D	256.66	248.04	252.35
C.V	7.19	10.01	8.6
H_o= Mean Income earned from IGAs is same under both programmes. |Z| = 33.879, At 5% level of significance, the critical value of Z for one tailed test = 1.645. The calculated value |Z| > critical value of Z at 5% level. Hence, at 5% level of significance, null hypothesis is rejected. So, Mean Income earned from IGAs is different under both programmes.			

Programmes	**Average Income of Participants per month (in Rs.)**			**Value of 't'**
	Pre- SHG	Post -SHG	Increment	
MDA	4350	7921	3571	9.674*
SGSY	2270	4747	2477	5.792*

H_o= There is no impact of SHGs in raising the employment and income level of the participants.

*Significant at 1% level of significance. So null hypothesis is rejected and after joining the SHG,

due to involvement in IGAs, member's income level has been raised. Thus, there is significant impact of SHGs on employment and income level of participants.

Source: Computed from Survey Data.

Note: Figures given in parenthesis show percentage.

7. 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. As resulted in an increase in expenditure on food, clothing, health and education, it helped to improving standard of living and socio-economic empowerment of poor in Mewat District of Haryana. The impact of SHGs on employment and income level of members was significant. Both the programmes had shown little difference in results. The average level of income earned form IGAs was higher in case of MDA in comparison to SGSY. Under both programmes, members were involved in livestock related activities and agricultural activities. But in comparisons to MDA members, SGSY members had less land and belonged to BPL families so their expenses were more. SGSY members also faced the problem of space for livestock. Despite some members were not involved any IGAs but they helped their HH in education and career with the help of loan amount through SHGs. The priority of members was to satisfy their basic needs through SHGs. Some members had also settled their life in well manner with the help of SHGs. Besides, SHGs helped members to increase their income level through economic activities for providing them better living conditions and making them independent. Thus, SHGs had positive impact on the employment and income of members. Microfinance programmes raised members above poverty line and enhanced their socio economic status. Some of the policy implications flowing from the study are appended below:

- Insurance products should also be subsidized for the SHG members as a welfare measure by the government.
- The major portion of the funds allocated for the scheme has been spent on subsidy. 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.

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