A Study of a Micro Credit Programme run by Self-Help Groups in Tamilnadu State, India

K.T.Kalaiselvi*
Department of Management Studies
M.P.Nachimuthu M. Jaganathan Engineering College

Dr. D.Muruganandam
Department of Management Studies
M.P.Nachimuthu M. Jaganathan Engineering College

* Corresponding Author, e-mail: ktkalaiselvi2008@yahoo.com
Abstract
Micro Credit is defined as a provision of thrift, credit and other financial services and, loans of very small value to the poor in rural, semi-urban and urban areas to enable them to raise their income levels and improve their living standards. It can also be a powerful instrument for self-empowerment by enabling the poor, especially women, to become economic agents of change. Poverty is multi-dimensional. By providing access to financial services, microfinance plays an important role in the fight against many aspects of poverty. For instance, income generation from a business helps not only the business activity to expand but also contributes to household income and its attendant benefits for food security, children's education, etc. While the world's financial markets are gripped by a global economic crisis, this quiet revolution in micro banking has spread to the most destitute corners of the world. Experience shows that micro credit can help the poor to increase income, build viable businesses, and reduce their vulnerability to external shocks. Recent research has revealed the extent to which individuals living around the poverty line are vulnerable to shocks such as the illness of a wage earner, weather, theft, or other such events. During the last decade India has been experiencing an emergence of an increasing number of Self-Help Groups (SHGs) as an alternative to institutional credit for the poor. Hence, in this paper an attempt has been made to examine whether this alternative has succeeded in giving much-needed access to credit to the poor.

The main objectives of the present work are to:
• identify the role of Micro credit in Self-Help Groups (SHGs) in Tamil nadu.
• find the level of satisfaction towards the usage of Micro credit by rural and urban SHGs.
• Discuss the utility of the loans taken by the SHGs; and
• identify the problems faced by the SHGs.

The study is categorized as exploratory research based in the state of Tamilnadu. The Sample size of the study was 400, which enables the researchers to discover the utilization of Micro credit by both rural and urban area SHGs. The primary data collection was done with the help of structured interviews. Secondary data was collected from various available literature sources. The collected data has been analyzed through a variety of methods including Chi-Square tests and one-way ANOVA. Based on the analysis, the study concluded that the SHGs (both from rural and urban areas) satisfied the micro credit facility requirements and that micro credit played an important role in both rural and urban SHGs. There is a significant relationship between District and Opinion about the importance of Micro credit in their SHGs. 57 per cent of the rural SHGs partly utilized their micro credit and 90 per cent of urban SHGs partly utilized their micro credit. From the analysis of the study, it was suggested that the government could take some actions like improving the education level and initiating marketing awareness programmes to increase the effective utilization of micro credit in rural areas.

Key words: Micro credit, Self-Help Group, Women Empowerment

Introduction
Worldwide economic analysts identified that the policy adopted during the period 1961-1970 did not achieve the goal of the first United Nations decade of the development of poorer nations. During the period of this policy it was not successful in yielding benefits from the reformulation of development goals, which seemingly aimed to take greater account of poverty and establish strategies to meet humanity's basic needs. In the 1980s, there were abundant studies on the adverse effects of structural adjustment policies on the poorest of the population. The experiences of the three decades to 1990 led to a dominant argument that the development investments had not achieved the goal of transforming the poverty situation in poorer countries, and in many cases, the investments made had actually exacerbated the conditions in these countries. Following this, there were moves to develop a system based on micro credit facilities. As a result, during the 1990s, micro credit programme emerged as one of the mainstream development interventions to address poverty alleviation and to help women's empowerment particularly in developing countries (Hashemi et al., 1996; Johnson and Roglay, 1997; Mayoux, 1998; Amin et al., 1998; Kabeer, 1998; Ditchter, 1999; Wright, 1999; Rahman, 1999).
Micro Credit:
Micro credit means loans to small industries, such as, vegetable vendors, roadside retailers (e.g. grocers), rickshaw pullers, and etc. but includes other activities like agriculture, piggery, fishery poultry, cattle rearing and so on. Micro credit has its origins in the early eras of civilization. In order to expand industry and commerce it was out of necessity that man became aware of the benefits of lending and borrowing. Much before the advent of sophisticated money and banking systems, the practice of lending was prevalent in kind or in small scale monetary units. The interest paid was the cost of micro borrowing. Micro credit is most wanted in rural and semi-urban areas in India where it can create increases in purchasing power. This, in turn, gives impetus to industrial growth and finally leads to a higher GDP. Micro Finance Institutions (MFIs) are those, which provide these facilities. Microfinance Services Regulation Bill defines microfinance services as providing financial assistance to an individual or an eligible group of clients either directly or through a group mechanism. Micro credit is an alternative and a financially viable alternative to the previously existing methods of addressing poverty especially in the perspective of gender through the provision of credit. The emergence of micro credit in recent years has questioned the fundamentals of the credit system in developing countries for channeling credit to the poor. Micro credit for Self Help Groups (SHGs) is fast emerging as a promising tool of promoting income generating enterprises for reaching the ‘unreached’ for credit delivery in rural areas, particularly women who are often considered to have very low net worth for availing themselves of any traditional credit facilities from formal financial institutions. Micro credit is also considered as the vehicle for achieving empowerment of women, in many spheres of their social, cultural, political and economic life. It is a way of self-sustenance without looking for financial help or subsidy from ‘elsewhere’ (Jayaraman 2005).

SHG and its Operations:
SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes. It is an organized set up to provide micro credit to rural women on the strength of the group savings without insisting on any collateral security for the purpose of encouraging them to enter in to entrepreneurial activities and by so doing make them ‘enterprising women’ (Gurumoorthy, 2000). NABARD is an abbreviation which stands for the National Bank for Agricultural Research and Development. NABARD is set up as a development bank with a mandate to facilitate credit flow for the promotion and development of agriculture, small-scale industries, such as, cottage and village industries, handicrafts and other rural crafts. It also has the mandate to support all other allied economic activities in rural areas, to promote integrated and sustainable rural development and, by so doing, securing prosperity of rural areas. The NABARD had launched a number of programmes to improve the socio-economic status of women in all sectors with a focus on providing credit support through SHGs (NABARD, 2004). These SHGs became a ‘formal’ component of the Indian financial system after 1996 and are small, informal and homogenous groups of not more than 20 members each the members of which sharing similar goals and aims.

Evolution of Micro Credit in India:
The micro finance activity is the result of NABARD’S work that started in 1992 through an initial pilot project promoting 500 SHGs. The Reserve Bank of India (RBI) is highly concerned with soaring inflation and the crushing impact of the weight of rising prices of essential commodities on the common man. This has been reinforced recently with the rising costs of many basic foodstuffs in India recently in 2010 with the related political ramifications this can bring. As the ideas of the initial pilot study gained acceptance from the banking system and the results were promising, the RBI encouraged this positive initiative by issuing instructions to banks in 1996 to cover SHG financing as a main stream activity under their priority – sector – lending portfolio. In addition the Indian central government made linking SHGs with banks a national priority from 1999 onwards through its periodic policy and budget announcements. To this day NABARD continues to mature the outreach of the programme by providing umbrella support to stakeholders and the program is growing at a pace of about 2.5 million households annually. It is the largest and the fastest growing microfinance programme in the world in terms of its outreach and sustainability. Internationally, the micro-finance industry has had remarkable success in extending financial services to the poor.
Challenges in India:
It has to be realized that micro credit is an instrument for development, not an end in itself. Assessing the extent to which India has been able to achieve the goal of poverty eradication and fulfill its role as a means for development requires in-depth impact assessments on an ongoing basis. Increasing amount of savings mobilization by micro-finance institutions has to take place within a regulatory framework. In the absence of such a framework, unscrupulous elements may enter the sector and exploit the hard-earned savings of the poor through fraud and other means.

The comparatively higher interest rate (12 to 36 per cent per annum) charged by the micro-finance institutions has become a contentious issue. The growth of micro-finance institutions is constrained by the capacity of institutional sector staff and availability of capital funds. Indian micro-finance institutions depend on donor funds. The industry has a long way to go as millions of low-income people remain unable to access formal financial services. In India, a very conservative estimate suggests that, at most, just 20 per of all the low-income population have access to financial services from formal financial institutions, micro-finance institutions and other such stakeholders.

Achievements of Micro credit run by SHGs:
Micro credit programmes are important institutional devices for providing small scale credit to the rural poor in order to alleviate poverty. Micro financing programmes through SHGs introduced and expanded by NGOs in several parts of India have the potential to minimize the problem of inadequate access of banking services to the poor. Their existence can also influence the potential savings and thus the opportunity for economic growth.

Significance of the study in Micro credit programme
Experience shows that micro credit can help the poor to increase income, build viable businesses, and reduce their vulnerability to external shocks/events. Recent research has revealed the extent to which individuals around the poverty line are vulnerable to shocks such as the illness of a wage earner, weather, theft, or other such events. These shocks produce a potential huge drain on the limited financial resources of the family unit, and, in the absence of access to effective financial services, can drive a family even deeper into poverty such that it can take years to recover. Lack of formal as well as informal credit to the weaker sections at a reasonable rate of interest has been considered as one of the important factors responsible for the perpetuation of poverty in India. Since Independence, the Government has been making various efforts to bring institutional credit within reach of the poor. Even after such efforts, however, a majority of the poor in rural areas mainly depend on internal credit to meet their consumption/production needs.

As discussed earlier during the last decade India has been experiencing an emergence of increasing number of SHGs as an alternative to formal institutional credit to the poor. It is, therefore, important to examine whether this alternative has succeeded in giving the much-needed access to credit to the poor.
The criteria to assess the performance of SHGs are listed in Table 1:–

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Factors to be checked</th>
<th>Very good</th>
<th>Good</th>
<th>Unsatisfactory</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Group Size</td>
<td>15 to 20</td>
<td>10 to 15</td>
<td>Less than 10</td>
</tr>
<tr>
<td>2</td>
<td>Type of members</td>
<td>Only very poor members</td>
<td>2 or 3 not very poor members</td>
<td>Many not poor members</td>
</tr>
<tr>
<td>3</td>
<td>Number of meetings</td>
<td>Four meetings in a month</td>
<td>Two meetings in a month</td>
<td>Less than two meetings in a month</td>
</tr>
<tr>
<td>4</td>
<td>Timings of meetings</td>
<td>Night or after 6 p.m</td>
<td>Morning between 7&amp;9 a.m</td>
<td>Other timings</td>
</tr>
<tr>
<td>5</td>
<td>Attendance of members</td>
<td>More than 90%</td>
<td>70 to 90%</td>
<td>Less than 70%</td>
</tr>
<tr>
<td>6</td>
<td>Participation of members</td>
<td>Very high level of participation</td>
<td>Medium level of participation</td>
<td>Low level of participation</td>
</tr>
<tr>
<td>7</td>
<td>Savings collection within the group</td>
<td>Four times a month</td>
<td>Three times a month</td>
<td>Less than three times a month</td>
</tr>
<tr>
<td>8</td>
<td>Amount to be saved</td>
<td>Fixed amount</td>
<td>Varying amounts</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>Interest on internal loan</td>
<td>Depending upon the purpose</td>
<td>24 to 36%</td>
<td>More than 36%</td>
</tr>
<tr>
<td>10</td>
<td>Utilization of Savings amount by SHG</td>
<td>Fully used for loans to members</td>
<td>Partly used for loans</td>
<td>Poor utilization</td>
</tr>
<tr>
<td>11</td>
<td>Loan recoveries</td>
<td>More than 90%</td>
<td>70 to 90%</td>
<td>Less than 70%</td>
</tr>
<tr>
<td>12</td>
<td>Accumulated savings</td>
<td>More than Rs. 5000</td>
<td>Rs. 3000 – 5000</td>
<td>Less than Rs. 3000</td>
</tr>
<tr>
<td>13</td>
<td>Education Level</td>
<td>More than 30 percent of members can read and write</td>
<td>21 – 29 percent of members can read and write</td>
<td>Less than 20 percent know how to read and write</td>
</tr>
</tbody>
</table>

Table 1. Criteria to Assess The Performance Of SHGs
Review of Literature
Among different sources of data on the informal financial sector, the data from the All-India Debt and Investment Survey (AIDIS) is available at decennial intervals and provide information on the composition of assets, capital formation, and indebtedness of rural and urban households. A distinguishing feature of the AIDIS is the collection of loan related details such as credit agency (institutional and non-institutional), rates of interest, duration of loan, purpose, etc. According to the AIDIS of 1992, only 64 percent of the borrower's accounts were serviced by the formal sector. While there may be some debate over the accuracy of this figure the point is that, only a part of the rural populace is actually getting covered by formal institutional sources. According to official estimates, 36 per cent of the rural population still depends on non-formal sources.

While the achievements of microfinance programme in the country have been impressive, it is necessary to discuss some downsides. Some findings of a study by NABARD are worth a mention. Some major findings of the study were that the average value of assets per household increased from Rs.63,000 in pre-SHG period to Rs.71,000 in the post-SHG period. About 62 percent of households reported an increase in assets by 24.5 per cent from pre-to post-SHG situation as against only 23 per cent of savers in the pre-SHG situation. The average borrowings per household per year increased from Rs.4,282 to Rs.8,4341. The average net income per household increased by 33 per cent from Rs.20,177 to Rs.26,889. These figures indicate that in terms of the increase in assets or income, the impact of the programme has not been significant and it raises questions about its efficacy in its present form as an instrument of poverty alleviation.

Rutherford (2000) suggested that poorer people use financial services to turn small, frequent cash inflows like daily milk sales into usefully larger sums for buying a cow or land and they may also use financial services to turn large inflows proceeds from the sale of a cow into small investments. Nagayya (2000) affirmed that there has been a huge expansion in the formal credit delivery network in the last few decades and especially in remote rural areas there is an acceptable gap in financing the genuine poor. Jayaraman (2000 and 2002) mentioned in his paper about the role and performance of fisherwomen SHGs in India. He found that the fisherwomen SHGs performing well in availing themselves of micro credit, utilizing it and repaying it in time and he concluded that the micro credit programme run by this SHG contributed to the socio-economic welfare and empowerment of the fisherwomen. Zaman (2001) reported that SHGs have been shown to have positive effects on women, with some of these impacts being ripple effects. Effectively SHGs have played a valuable role in reducing poverty alleviation, through asset creation, the provision of emergency assistance, and empowering women by giving them control over assets and increased self-esteem and knowledge.

Laxmi and Gupta (2002) reported on the role of Non-Government Organizations (NGOs) and voluntary action in the field of education and health and Shetty (2002) reported the impact of Rural Self Help groups and discussed the various micro-financing forms used. Lalitha and Nagarajan (2002) found that in India, micro credit studies done on SHGs dealing with dairy farming have noted positive profit levels and short payback periods for loans. Sabyasachi Das (2003) reported the functions of SHGs and micro credit as including the social, economic, political and spiritual development of poorer section of society. In addition to this NGOs gave training to the SHGs in some fields such as building awareness of entrepreneurship and business skills training. Manimekalai (2004) in his article commented that to run income generating activities successfully the SHGs needed to get the help of NGOs. The bank officials could counsel and guide women in selecting and implementing profitable income generating activities. He remarked that the formation of SHGs have boosted the self-image and confidence of rural women. Sahu and Tripathy (2005) in their edited book expressed the view that 70 per cent of world’s poor are women. Access for the poor to banking services is important not only for poverty alleviation but also for optimising their contribution to the growth of regional as well as the national economy. SHGs have emerged as the most vital instrument in the process of participatory development and women's empowerment. Das Gupta (2005) in his article commented that a paradigm shift is required from “financial sector reform” to “micro-finance reform”.

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While as the priority sector micro credit needs to be made lean, mandatory and be monitored rigorously. Simultaneously space and scope have to be properly designed to provide a competitive environment for micro-finance services. In this context an extensive database needs to be created by the RBI for understanding micro-finance. In essence micro credit has been found to be an effective tool for women empowerment and rural development for the SHGs (Desai, 2000).

Objectives of the present study
- To identify the role of micro credit in Self-Help Groups (SHGs) in Tamil nadu.
- To find the level of satisfaction towards the usage of Micro credit by rural and urban SHGs.
- To know the utility of the loans taken by the SHGs; and
- To identify the problems faced by the SHGs.

Research methodology
The authors undertook exploratory research since very few studies might have been conducted in the area. The target population for the study is SHGs in the districts of Erode, Namakkal, Tirupur and Karur. To measure the role of micro credit, Quota Sampling was used for this study. The sample size of the study is 400 SHGs with 200 SHGs collected from the rural area and another 200 included from urban area SHGs. The primary data collection was done with the help of a structured interview schedule. The researchers collected the secondary data related to the study from sources such as various magazines, books and websites.

<table>
<thead>
<tr>
<th>Area</th>
<th>No of Sample SHGs</th>
<th>Rural</th>
<th>Urban</th>
<th>Total SHGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erode District</td>
<td>185</td>
<td>85</td>
<td>100</td>
<td>185</td>
</tr>
<tr>
<td>Tirupur District</td>
<td>45</td>
<td>21</td>
<td>24</td>
<td>45</td>
</tr>
<tr>
<td>Namakkal District</td>
<td>85</td>
<td>50</td>
<td>35</td>
<td>85</td>
</tr>
<tr>
<td>Karur District</td>
<td>85</td>
<td>44</td>
<td>41</td>
<td>85</td>
</tr>
</tbody>
</table>

Table 2. Description of the Sample

From Table 2, the distribution of the sample for the study of 400 SHGs and their division between urban and rural is shown by district.

Statistical tools used for the study
The data has been mainly analyzed by using the following methods and tests.
- a. Percentage Analysis
- b. Chi – Square Test
- c. One way ANOVA Analysis

Analysis and interpretation:
The data collected through the schedule were tabulated in a master chart, incorporating all the details of the schedule and the statistical tools mentioned above were used to analyze the data in order to give a deep understanding about the relationship between variables, for deriving meaningful inferences. The following is the analysis and interpretation of the data. The important details of the percentage analysis are given and the first part of this topic gives details about the chi square analysis, which is followed by one way ANOVA.

Chi Square test on District and Utilization of Micro credit
AIM: To find the significant relationship between District and Utilization of Micro credit
H0: There is no significant relationship between District and Utilization of Micro credit.
H1: There is a significant relationship between District and Utilization of Micro credit.
Table 3. Significant relationship between District and Utilization of Micro credit
Where Degrees of freedom : 2; Calculated value ($\chi^2$) : 28.11; Table Value @ 5% level of significance : 5.991

Inference:
From the above table 3, it could be inferred that the calculated value is higher than the table value. Hence the alternative hypothesis stands. Hence, there is a significant relationship between District and Utilization of Micro credit. The District is defined as the place of living at present (e.g. rural or urban).

Chi Square test on District and Level of Satisfaction towards the Utilization of Micro credit

**AIM:** To find the significant relationship between District and level of satisfaction towards the utilization of Micro credit.

**H0:** There is no significant relationship between District and level of satisfaction towards the utilization of Micro credit.

**H1:** There is a significant relationship between District and level of satisfaction towards the utilization of Micro credit.

Table 4. Significant relationship between District and level of satisfaction towards the utilization of Micro credit

<table>
<thead>
<tr>
<th>District</th>
<th>Level of Satisfaction towards the utilization of Micro credit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Satisfied</td>
<td>Neutral</td>
</tr>
<tr>
<td>Rural</td>
<td>68 (39)</td>
<td>80 (44)</td>
</tr>
<tr>
<td>Urban</td>
<td>86 (39)</td>
<td>96 (44)</td>
</tr>
<tr>
<td>Total</td>
<td>154</td>
<td>176</td>
</tr>
</tbody>
</table>

Degrees of freedom : 2; Calculated value ($\chi^2$) : 9.83 ; Table Value @ 5% level of significance : 5.991

Inference:
From the above table 4, it could be inferred that the calculated value is higher than the table value. Hence the alternative hypothesis stands. Hence, there is a significant relationship between District and Level of Satisfaction towards the utilization of Micro credit.

Chi Square test on District and obtaining a loan

**AIM:** To find the significant relationship between District and getting loan from the group.

**H0:** There is no significant relationship between District and getting loan from the group.

**H1:** There is a significant relationship between District and getting loan from the group.

Table 5. Significant relationship between District and getting loan from the group

<table>
<thead>
<tr>
<th>District</th>
<th>Getting loan from the Group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Rural</td>
<td>138 (79)</td>
<td>62 (22)</td>
</tr>
<tr>
<td>Urban</td>
<td>176(79)</td>
<td>24 (22)</td>
</tr>
<tr>
<td>Total</td>
<td>314</td>
<td>86</td>
</tr>
</tbody>
</table>

Degrees of freedom :1; Calculated value($\chi^2$) : 10.53 ; Table Value @ 5% level of significance (α): 3.841
Inference:
From the above table 5, it could be inferred that the calculated value is higher than the table value. Hence the alternative hypothesis stands. Hence, there is a significant relationship between District and getting loan from the group.

Chi Square test on District and Regularity in the repayment of internal loans
AIM: To find the significant relationship between District and Regularity in the repayment of internal loans.
H0: There is no significant relationship between District and regularity in the repayment of internal loans.
H1: There is a significant relationship between District and Regularity in the repayment of internal loans.

Table 6. Significant relationship between District and Regularity in the repayment of internal loans
Where Degrees of freedom: 1; Calculated value($\chi^2$) : 14.45 ; Table Value @ 5% level of significance($\alpha$) : 3.841

Inference:
From the above table 6, it could be inferred that the calculated value is higher than the table value. Hence the alternative hypothesis stands. It can be concluded that there is a significant relationship between District and Regularity in the repayment of internal loans.

Variance between District and Employment opportunities
AIM: To find the significant variance between District and Employment opportunities.
H0: There is no significant variance between District and Employment opportunities.
H1: There is significant variance between District and Employment opportunities.

Table 7. Significant variance between District and Employment opportunities
Where calculated Value : 36.21 Table Value : 5.19

Interpretation:
From the above table 7, it could be inferred that the calculated value is higher than the table value. Hence alternative hypothesis (H1) stands. It can be concluded that there is significant variance between District and Employment opportunities.

Variance between District and Social Status
AIM: To find the significant variance between District and Social Status.
H0: There is no significant variance between District and Social Status.
H1: There is significant variance between District and Social Status.
Inference:
From the above table 8, it could be inferred that the calculated value is higher than the table value. Hence, alternative hypothesis (H1) stands. It can be concluded that there is significant variance between District and Social Status.

Variance between District and Women Empowerment
AIM: To find the significant variance between District and Women Empowerment.
H0: There is no significant variance between District and Women Empowerment.
H1: There is significant variance between District and Women Empowerment.

Interpretation:
From the above table 9, it could be inferred that the calculated value is higher than the table value. Hence alternative hypothesis (H1) stands. It can be concluded that there is significant variance between District and Women Empowerment.

Variance between District and Eradication of Poverty
AIM: To find the significant variance between District and Eradication of Poverty.
H0: There is no significant variance between District and Eradication of Poverty.
H1: There is significant variance between District and Eradication of Poverty.

Interpretation:
From the above table 10, it could be inferred that the calculated value is higher than the table value. Hence alternative hypothesis (H1) stands. Hence there is significant variance between District and Eradication of poverty.
Findings
Analysis
- Majority of the rural SHGs (44%) were formed by the members with a similar experience of poverty. The majority of the urban SHGs (42%) were also formed by the members with similar experience of poverty. There is thus some consistency between the groups.
- 25% of the rural SHGs motivated by the advice from other SHGs. 34% of the urban SHGs motivated by their family circumstances.
- 33% of the rural SHGs pointed that the availability of resources as a facilitating factor to run their SHGs was important. 39% of the urban SHGs pointed that their previous experience was a facilitative factor in running their SHGs.
- SHGs from both the urban and rural areas displayed regularity of saving.
- Most of the rural SHGs (58%) paid their savings amount in a monthly manner as did urban SHGs (59%).
- All the SHGs borrowed money from the group.
- 47% of rural SHGs said that the priority in granting of the loan was given on the basis of regularity in savings. 46% of urban SHGs said that an important priority in granting the loan was the judged capacity to repay it.
- Most of the rural SHGs (65%) said that their members were regular in making repayments of their loan. Against this with urban SHGs (66%) said that their members were not regular in repayment of loan.
- 52% of the rural SHGs gave unexpected contingencies as reason for improper repayment. Again 50% of urban SHGs stated unexpected contingencies as reason for improper repayment.
- Both rural and urban areas had been given training by NGO representatives, government organizations and others.
- 38% of the rural SHGs marketed their products directly to consumers. 57% of the urban SHGs marketed their products directly to consumers.
- 25% of the rural SHGs faced problems in their lack of market awareness. 32% of the urban SHGs faced problems caused by their lack of education.
- All the SHGs from both the rural and urban areas had availed themselves of the micro credit facility provided by the bank.
- 59% of the rural SHGs felt that the interest rate on micro credit was moderate. 46% of the urban SHGs felt that the interest rate on micro credit was moderate.
- 59% of the rural SHGs partly utilized their micro credit. 90% of urban SHGs partly utilized their micro credit.
- 39% of the rural SHGs said that the lack of monitoring was the reason for improper utilization of micro credit. 40% of the urban SHGs said that the diversion of loan amount to domestic needs rather than business need was the reason for improper utilization.
- 92% of the rural SHGs agreed that micro credit played an important role in their SHG operations. 98% of the urban SHGs agreed that micro credit played an important role in their SHG operations.
- 40% of the rural SHGs were neutral towards the overall importance of micro credit in their SHGs. 48% of the urban SHGs was neutral towards the importance of micro credit in their SHG operations.
- 50% of the rural SHGs were neutral in the improvement in the empowerment of women. 42% of the urban SHGs stated that women's empowerment gained by the utilization of Micro credit.
- 45% of the rural SHGs opined that the eradication of poverty gained by the utilization of Micro credit was in the neutral position. 45% of the urban SHGs opined that the eradication of poverty gained by the utilization of Micro credit was in a good position.
- 46% of the rural SHGs opined that the employment generated by the utilization of Micro credit was neutral. In terms of urban SHGs 49% stated that the effect on employment was neutral.
Chi-Square Test:
• There is a significant relationship between District and Utilization of Micro credit.
• There is a significant relationship between District and Level of Satisfaction towards the utilization of Micro credit.
• There is a significant relationship between District and getting loan from the group.
• There is a significant relationship between District and Regularity in the repayment of internal loans.

One-Way ANOVA:
• There is significant variance between District and Employment opportunities.
• There is significant variance between District and Social Status.
• There is significant variance between District and Women Empowerment.
• There is significant variance between District and Eradication of Poverty.

Proposals
• Most of the SHGs suggested that the Government should take the necessary actions to increase the market opportunities to sell the products of SHGs. The government of Tamilnadu, helps the SHGs in providing space for them to locate their retail outlets in places like the POOMALAI complex. Most of the respondents, however, expressed the view that those complexes were in the out skirts of the city or relatively lowly frequented market place and the people do not visit them. This resulted in low sales for the SHGs. SHG members stated the government could help the SHGs by providing retail spaces in the places where people gather at large numbers.
• They also suggested that the government may purchase the products of SHGs for their operations. This will significantly help the SHGs and allow the government to monitor the performance of the SHGs.
• The survey identified a view that the majority of the SHGs were lacking in education particularly I the area of finance and its understanding. The government could thus initiate an educational program to give education to the SHGs to help avoiding the improper use of micro credit.
• The SHGs had limited marketing awareness. The government may help create market awareness in the SHGs by various training programmes. These training programmes may be offered to the members of the SHGs at a subsidiary rate or even free of cost.
• The government may take steps for the availability of external credit facilities for the SHGs with subsidy to those SHGs for those which are located in urban areas.

Limitations
• The SHGs were hesitant to give all the required data. Thus the study was based on available data collected from respondents.
• Economic considerations meant the sample size was confined to 400.
• As an exploratory study any findings are only appropriate to the districts studied.

Conclusions
The micro credit programme plays an important role in the potential for the alleviation of poverty and the empowerment of women in particular. This study was carried with the help of the structured interview schedule and limited to a sample size of 400. The sampling design used for this study is quota sampling. The collected data has been analyzed through Percentage analysis, Chi-Square test, and One-way ANOVA. Based on the analysis, the study concluded that the SHGs (both from rural and urban) were satisfied with the micro credit facility but suggested improvements. Micro credit played an important role for their SHG operations in both rural and urban SHGs. The government could take some actions like improving the general education level, initiating marketing awareness programmes to increase the effective utilization of micro credit, and providing more financial education. Although this is an exploratory study, if these suggestions are implemented it will ensure a better performance for SHGs and could pave a way for the betterment of the society as a whole.
Abbreviations used

AIDIS  All India Debt and Investment Survey
ANOVA  Analysis of Variance
MFI  Microfinance Institutions
NABARD National Bank for Agricultural and Rural Development
NGO Non Government Organization
RBI Reserve Bank of India
SHGs  Self Help Groups

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