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**A Study on the Levels of Living of Self-Help Groups in  
Coimbatore District, Tamilnadu**

**C. Athena, M.A., M.Phil.**

**A STUDY ON THE LEVELS OF LIVING OF SELF-HELP GROUPS  
IN COIMBATORE DISTRICT WITH PARTICULAR REFERENCE TO  
THONDAMUTHUR AND PERIYANAICKENPALAYAM BLOCKS**

Dissertation submitted to Madurai Kamaraj University in partial fulfillment of the  
requirements for the award of the degree of M.Phil in Economics by

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Date:

**Candidate’s Signature**

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# CHAPTER I

## INTRODUCTION

### **SIGNIFICANCE OF THE PRESENT STUDY:**

Women's participation in nation's development is not merely a question of providing some special concessions to them. Women's collective action on issues of relevance for their empowerment is the key factor around which women's movement as a whole has to be organised and directed. A nation or a society goes ahead only through the contribution of all its members. "Push the women into the backyards, and society itself will lag behind".<sup>1</sup>

Women's participation is significant in rural development. They put their entrepreneurial skills in all the rural employment activities such as agricultural operations, poultry, sheep rearing, diary, firewood cutting and selling, sale of agricultural produce etc. Though they put their heart and soul in rural employment activities, their economic status is not yet improved. Though they have enough entrepreneurial potential, due to poor financial strength, they are not able to convert their entrepreneurial dream into reality. They need financial assistance.

In the context of designing programmes for the poor, micro finance is recognized and accepted as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor, with special emphasis on empowering women. The operational framework of micro finance, therefore, essentially rests on the premises that: (a) formation of a self-employment enterprise is a viable alternate means of alleviating poverty, (b) lack of access to capital assets/credit acts as a constraint on the existing and potential micro-enterprises, (c) the poor are capable of saving despite their poor income level. In essence, therefore, micro-finance could be referred to as an

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<sup>1</sup> Gurumoorthy, T. R., (2001), 'Self- Help Groups empower rural women', Kurukshetra, Vol.48, No.5, pp.36-39



institutional mechanism of providing credit support in small amount and usually linked with small groups along with other complementary support such as training and other related services to the people with poor resources and skills for enabling them to take up economic activities. Self-Help Group (SHG) is one such aspect of bottom-up strategy calling for mass action at the local level.<sup>2</sup>

The first effort was taken by NABARD in 1986-87 when it supported and funded an action research project on “Saving and Credit Management of Self Help Groups” of Mysore Resettlement and Development Agency (MYDRA). Then NABARD launched a pilot project to provide micro-credit by linking SHGs with bank in 1991-92. From the period of initiation to till the date, the SHG-credit linkage programme has shown a rapid progress over the years, mainly because it has helped in reducing the transaction costs both at the banks as well as at the borrower’s level, almost 100 percent, have further strengthened the concept.<sup>3</sup>

The SHGs linkage programme has so far helped in extending from banking services to more than 45 lakh poor households in India by March 2001, making it the large micro-finance innovative in the World today in terms of outreach. The mission of NABARD is to link one million SHGs with the overall banking systems by the year 2008, facilitating access of hundred million rural poor to formal credit system.

## **BACKGROUND OF THE PRESENT STUDY:**

Economic progress in any country whether developed or underdeveloped would be achieved through social development and empowering women would certainly lead to social development. Women constitute equal share with men in total population of our

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<sup>2</sup> Sarkar, A.N., (2001), ‘Innovative in micro finance linked development programmes’, Kurukshetra, Vol.50, No.2, pp.2-8.

<sup>3</sup> Laxmi. R., Kurushrestha and Archana Gupta., (2001), ‘Self- help groups- Innovations in financing the poor’, Kurukshetra, Vol. 50, No.1, p.33.

country and in few regions, women's share outnumbered men in total population. Therefore, women's empowerment cannot be just ignored while devising various policies for rural and socio-economic development. Right from the independence, in fact even in the pre-independence era, rural development vis-à-vis poverty alleviation had been considered as a major challenge to our country. Initially, it was assumed that various Poverty Alleviation Programmes such as IRDP, TRYSEM, DWCRA, ICDP etc., could be able to enhance income level of the rural masses, especially women through trickle down effect. But these programmes failed to achieve the target because 'trickle down' effect of economic growth cannot be achieved if the growth is not accompanied with infrastructure development; which is essential for speedy percolation of the benefit of such programmes. Lack of participatory approach in planning and execution of these programmes result in complete failure to improve socio-economic condition of the poor masses for which these were evolved. At this point of view, micro financing or group lending is being looked upon as the instrument that can be considered as the golden stick for poverty alleviation vis-à-vis rural development. Therefore, providing micro credit to the rural women through an organised set up will make them enterprising women.<sup>4</sup>

The Self-Help Groups (SHGs) are voluntary associations of people formed to attain some common goals. These are groups that have similar social identity, heritage, caste or traditional occupations and come together for a common cause and manage resources for the benefit of the group members.<sup>5</sup>

The SHG generally has members not exceeding 20. Each group selects among its members a leader called animator. The animator conducts 2 to 4 meetings every month. The group members save a regular amount of Rs.20 to Rs.100 every month. The group

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<sup>4</sup> Das, Sabyasachi, (2003), 'Self Help Groups and Micro credit – Synergic Integration', Kurukshetra, Vol.50, No.10, pp.25-27.

<sup>5</sup> Satya, Sundaram, I., (2001), 'Self-help groups –Challenges and opportunities', Social Welfare, Vol.48, No.4, p.18.

rotates the money to the needy members for various purposes at a specified interest rate. As the repayment is cent percent and the recycling is very fast, the savings amount increases faster owing to the accumulation of income from interest. Though the cohesiveness among the members would be increased due to homogeneity of the groups in terms of education, occupation, income distribution, sex composition, but in the long term, stability of SHGs depends on their members' loyalty to it and the adequacy of SHGs to meet the growing needs of the members. After the group stabilizes over a period of six months or more in the management of its own funds, it conducts regular meetings, maintains savings and gives loans to its members on interest.

### **INTERNATIONAL INITIATIVE:**

Mohammad Yunus, popularly known as father of micro-credit system, started a research project in Bangladesh in 1979 and came out with ideas of micro-credit that resulted in the establishment of Grameen Bank in 1983.

In 1984, the Federal Ministry of Economic Co-operation and the Agency for Technical Cooperation of the Federal Republic of Germany undertook a series of studies and workshops on rural finance in developing countries that resulted in a new policy of Self-Help Groups (SHGs) as a financial intermediation between rural poor and financial institutions, in one hand and micro enterprises, on the other.

In 1986, the participation of Asia and Pacific Regional Agriculturalist Credit Association (APRACA) decided on a coordinated programme for the promotion of linkage between banks and SHGs for rural savings mobilization and credit delivery to the rural poor.

In 1989, the Central Bank of Indonesia with the involvement of Self Help Promoting Institution (SHPI) started a pilot project entitled "Linking Banks and SHGs". In 1997, the World Micro-Credit Summit in Washington announced a global target of

ensuring delivery of credit to 100 million of the world's poorest families, especially the women of those families, by 2005.

## SHG IN INDIA:

**TABLE I**  
**Growth of Micro-Credit in India**

(Rupees in Crores)

Year	Number of SHGs	Bank Loan	NABARD Refinance
1992-93	255	0.289	0.268
1993-94	620	0.650	0.459
1994-95	2112	2.440	2.303
1995-96	4757	6.058	5.661
1996-97	8598	11.840	10.650
1997-98	14317	23.760	21.380
1998-99	32995	57.070	52.060
1999-2000	114775	192.870	150.130
2000-2001	263825	480.870	250.620
2001-2002	461478	545.46	395.73

Source: Karmakar (2002)<sup>6</sup>

The pilot project made steady progress during the initial years. During 1992-93, 225 SHGs were linked to banks. The cumulative figure rose to 620 in 1993-94 and then to 2122 in 1994-95. Since then, the figure almost doubled every year to reach a total of 32,995 in 1998-99. The year 1999-2000 can be said to be a turning point in this respect as during that year alone, the number of SHGs linked crossed the total number of SHGs that had been linked since the inception of the programme. The same phenomenon was repeated during 2000-2001. As a result, the number of SHGs linked to banks at the end of 2002 touched a phenomenal figure of 461478.

Data published by NABARD on the subject revealed that the spread of this phenomenon in the country was not uniform. The four southern states (Andhra Pradesh,

<sup>6</sup> Karmakar, K.G, (2002), 'Micro-finance revisited', Financing Agriculture, Vol.34, No.2, pp.18-23.

Karnataka, Kerala and TamilNadu) accounted for 1,87,372 (71 percent) of the SHGs linked. In comparison, the five northern states (Jammu and Kashmir, Himachal Pradesh, Punjab, Haryana and Rajasthan) had only 9,012 SHGs (3 percent) linked as at the end of March 2001.

### **BANK–WISE PROGRESS:**

Under the linkage programme, in all 120 banks are participating. All the 27 public sector banks (State Bank of India and its 7 subsidiaries and 19 Nationalised Banks) in the country are participating in the linkage programme. Besides two private sector banks, 79 Regional Rural Banks (RRBs) and 12 Co-operative Banks are also participating in it.

It was expected that the participation of the banking system in the linkage programme would increase further during the next few years, for the reason that the system has several merits. For bankers, the sphere of interest is the near cent percent repayment rates that have been legendary and are often quoted in support of group finance. Secondly, transaction costs for banks get reduced as monitoring and follow up becomes easier and less time consuming. A part of the cost of monitoring also gets transferred to the intermediary NGO resulting in net saving for the bank. Refinance from NABARD is also available to banks for lending to groups.

The above merits are not only based in theory but have been documented in several studies. Even before the linkage project commenced, a study of 46 SHGs spread over 11 states conducted by NABARD in 1987 observed that defaults were rare as prestige, group pressure and group support worked. However, this repayment was not to the banks but to the group itself. A study of 38 SHGs promoted by Cauvery Grameen Bank showed that with 100 percent recovery and reduced transaction costs for the bank, the experience was a total success. A study of SHGs promoted by branches of Tungabhadra Grameen Bank found that the involvement of SHGs had helped the branches in recovering many old dues.

**Language in India** [www.languageinindia.com](http://www.languageinindia.com)

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*A Study on the Levels of Living of Self-Help Groups in Coimbatore District, Tamilnadu*

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In the year 1999-2000, a total of 266 banks have participated in the SHGs credit linkage programme as expected. These comprised of 40 commercial banks (55 percent of linkages), 36 RRBs (41 percent) and 61 co-operatives (4 percent). Given the vast network of the banking system in the country and the potential for the SHG linkage programme in different regions, the support by the way of training and sensitization of bank personnel will have to be intensified over the next few years.<sup>7</sup>

The SHGs are being linked with the banks for the external credit under the projects of rural development. Three broad models of SHGs bank linkage have emerged over the past few years in India. They are as follows:

#### **MODEL I: BANK-SHG-MEMBER:**

In this model, bank plays the significant role. The bank does formation and promotion of SHG. The bank opens savings accounts of the members. After satisfying the functions, the bank provides credit to SHGs. From the beginning the bank acts as SHG promoter institution. As on 31<sup>st</sup> march 2000, this model formed 14 percent of the cumulative number of SHGs credit linked with the bank.

#### **MODEL II: BANK (FACILITATING AGENCY)-SHG-MEMBER:**

Under this model, NGOs, Government agencies or community-based organisations act as facilitating agencies to form SHGs. The groups are developed, nurtured and trained by these agencies. Bank observes the operations of the SHGs and after satisfying the functions, helps them to open savings accounts and provides credit directly to the SHGs. About 70 percent of the SHGs are linked under this model. The state government agencies like DRDA and DWCRA play active role in linkage of this model. Co-operatives have a greater role to play.

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<sup>7</sup> Nanda, Y.C., (1999), 'Linking banks and self-help groups in India and the role of NGOs: Lessons learned and future perspectives', National Bank News Review, Vol.15, No.3, pp.1-3.

### **MODEL III: BANK-NGO-SHG-MEMBER:**

This model is totally different from the other two models. Under this model SHGs are nurtured, promoted and even financed by NGOs. NGOs act as facilitator and Micro-Finance Intermediaries (MFIs). After some time, when the SHGs have fully developed and stabilized, banks are being approached by the NGOs for loans, for lending to SHGs. 16 percent of the SHGs are linked during the year 1999-2000.<sup>8</sup>

The joint appraisal team consisting of bank managers, rural development officers, NGOs, project implementation units visit the groups and selects the beneficiaries proposed by the women groups for providing financial assistance to the respective entrepreneurial activities such as setting up of petty shops, vegetables shops, tailoring units, rice mundy, charcoal making units etc.

### **WORKING OF THE SHGs:**

The working of the Self-Help Groups in general can be outlined as follows:

1. Self-help groups are the informal groups consisting of 15 to 20 poor women/men of the same area. And each group decides the choice of its members and the name of the group.
2. Each group has three office bearers, namely, Animator, Representative I, and Representative II. The Animator presides over the meetings, the Representative I assure that the norms are followed and Representative II looks after the finance of the group.
3. Regular meetings are conducted and all members participate in the meetings, where the member's savings are collected and loans are disbursed. When there is more

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<sup>8</sup> Baraik, B.B and Vannan, P.P., (2001), 'Promoting self help groups as subsystem of credit cooperatives', *The Cooperator*, Vol. XXXVIII, No.7, pp.305-306.

demand for loans than the level of savings mobilized, then the loan will be disbursed based on the need of the members and purpose of loans. The loan carries a rate of interest of 2 percent a month depending upon the funds availability.

4. Loans are given for various consumption purposes viz, education, payment of old debts etc. The loan amount for each purpose, the repayment period, installments are worked out by the members unanimously.
5. Each group maintains cashbook, general ledger, individual member's ledgers, minute's book etc.
6. Each group has a bank account operated jointly by the Animator and Representatives. The excess savings are deposited in bank account.
7. Each group acts as a financial institution owned and managed by the poor for their betterment and upliftment.
8. The sources of funds for the group are internal as well as external, the internal sources are the member's savings inclusive of the common fund, interest on their loans and loan repayment and the external sources are loans from banks, NGOs aids, grants/subsidies from government and NGOs.
9. Each group collects savings from all members for lending to the needy members. In addition to that, it collects administrative fee and membership fee from the members.
10. As the age of the group increases, the capacity of the group and need for credit also goes up. The funds available in the group become inadequate and the group needs the support of the financial institutions like banks to meet their growing needs. Normally SHGs linkage with banks starts after six months to one year after the groups are capable of managing their own financial transactions.<sup>9</sup>

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<sup>9</sup> Venkatachalam, V., (1999), 'Self help groups and banks', Central bank of India Economic Bulletin, February, pp.7-10.



## **FUNCTIONS OF THE SHGs:**

A typical rural women's SHG performs a number of useful functions, which includes:

1. Enabling members to become self-dependent and self-reliant.
2. Providing a forum for members for discussing their social and economic problems.
3. Enhancing the social status of members by virtue of there being members of the group.
4. Providing a platform for members for exchange of ideas.
5. Developing and enhancing the decision-making capacity of members.
6. Fostering a spirit of help and co-operation among members.
7. Instilling in members the strength and confidence they need for solving their problems.
8. Providing organizational strength to members.
9. Promoting literacy and increasing general awareness among members.
10. Promoting numeracy and equipping women with the basic skills required for understanding monetary transactions.<sup>10</sup>

## **REVIEW OF LITERATURE:**

The literature pertaining to the current study "A study on the Levels of Living of Self- Help Groups in Coimbatore district with particular reference to Thondamuthur and Periyanaickenpalayam Blocks" is discussed under the following headings:

1. Working and Impact of Self Help Groups.
2. Performance of Self Help Groups.

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<sup>10</sup> Quzi, Moin., (1997), 'Self-help groups – A novel approach to rural development', State Bank of India, Monthly Review, pp.460-462.

3. Micro-Finance and Self Help Groups.
4. Non-Governmental Organisation and Self Help Groups.
5. Other Related Studies.

### **1. WORKING AND IMPACT OF SELF HELP GROUPS:**

Jain et al (2003)<sup>11</sup> in their study on “ Socio-economic impact through self-help groups” conducted in five blocks of Kanpur Dehat district studied the operational mechanism of SHGs and analysed the impact of SHGs on socio-economic status. The study revealed that about 75.6 percent of women members have taken loan for dairy activities while only 4 percent have taken loan for daughter’s marriage and poultry. The  $\chi^2$  test was used to analyse the impact of SHGs and it revealed that the test was found to be significant in case of education, housing facilities, exposure of mass media, occupation, size of holdings and material possessions and insignificant in case of caste and type of family.

Rao (2003)<sup>12</sup> in his study on “SHGs and Social Change” conducted in the regions of A.P studied the development of SHGs by using the ‘before’ and ‘after’ technique. The study revealed that majority of people had taken loans for their occupational development, whereas only a few had taken for health, education and marriage purposes. The study concluded that the impact of “group” on the members perceptions on some important social indicators between two points of time (before joining the group and the present status) showed appreciable improvement on sending girl child to school, reduced family size, improvement in individual income, increased working days, etc.

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<sup>11</sup> Jain,Ritu., Kushawala R.K, & Srivastava A.K., (2003), ‘Socio-Economic impact through Self Help Groups’, Yojana, Vol.47, No.7, pp.11-12.

<sup>12</sup> Rao,Vasudeva.D., (2003), ‘SHGs and Social Change’, Social Welfare,Vol.50, No.2, pp-32-34.

Anjugam and Alagumani (2001)<sup>13</sup> in their study on “Impact of micro-finance through self-help groups-A case study” examined the economic, social and institutional impact of micro finance through SHGs in Mariamman Kalangiam, the SHG located at Kodikulam village in Madurai district. The study revealed that the SHG helped them to use the loan properly and repayment was 100 percent. It has increased the awareness of members for girl’s education, improved outside contact and decision-making skill. The study indicated that if the group formation is correct, then definitely there will be positive impact on all aspects.

Athavale et al (2001)<sup>14</sup> in their work on “Working of Self Help Groups and their success story in Hoshangabad district of Madhya Pradesh”, analysed the working of SHGs in the village Daudi Junkar of Hoshangabad district progressed and benefited from the programme in particular. The study pointed out that the repayment of loan from members was 100 percent and the amount borrowed from the bank was used by the members either for the purchase of fish nets and boats or for agriculture. The concluded that the scheme would help the villagers to adopt improved methods of agriculture, to grow vegetables and fruits and thereby stopping their migration to other places in search of wage labour.

Awarthi et al (2001)<sup>15</sup> in their study on “Working and Impact of Self Help Groups on economic status of women in Watershed area of Madhya Pradesh” has examined the impact of SHGs on socio-economic status of rural women in watershed areas. Four

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<sup>13</sup> Anjugam, M and Alagumani,T., (2001), ‘Impact of micro finance through self-help groups- A case study’, Indian Journal of Agricultural Economics, Vol.56, No.3, pp.458-459.

<sup>14</sup> Athavale, M.C., Sharma, K.G and Mishra, A.M., (2001), ‘Working of self-help groups and their success story in Hoshangabad district of Madhya Pradesh’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.463.

<sup>15</sup> Awarthi, P.K, Deepak Rathi and Vimala Sahu., (2001), ‘Working and impact of self-help groups on economic status of women in watershed area of Madhya Pradesh’, Indian Journal of Agricultural Economics, Vol.56, No.3, p .456.

efficient women SHGs and 70 group members were selected purposively from Karondi Milli watershed area of Katni district in Madhya Pradesh. The study revealed that after the formation of SHGs, women took up saving-credit activities and participated in the development process, which are important towards the upgradation of their socio-economic status. Together with monthly saving of Rs.10 to 20 on an average by each member and benefits from other group activities, they have deposited Rs.24, 046 in the State Bank of India. The SHG women members had started income generating activities, viz, mahua collection, mushroom production, papad making, etc. and it was clear that the profit was distributed equally among the members of the SHG. The authors concluded that the SHGs have made a positive impact in creating leadership, improving literacy, consciousness about health and hygiene and skill formation among group members. And they also suggested that there is a need to evaluate the SHGs annually to assess the progress of different income and employment generating schemes under Self Help Groups.

Gaonkar (2001)<sup>16</sup> studied the working and impact of the SHG in Bardez and Bicholim talukas of Goa. The findings of the study revealed that the individual loans were mostly used for productive purposes and the rate of recovery was cent percent. It was found that the quality of life of members of the SHGs has improved in terms of increase in family income, increase in savings, increase in consumption expenditure, gaining self-confidence, productive use of free time, getting more importance in family. The study concluded that the movement of SHGs can significantly contribute towards the reduction of poverty and unemployment in the rural sector of the economy. The SHGs can lead to social transformation in terms of economic development and the social change.

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<sup>16</sup> Rekha, R . Gaonkar., (2001), 'Working and impact of Self help groups in Goa', Indian Journal of Agricultural Economics, Vol.56, No.3, p .465.

Gupta and Srivastava (2001)<sup>17</sup> highlighted the working of Self-Help Groups (SHGs) in Daudijunkar village of Hoshangabad district in Madhya Pradesh. They found that the members are from homogeneous socio-economic background and have common interest and objectives, and they function on democratic lines. The study also revealed that on the linkage of SHGs with bank, the banks lend loans at an interest rate of 13.5 percent per annum and Rs.100 per month. The difference between the rates of interest was accumulated a savings of the SHG. It was reported that the State Government wanted to fix targets of forming SHGs to all the Mahila Bal Vikas officials and wanted to add an element of subsidy on loans from banks which should be avoided.

Lakshmanan (2001)<sup>18</sup> in his study on “Working of self-help groups with particular reference to Mallipalayam self-help group, Gobichettipalayam block, Erode district, Tamilnadu” studied the origin, working and development of the SHG in Mallipalayam village. The study revealed that the members were engaged in the making of mats which are of higher quality. One major problem faced by the group was the procurement of raw material for making the mats and its high cost. The study concluded that the SHGs are really a boon in the rural areas, which gives financial autonomy to the rural women and make them economically independent.

Manimekalai and Rajeswari (2001)<sup>19</sup> studied the socio-economic background of SHG women in rural micro enterprises, examined the factors which have motivated the women to become SHG members and eventually as entrepreneurs, analysed the nature of

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<sup>17</sup> Gupta, S.K. and Shrivastava, A., (2001), ‘A study of working of self-help groups in Madhya Pradesh’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.416.

<sup>18</sup> Lakshmanan.R., (2001), ‘Working of self- help groups with particular reference to Mallipalayam self – help group, Gobichettipalayam block, Erode district, TamilNadu’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.457.

<sup>19</sup> Manimekalai, M. and Rajeshwari,G., (2001), ‘Nature and performance of informal self-help groups – A case study from TamilNadu’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.486.

economic activities and the performance in terms of growth indicators such as investment turnover, employment, capacity utilisation, sources of finance and supplementary finance, marketing and other related aspects and identified the problems faced by the women in running the enterprises and also suggested some policy measures. The “New life”, an NGO was selected for the study, which was in Coimbatore, Perambalur and Tiruchirapalli of Tamilnadu. A sample of 150 women members were selected through stratified sampling. The study reported significant difference between the mean performance of entrepreneurs based on their age, community, education and previous experience. The micro finance by the NGO to women SHG’s has helped the groups to achieve a measure of economic and social empowerment and its skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernisation.

Mishra and Hossain (2001)<sup>20</sup> in their study on “A Study on the Working and Impact of Dharmadevi Mahila Mandal-A Rural SHG in Kalahanai district of Orissa” assessed the working and impact of rural SHG in terms of empowerment of rural women through participation and employment generation. It was found that 40 percent of the families had adopted small family norms of two children, 13 percent had pulla houses, and all the member’s families would become literate and 58 percent had food security to manage the lean season and 45 percent were consuming food with vegetables. In addition, the groups were also able to manage successfully a fair price shop fulfilling the requirements of five nearby villages. And the additional employment generated through the informal group lending worked out to be 185 person days per members.

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<sup>20</sup> Mishra, S.N. and Hossain, M.M., (2001), ‘A study on the working and impact of Dharma Devi Mahila Mandal- A rural self-help group in Kalahandi district of Orissa’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.442.

Dahiya et al (2001)<sup>21</sup> in their work on “Socio-economic evaluation of SHG’s in Solan district of Himachal Pradesh: Impact, issues and policy implications” evaluated the working of SHG’s in Solan district of Himachal Pradesh, in terms of their impact, issues and policy implications based on field study. The average family size of the sample households was 5 and 54 percent of the members were working. Occupational pattern showed that 39.7 percent of the members were engaged in bangles selling, followed by 24.4 percent as small farmers and so on. The average SHG membership size was 14 out of which 82 percent were women and 56.6 percent belonged to SC and OBC categories. Overall 54 percent of the members were merely literate and only 7.2 percent possessed post-secondary education. 42 percent of the members were engaged in small trade and business, followed by small and marginal farmers 33.7 percent. The monthly saving rate ranged from Rs.20 to Rs.100 and the interest rate ranged from 24 to 60 percent per annum. The ratio of loan to savings ranged from 1 to 7.2 percent (average 3). The recovery rate for internal loaning and bank loans was 100 percent. The annual incremental income from the micro enterprises in the post-linkage period for the oldest SHG was Rs.8,250 and Rs.20,604 for the SHG set up on 4.1.2000. The average ratio of annual installments for bank loan repayment and incremental income was 20.5 percent (ranging from 5.8 to 43.3 percent). The social impact was deep in empowering women folk, educational development of children and emancipation from social evil like drunkenness by male household members.

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<sup>21</sup> Dahiya, Prem Singh., Pandey, N.K and Karal, Anshuman., (2001), ‘Socio economic evaluation of SHGs in Solan district of Himachal Pradesh: Impact, issues and policy implications’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.434.

Rahane et al (2001)<sup>22</sup> in their study on “Effect of Self Help Groups in Rural Development” examined the performance and role played by the sugar co-operatives in rural development through Self Help Groups (SHG). The study revealed that the number of villages in the operational area increased from 4,631 to 20,681, total share capital increased from Rs.51 lakhs to Rs.259 lakhs per day crushing capacity of the factory also increased from 800 metric tonnes to 3,500 metric tonnes during the period under study. The fact had undertaken various programmes through SHGs viz., cane development, transport, supply of credit for agricultural inputs, cattle camps, lift irrigation schemes, tribal development, etc. It has also provided medical and educational facilities to its members, non-members and staff. The authors concluded that the factory has made considerable progress and played an important role in rural development through group action.

Singh (2001)<sup>23</sup> in his study on “Impact of Self Help Groups on the Economy of Marginalised farmers of Kanpur Dehat district of Uttar Pradesh (A Case Study)” compared the socio-economic conditions of members in the pre and post-SHG situations. The study revealed that the average value of the assets per household was Rs.31, 625 in the pre-SHG situation increased by 47 percent to Rs.46, 500 in the post-SHG situation. And also in the pre-SHG situation, the members of the group had taken loans from moneylenders for consumption purpose while none of the members approached the moneylenders after the formation of SHG. The study suggested that the National Bank for Agriculture and Rural Development and NGOs have to make solid efforts to educate and train women groups for keeping and maintaining records properly for achieving better success in future.

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<sup>22</sup> Rahane, R.K, Wattamwar, M.J and Kamble, V.S., (2001), ‘Effect of self-help groups in rural development’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.452.

<sup>23</sup> Singh, D.K., (2001), ‘Impact of self help groups on the economy of marginal farmers of Kanpur Dehat district of Uttar Pradesh(a case study)’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.509.



Singh et al (2001)<sup>24</sup> in their study on “A study on the working and impact of rural self-help groups in Hisar district of Haryana” found that the recovery performance was found to be 100 percent in all the seven SHGs which was selected for the study. Further, the authors concluded that the members did not mind to pay high interest of 24 percent per annum to the group which borrowed from the banks at 12 percent rate of interest. Earnings from the members were deposited in the bank at higher interest rate or distributed among members of the group on repayment of bank loan. This is so because these groups helped the members to free them from the clutches of money lenders and saved them from exploitation even for meager amounts.

## **2. PERFORMANCE OF SELF HELP GROUPS:**

Rao (2002)<sup>25</sup> compared the genesis and development of SHGs from 48 women dairy co-operative societies (WDCSs) spread over 6 districts of Andhra Pradesh and Karnataka. The study revealed that ‘credit for consumption’ was the major purpose in AP while it was ‘social functions’ and ‘purchase of inputs for agriculture’ in Karnataka. The study concluded that, the women saved Rs.75 to Rs.150 per month and were involved in social awareness programmes on AIDS, dowry, nutrition, legal literacy, sanitation, multiple roles of women.

Das et al (2001)<sup>26</sup> analysed the composition and performance of SHGs of Sonitpur district of Assam. The data were collected from three categories of SHGs comprising category I (males), category II (females) and category III (both). It was clear that the SHG’s belonging to category I utilized maximum funds of crop production, those in

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<sup>24</sup> Singh, V.K, Khatkar, R.K and Kharinta, S.K., (2001), ‘A study on the working and impact of rural self help groups in Hissar district of Haryana’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.464

<sup>25</sup> Rao V.M, (2002), ‘Women Self-Help groups Profiles from Andhra Pradesh & Karnataka’, Kurukshetra, Vol.50, No.6, pp.26-32.

<sup>26</sup> Das,R Bassmen, R.N and Baruah, P.K., (2001), ‘Performance of self-help groups in Sonitpur district of Assam’, Indian Journal of Agricultural Economics, Vol.56, No.3, pp.482-83.

category II for weaving and textile activities and those in category III for crop enterprises, weaving, textile etc. The study revealed that more grants and aids would help to build adequate infrastructure that would eventually streamline the various activities of the SHGs resulting ultimately in economic prosperity and social stability for them.

Jairath (2001)<sup>27</sup> in his study on “Growth and Development of self-help groups in Rajasthan” found that in the RBN region more than 75 percent of the borrowers took loan for production purpose as against 55 percent in the RPT region. The ratio between group savings and lending was on an average 1:2.40 and 1:2.86 in the RPT and RBN regions respectively in Rajasthan. The study suggested that to bridge the gap in purposiveness borrowings in production activities between the regions, the people in the resource poor region should be motivated and imparted with intensive training in various production activities.

Malaisamy and Srinivasan (2001)<sup>28</sup> in their study on “An economic appraisal of repayment and overdue position of self-help group and PACB beneficiaries in Madurai district of TamilNadu” assessed the repayment and transaction cost in self-help groups (SHG’s) in rural areas vis-à-vis the co-operatives functioning in Madurai district of Tamilnadu. The results found that majority of the members of PACB’s availing loans were willful defaulters which not only denied them future loans but also affected the regular repayers. This tendency was not observed in SHG’s. A comparison of overdues of SHG beneficiaries with those of co-operatives showed that the latter had a high level of overdues (Rs.4,884) as compared to the former (RS.1,012) per household. The regression

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<sup>27</sup> Jairath, M.S., (2001), ‘Growth and development of self-help groups in Rajasthan’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.462.

<sup>28</sup> Malaisamy,A. and Srinivasan,R., (2001), ‘An economic appraisal of repayment and overdue position of self-help group and PACB beneficiaries in Madurai district, TamilNadu’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.489.

analysis revealed that 53 percent of the variation overdues position was explained by debt-asset ratio, educational level of the beneficiaries and membership of SHG's due to high interest charges as compared to the co-operatives.

Nedumaran et al (2001)<sup>29</sup> examined empirically the performance of self-help groups (SHG's) linked with bank and the socio-economic impact of SHG on the members. It was found that the annual net family income of the members in the post-SHG situation increased by 23 percent over the pre-SHG situation. It also revealed that the social-condition of the members considerably improved after joining the group activities. Promotion of SHG's in the rural areas, training to members and involvement of local NGO's in building the SHGs were recommended for the overall improvement of the households.

Ponnarasi and Saravanan (2001)<sup>30</sup> made a comparative study on the performance of all the five SHGs functioning in Agaranallur village of Kumaratchi block of the Cuddalore district. It was found that among the five SHGs selected, Group II was awarded as the "Best Self-Help Group Award" in Cuddalore district for the reason that this group had disbursed an amount of Rs2, 34,180 as internal lending's which was almost twice that of other groups. Group II had lent more than 86 percent of its funds for productive purposes, whereas the other groups on an average had only 72.5 percent for productive purposes. The study concluded that all the 5 SHGs in the villages had actively involved themselves in various developmental activities that had greatly influenced the socio-economic well being of the villagers.

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<sup>29</sup> Nedumaran,S., Palanisamy,k, and Swaminathan,K.P, (2001), 'Performance and impact of SHGs in TamilNadu', Indian Journal of Agricultural Economics,Vol.56, No.3, p.432

<sup>30</sup> Ponnarasi.T and Saravanan.M.P., (2001), 'Comparative study on performance of self help groups – A case with Agaranallur village in Cuddalore district, Tamilnadu', Indian Journal of Agricultural Economics, Vol.56, No.3, p.491.

Raghavendra (2001)<sup>31</sup> analyzed the contribution made by micro finance programmes initiated by Sahyadri Grameen Bank in Thyagarthi village in Shimoga district of Karnataka to augment income generating economic activities and women's empowerment in rural areas. The analysis revealed that the resource constraint and the level of education of the groups was the major determinant factor to expand economic activities. The case study clearly, showed that there is a greater potential for SHGs in implementing various programmes for the rural poor in future.

Singh et al (2001)<sup>32</sup> in their work on "Role of self-help groups in the Shiwalik foothills of Haryana" highlighted the working of three SHGs in two villages, namely Tharka in Yamuna Nagar district, Bharat and Pleasant in Barwala villages in Panchkula district of Haryana. The results indicated that the SHGs even with the heterogeneous socio-economic groups can operate successfully provided the intention of all the members is good. The study recommended that the loan for purchasing buffaloes (dairying) should also have provision for building animal sheds, as the members of these SHGs below the poverty line hardly have one pulla room for their living. The authors concluded that with the working of these SHGs, it was clear that the new concept of micro-financing can do wonders to the ruralities living in the remote villages in improving their economic condition and protecting them from the clutches of the village money lenders.

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<sup>31</sup> Raghavendra, T.S., (2001), 'Performance evaluation of SHGs: A case study of three groups in Shimoga district', Indian Journal of Agricultural Economics, Vol.56, No.3, p.429.

<sup>32</sup> Singh, U.B, Singh,Himmat and Singh,Gurnam., (2001), 'Role of self help groups in the Shiwalik foothills of Haryana', Indian Journal of Agricultural Economics,Vol.56, No.3, p.477.

Srinivasan et al (2001)<sup>33</sup> in their study on “Financial performance of rural and urban Self-Help Groups-A comparative analysis” conducted in rural and urban SHGs in Coimbatore district of Tamilnadu, having the total sample of 50 SHGs, 25 each from the rural and urban areas, found that the average total membership (17), the average total savings (Rs.16,333), the average total lending (Rs.17,537) and the average total defaults (Rs.956) were found to be higher in rural SHGs than in urban SHGs (15, Rs.15, 115, Rs 16,686 and Rs.647 respectively). It was concluded that because of higher defaults, the rural SHGs showed lower average recovery index (80 percent) and higher average outstanding credit ratio (0.14) when compared to the urban SHGs (87 percent and 0.09 percent respectively). The average thrift credit ratio of the urban SHGs (0.91) was lower than the rural SHGs (0.93), implying that the overall financial performance of the urban SHGs was better than that of rural SHGs.

Vatta and Singh (2001)<sup>34</sup> studied the development of Self-Help Groups (SHGs) in Hoshiarpur district of Punjab. The study found that the APL groups were able to get more benefits from various schemes because of their greater awareness, education and managerial abilities. As judged by the criterion of being eligible for getting bank loan after six months of the formation of the group and regularity in its savings, it was revealed that about 83 percent of BPL groups were eligible to get bank loan but only 5 percent of them could get it. The study suggested that an extensive awareness campaign is needed to convince the bankers that the poor are bankable and advancing credit to them is more profitable and secure in terms of recovery.

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<sup>33</sup> Srinivasan, G, Varadharaj, S and Chandrakumar, M., (2001), ‘Financial performance of rural and urban self help groups- A comparative analysis’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.518.

<sup>34</sup> Vatta and Singh, (2001), ‘The performance of SHGs in Punjab: A study of Hoshiarpur district’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.508.

### **3. MICRO-FINANCE AND SELF HELP GROUPS:**

Rani et al (2002)<sup>35</sup> in their study conducted in Tirupur on “SHGs, Micro Credit and Empowerment” studied the performance of SHGs with the objective of finding the difference, if any in the self-confidence of the women before and after participation in the SHGs, knowing the difference if any in the health consciousness of women before and after participation in the SHGs, identifying the difference if any in the participation of women in house management before and after participation in the SHGs and knowing whether there is any change in the interaction styles of women with development departments officials before and after participation in SHGs. The study found that, out of 50 SHGs, the empowerment of women in the age group 31-40 and SC/STs was higher than the other groups. There was positive correlation between the educational status and empowerment. The important component of SHGs was mobilization and organisation for women on the basis of solidarity, strength and collective action.

Borbara and Mahanta (2001)<sup>36</sup> in their study on “Micro-Finance through Self-Help Groups and its impact: A Case of Rashtriya Gramin Vikas Nidhi-Credit Saving Programme in Assam” evaluated the RVGN’s Credit and Saving Programme (CSP) in Assam over the years. The study indicated that the SHGs have helped to set up a number of micro enterprises for income generation. The CSP was found to be successful as its focus was exclusively on the rural poor; it adopted a credit delivery system designed

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<sup>35</sup>Rani,Sudha.K., Devi,Uma.D., Surendra.G, (2002), ‘SHGs, Micro-Credit and Empowerment’, Social Welfare, Vol.48, No.11, pp.18-22.

<sup>36</sup> Borbara,Saundrajya., and Mahant,Rakul., (2001), ‘Microfinance through self help groups and its impact: A case of Rashtriya Gramin Vikas Nidhi- Credit Saving Programme in Assam’, Indian Journal of Agricultural Economics,Vol.56, No.3, p.457.

specially for them with the support of a specially trained staff and a supportive policy with no political intervention at any stage in the implementation of the programme.

Kundu et al (2001)<sup>37</sup> in their study on “Sustainable Micro Financing through Self Help Groups in Gurgoan district (Haryana)” found that both formal and informal SHG-Bank linkage programme operated in the district with uneven blockwise performance. Animal husbandry and consumption loans together accounted for a major share in the total loans disbursed by the various financial institutions in the district. The study concluded that these SHGs (rural poor) not only developed confidence in them but also cultivated the habit of thrift/saving and utilisation of collective wisdom to tackle their own problems. It was suggested that if the rural poor are properly organised and given the proper set-up, micro financing as a supplementary to the existing rural credit operations would help to ensure increased access to rural for them.

Navadkar et al (2001)<sup>38</sup> in their study on “Self-Help Group- Bank linkage for Micro Credit funding to rural poor” examined the micro credit funding in India and its progress in Self Help Groups (SHG). The results of the study indicated that the NABARD and Rashtriya Mahila Koh (RMK) are the two important funding agencies for Non-Governmental Agencies (NGOs) or SHGs. The study founded that there was significant progress in SHGs linkage programme from 1992-1993 to 1999-2000 and the SHGs received loans at the interest rate of 12 percent per annum directly from the banks or NGOs. The study suggested that the SHG-Bank linkage should be strengthened to provide micro-credit to the rural poor.

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<sup>37</sup> Kundu.K.K., Suhag.K.S., Pandey.U.K and Jain,Kurum., (2001), ‘Sustainable micro financing through self help groups in Gurgoan district (Haryana)’, Indian Journal of Agricultural Economics,Vol.56,No.3, p.432.

<sup>38</sup> Navadkar,D.S. Birari,K.S. and Kasar,D.V., (2001), ‘Self-help-group-bank linkage for micro credit funding to rural people’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.430.

Ramakrishna (2001)<sup>39</sup> in his study on “Credit needs of the rural poor and the role of self help groups” assessed empirically the role of self-help groups in improving the access to formal credit institutions in meeting the credit needs of the rural poor in Thumpala village of Visakhapatnam district, Andhra Pradesh. The main findings of the study were that the progress of SHG-Bank linkage in India was remarkable and there existed wide disparity in the relative significance of various institutions in the linkage. As compared to IRDP beneficiaries, those covered under SHGs fared better in respect of social empowerment and economic progress. The access to institutional credit has been of a higher order of SHG beneficiaries compared to IRDP beneficiaries. The study concluded that if the SHGs are allowed to develop links with bank branches, the credit needs of the poor are met and their small savings tapped, recoveries and profitability would improve.

Sethi and Atibudhi (2001)<sup>40</sup> in their study on “Micro Finance: An innovative tool for banking with the unbankables: a study in Kalahandi district, Orissa” attempted to examine the performance of SHGs for micro finance in Kalahandi district, Orissa. The study confirmed that there was a huge opportunity to increase the formation of more SHGs and increase the membership in each group up to 20. Out of the total promoted groups, other 70 percent were found to have savings bank account in different banks. The per capita savings were found to be very low, being only Rs.177. Only 28 percent of the members of SHGs in the district received credit support from banks under the linkage programme. The total loan sanctioned against the total savings of the linked groups was in the ratio 1:2.45. The study suggested that more number of groups should be linked

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<sup>39</sup> Ramakrishna,Rayavarapu., (2001), ‘Credit needs of the rural poor and the role of self help groups’, Indian Journal of Agricultural Economics,Vol.56, No.3, p.437.

<sup>40</sup> Sethi,Binodini and Atibudhi, H.N., (2001), ‘Microfinance: An innovative tool for banking with the unbankables; A study in Kalhandi district, Orissa’ Indian Journal of Agricultural Economics,Vol.56,No.3,p.476.



with the bank so that their credit support would be strengthened. Besides, intensive training and skill development should be imparted to the members to make them independent and self-reliant.

Sen (2000)<sup>41</sup> in his study on “Self Help Groups and Micro Finance: An alternative socio-economic option for the poor” undertaken in Naida district found that individual loans are mostly used for productive and consumption purposes, the interest rate charged on individual loans were generally high to cover expenses of SHGs including risk premium, the rate of recovery was very high compared to the rate of recovery of formal institution system and group of development was an instrument for change in quality of life of the poor people.

Snehalatha and Reddy (1998)<sup>42</sup> studied the effectiveness of thrift and credit activity in income generation of women. The findings of the study indicated that education, achievement, motivation, education of children, food intake and health care, knowledge on thrift and credit showed positive significant correlation with additional income generation. The study also suggested that the groups should be spread to all the rural areas by linking them to banks or credit institutions to provide technical and infrastructural inputs for developing the women entrepreneurs and ultimately reaching the goal of empowerment.

#### **4. NON-GOVERNMENTAL ORGANISATION AND SELF HELP GROUPS:**

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<sup>41</sup> Sen, Manab., (2000), ‘Self-help groups and Microfinance: An alternative socio-economic option for the poor’, NGOs and Socio-economic Development Opportunities, Ed. Kamta Prasad, New Delhi, pp.77-94.

<sup>42</sup> Snehalatha, M and Reddy, M.N., (1998), ‘Impact of thrift and credit groups in income generation of rural women’, Journal of Extension Education, Vol.9, No.2, pp.2031-2032.

Sarker (2001)<sup>43</sup> in his study on “A study of SHG-NGO and SHG-non-NGO models of rural micro financing in West Bengal” studied the working of SHGs financed by a SHG-NGO, the Tajmahal Gram Bikash Kendra (TGBK), a model agency of Rastriya Mahila Kosh in Howrab district of the state. A comparative study of SHG-PACs model revealed that 50 percent of the SHGs were credit linked, 92 percent of the total members were women and about 89 percent of the members belonged to the Sc and St. He said that micro financing of SHG-NGO model is not only more popular but productive in terms of mobilization of savings and disbursement of credit. He suggested a change in the strategy of SHG-non-NGO model of micro financing to bridge the gap between saving linked SHG and credit linked SHG and to increase the supply of credit substantially with the increase of SHGs in the state.

Sharma et al (2001)<sup>44</sup> in their work on “Determining success of Non-Governmental Organisation in micro financing to SHGs of rural poor: A study in Himachal Pradesh” examined the conducive environment required for a successful non-governmental organisation (NGO) in the formation and linkages of SHGs under new income generating scheme. The study indicated that the working and impact of SHGs on rural poor depends upon the NGOs regional coverage, ideology, programme implementation, effectiveness, popularity and the leadership it has. The results of the study also revealed that among landless, marginal, small and medium farm families, the annual availability of credit at per farm level was about Rs.956, Rs.2,465, Rs.7,500, and Rs.2,600 respectively. On an average, the farm family utilized more than 50 percent of the credit for consumption purpose, followed by investment in education, social

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<sup>43</sup> Sarker,Debnarayan., (2001), ‘A study of SHG-NGO and SHG-Non-NGO models of rural micro financing in West Bengal’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.444.

<sup>44</sup> Sharma,M.L., Sharma,K., Sharma,N.K., (2001), ‘Determining success of non- government organisations in micro financing to SHGs of rural poor: A study in Himachal Pradesh’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.439.

ceremonies and farm production. The repayment of loan was 100 percent by all the categories.

Manimekalai (2000)<sup>45</sup> in her study on “NGOs intervention through micro-credit for self-help women Groups in rural Tamilnadu” found that after the micro-credit and intervention of SEVAI, the education of children has been better cared of, landless labour households, could acquire some land and cultivate on their own and the expenditure has increased and now the women beneficiary households were able to manage the budget without deficit. The study suggested that similar strategies can be followed by other institutions working for the upliftment of women and prove themselves that micro-credit would be very instrumental in bringing the purposed objectives realised.

Lobo and D’souza (1999)<sup>46</sup> in their study examined the support of non-governmental organisations (NGOs) and other self-help groups (SHGs) promoters in their efforts to mobilize and catalyse a watershed community in the state of Maharashtra. The study showed that the money saved by the women provided loans for domestic and consumption purposes. It has also been observed that while watershed development does increase the chores and burden of women they nevertheless are willing to accept the extra work load as well as the hardships.

Prasad (1998)<sup>47</sup> was of the opinion that adequate flexibility in selection of economic activities and easy access to credit through group savings and loans had

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<sup>45</sup> Manimekalai,N., (2000), ‘NGOs intervention through micro credit for self-help women groups in rural TamilNadu’, NGOs and Socio-economic Development Opportunities, Ed. Kamta Prasad, New Delhi, pp.67-76.

<sup>46</sup> Lobo,Crispino and D’Souza,Marcella., (1999), ‘NGOs and SHGs for large scale implementation of watershed projects’, Journal of Rural Development, Vol.18, No.4, pp.539-555.

<sup>47</sup> Prasad,Hemalatha.C.,(1998), ‘Implementation process of women development programme (IFAD): An experimental method’, Journal of Rural Development, Vol.17, No.4, pp.779-791.

demonstrated that poor rural women can make productive use of credit in a wide range of farm and non-farm micro enterprises. Apart from their participation in the selected enterprises, group members actively involved in mobilizing community resources and in putting pressure on government for welfare services like education, health, drinking water and sanitation.

In the words of Kumaran (1997-1998)<sup>48</sup>, the group approach through SHGs is one of the best approaches for the socio-economic development of the rural poor. It was also found that the repayment of group/bank loan among the SHG members was very high. It was suggested that government agencies also should take keen interest in promoting such groups among the poor.

Rao (1997-1998)<sup>49</sup> was of the opinion that the effective functioning of SHGs depends on the training of organizers, monitoring of group activities and maintenance of accounts. He also found that most of the loans were taken for consumption, health, education, small business, crop cultivation and house construction.

## **5. OTHER RELATED STUDIES:**

Barik and Vannan (2001)<sup>50</sup> suggested that the linkage of SHGs with PACs and DCCBs will enable the SHG to understand the structure and functions of co-operatives and their hierarchies and processes in the banks. They also suggested that young, energetic, enthusiastic and devoted staff of the PACs should be developed towards the task of forming and developing SHGs from among non-members and from the members of the co-operatives.

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<sup>48</sup>.Kumaran.K.P, (1997-98), 'Case studies on Self help groups (SHGs)', NIRD Research highlights, pp.178-179.

<sup>49</sup> Rao,Ramana.D.V.V., (1997-1998), 'Self help groups – A case study of voluntary organisations', NIRD research highlights, pp.239-241.

<sup>50</sup> Baraik,B.B and Vannan,.P.P., (2001), 'Promoting Self help groups as sub-system of credit cooperatives', The Coperator, Vol XXXVIII, No.7,pp.305-306.

Indirakumari and Rao (2001)<sup>51</sup> in their study on “Emergence of women self-help groups and its impact on rural development: A case study in Krishna district of Andhra Pradesh” examined the origin, concept and strategy of women self-help groups (SHGs) and the functioning of groups formed under the programme of development of women and children in rural areas (DWCRA) in Nuzvidu division of Krishna district in Andhra Pradesh suggested that the government should provide more assistance to SHGs of Nuzvidu to generate the additional incomes, savings and their expenditure would rise which in turn would cause a rise in the standard of living of women.

Mishra et al (2001)<sup>52</sup> studied the size composition, characteristics of Rural Self-Help Groups (RSHGs), and also examined their function and its impact on generation of income and employment. They also identified the major constraints and problems of the group such as lack of training, credit and marketing facilities, entrepreneurship, social evils and high rate on interest. The study suggested that the banks, regional rural banks, primary agricultural co-operative credit societies and other financing institutions as well as the state government should come forward to help the rural poor through the SHGs and provide liberalized credit facilities at cheaper rate of interest.

Puhazhendhi and Satyasai (2001)<sup>53</sup> in their study on “Economic and social empowerment of rural poor through self-help Groups” evaluated the performance of SHGs with special reference to social and economic empowerment. The study revealed that the SHG as institutional arrangement could positively contribute to the economic and

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<sup>51</sup> Indirakumari and Rao, Sambasiva., (2001), ‘Emergence of women self-help groups and its impact on rural development: A case study in Krishna district of Andhra Pradesh’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.501.

<sup>52</sup> Mishra, J.P, Verma, R and Singh, V.K., (2001), ‘Socio economic analysis of rural self help groups scheme in block Amaniganj, district Faizabad (UttarPradesh)’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.445.

<sup>53</sup> Puhazhendhi, V and Satyasai, K.T.S., (2001), ‘Economic and social empowerment of rural poor through self help groups’, Indian Journal of Agricultural Economics, Vol.56, No.3, p.495.

social empowerment of rural poor and the impact on the matter was more pronounced than in the former. Further, the study suggested that the efforts must be made to encourage the NGOs in different regions and motivate them to actively participate in this programme.

Rao (2001)<sup>54</sup> attempted to present the genesis and development of Self-Help Groups (SHGs) in India and documented the working of women managed SHGs in the study area. The study indicated that the existing formal financial institutions failed to provide finances to landless, marginalized and disadvantaged groups. The origin of the SHGs was traced to mutual aid in Indian village community. The study suggested that the SHGs are sustainable, have replicability, stimulate savings, and the process helped borrowers to come out vicious circle of poverty. Credit for consumption was the major purpose for which loans were availed in Andhra Pradesh while it was 'social functions' and 'purchase of inputs for agriculture' in Karnataka.

Vijayanthi (2000)<sup>55</sup> in her study on "Women's empowerment through self-help groups- A participatory approach" explained the process of women's empowerment through SHGs and found out that self-development programme stressed in including building confidence and strength through brain storm sessions and group activities and inculcated group discipline through entrusting group.

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<sup>54</sup> Rao.V.M, (2001), 'Dairywomen and Self help groups: A study in Andhra Pradesh and Karnataka', Indian Journal of Agricultural Economics, Vol.56, No.3, p.449.

<sup>55</sup> Vijayanthi, K.N., (2000), 'Women's empowerment through self help groups- A participatory approach', Social Change, Vol.30, No.3&4, pp.64-87.

“Self-Help Groups: An alternative to institutional credit to the poor: A case study in Andhra Pradesh” was done by Kumaran (1997)<sup>56</sup>. It was found that most of the women members were benefited out of the programmes and has also helped them to improve their socio-economic status. The main factors responsible for the active functioning of SHG were solidarity and cohesiveness, which were attained due to homogenic nature of the group.

In the opinion of Pathak (1992)<sup>57</sup>, it is the provision of required non-financial services to clients that make their projects profitable, viable and credit worthy and helps in good loan repayment rate.

To review the performance of the SHGs the present study has been undertaken.

#### **SCOPE AND OBJECTIVES OF THE PRESENT STUDY:**

Despite the vast expansion of formal credit system (such as IRDP, DWCRA, RLEGP, NREP, etc), the dependence of the poor on moneylenders still continues. Despite the increase in the flow of credit to the rural mass, improvement in their well-being has not taken place in most cases. In other words, the extent of credit flown to this category has been by and large unproductive, resulting in not only delaying the development process of the borrowers and the economy but also in poor repayment rates, affecting financial position of banks and creating inflationary pressures in the economy. Such a situation arises mainly due to the following problems:

1. Formal sector financing institutions are unable to serve masses of small enterprise.

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<sup>56</sup> Kumaran, K.P., (1997), ‘Self – help groups: An alternative to institutional credit to the poor: A case study in Andhra Pradesh’, Journal of Rural Development, Vol.16, No.3, pp.515.

<sup>57</sup> Pathak, P.A., (1992), ‘Self-help groups and their linkages with banks’, National Bank News Review, Vol.7, No.11, p.9.

2. Credit programmes without saving component lead to poor repayment morale.
3. Lack of access to the rural masses to invest their savings.
4. Much of the existing programmes that are run by government institutions do not effectively reach the poor.
5. Financing small enterprises involves high transaction cost, both for lenders and borrowers.

In view of the above situation, there is a felt need for evolving innovative financial intermediation. And one such innovative idea is SHG approach which has the potential to solve most of the above problems. So far, the existing studies on SHGs have analyzed the impact on working of self- help groups. There have been fewer studies analyzing the socio- economic status of the members in SHGs. Therefore; the investigator has selected this topic “A study on the Levels of Living of Self- Help Groups in Coimbatore district with particular reference to Thondamuthur and Periyanaickenpalayam Blocks”. The **OBJECTIVES** are:

- a) To find the socio- economic status of the self- help group members,
- b) To find out whether there is any inequality in the income contribution made by the members towards family income,
- c) To find out whether there is significant association between the existence of poverty and size of family,
- d) To measure the poverty level of SHG and
- e) To suggest suitable policy measures.

## **CHAPTER DESIGN:**

### **CHAPTER I:**



Significance of the study, its background, review of previous studies, scope and objectives of the study, area and period of study, limitation of the study and chapterisation are brought about.

## **CHAPTER II:**

Profile of the selected area, selection of the sample, collection of data, period of study, concepts used, hypothesis framed, quantitative tools used in the present study are discussed.

## **CHAPTER III:**

Presentation of tabulated data and its analysis is narrated.

## **CHAPTER IV:**

The major findings of the study based on data analysis are presented in summarized form.

## CHAPTER II

### RESEARCH METHODOLOGY

#### A. CONCEPTS AND WORKING DEFINITIONS USED IN THE STUDY:

##### a) MICRO FINANCE:

Micro finance, by definition, refers to the entire range of financial and non-financial services, including skill up gradation and entrepreneurial development, rendered to the poor for enabling them to overcome poverty<sup>58</sup>.

##### b) SELF HELP GROUPS:

The Self-Help Groups (SHGs) are voluntary associations of people formed to attain some common goals. These are groups that have similar social identity, heritage, caste or traditional occupations and come together for a common cause and manage resources for the benefit of the group members<sup>59</sup>.

##### c) POVERTY:

Desai (1998)<sup>60</sup> defines that the term poverty in absolute sense, referring to a condition of acute physical want, starvation, malnutrition, disease, want of clothing, shelter, education and an almost total lack of medical care.

Thimmaiah (1983)<sup>61</sup> views poverty as the inadequacy of income to meet the basic necessities of life.

##### d) POVERTY LINE:

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<sup>58</sup> Sarkar.A.N., *op. cit.*, p.3.

<sup>59</sup> Satya, Sundaram.I., *op. cit.*, p.19.

<sup>60</sup> Desai,Vasant., (1998), Rural development, Himalaya Publishing House, Bombay, p.1.

<sup>61</sup> Thimmaiah,(1983), Inequality and poverty, Himalaya Publishing House, Bombay, p.7.

According to Bandyopadhyaya (1988)<sup>62</sup>, Rowntree used the word poverty line for the first time and others subsequently adopted the quantification of poverty in terms of calorie consumption originally devised by him, like World Bank economists, Indian Planners and Government Commissions.

Aggregating all the minimum physical consumable quantities included, a figure expressing per capita consumer expenditure is determined. The population whose level of income or expenditure is below this figure is considered to be below the poverty line. The present study has used the poverty line set by Swarna Jayanthi Gram Swarojgar Yojna which has declared Rs.20,400 (per annum) as the poverty line.

## **B. SOURCES OF PRIMARY AND SECONDARY DATA:**

The required information pertaining to the current study was collected by administering a structured interview schedule. The study is based on both primary and secondary data. Primary data collected pertains to the year 2002-2003. Secondary data was also collected from the reports maintained by the SHGs and published reports.

## **C. PROFILE OF THE STUDY AREA:**

For the study purpose, Coimbatore district was selected. Coimbatore district consists of 26 blocks – Anamalai, Pollachi North, Pollachi South, Pollachi Urban, Udumalpet, Udumalpet Urban, Annur, Avanashi, Gudimangalam, Sultanpet, Coimbatore, Karamadai, Periyanaicken Palayam, Madukkarai, Suler, Sarkar Samakulam, Madathukulam, Thondamuthur, Perur, Thirupur, Thirupur Urban, Palladam, Kinathukadavu, Pongalur, Mettupalayam Urban and Valparai (Annual Credit Plan - Coimbatore District, 2001-2002). Of this, Thondamuthur and PeriyanaickenPalayam

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<sup>62</sup> Bandyopadhyaya, Jayantanuja., (1988), The poverty of Nations, Allied Publishers, New Delhi, p.9.

blocks, which are one of the leading areas in formation and functioning of Self-Help Groups, were selected on the grounds of easy accessibility to data and time constraint.

In Tamilnadu, there are more than 1,36,819 SHGs with a credit linkage of Rs.47,746 crores and savings of about Rs.360 crores. In Coimbatore district, there are more than 6,539 SHGs (93,478 women members) with the savings of about Rs.11.2 crores. Thondamuthur block consists of 61 villages and Periyanaickenpalayam block consists of 16 villages (urban ward).

Thondamuthur block covered a total population of 39,062 with a total land area of 41,450 hectares. There are about 938 cottage\|village\|household industries and 10 small-scale industries. Total workers accounted for 24,509 of the total population, out of which 15,770 are agricultural labourers and 180 are cottage\|household industrial labourers.

Periyanaickenpalayam block covered a total population of 1,63,116 with a total land area of 39,468 hectares. There are about 658 cottage\|village\|household industries 63 large-scale industries and 35 small-scale industries. Total workers accounted for 50,000 of the total population, out of which 20,000 are agricultural labourers and 10,000 are cottage\|household industrial labourers.

#### **D. METHODOLOGY OF DATA COLLECTION:**

From the universe, forty groups (20 from each block) that constitute 200 respondents (5 members from each group respectively) were selected for the study by following purposive sampling technique. The required information pertaining to the current study was collected, by administering a structured interview schedule (Appendix).

#### **E. ANALYSIS OF DATA:**

In order to analyse and interpret the data based on the objectives, the following statistical tools were applied.

### a) GINI-RATIO:

Gini introduced a measure called 'Gini-Ratio' to study the extent of inequality numerically.<sup>63</sup> Gini-Ratio is mostly used to measure the size of distribution in wealth, income and expenditure. It furnishes a mathematical measurement. There are various methods for calculating Gini-Ratio, but the researcher used the following formula:

$$G(y) = 1 + (1/n) - (2/n^2z) \sum (n+1-i) y_i$$

Where G = Gini-Ratio,

Z = Mean income,

N = Population size and

$Y_i$  = Income of the i-th person.

If Gini-concentration ratio is closer to zero, there is equal income distribution. If the ratio is close to one, there is greater inequality of income distribution.

### c) CHI-SQUARE TEST:

The Chi-Square test is one of the simplest and most widely used non-parametric tests in statistical work. The quantity  $\chi^2$  describes the magnitude of the discrepancy between theory and observation. The current study has used the Chi-square test in order to find out whether there is any significant association between the size of family and the existence of poverty.

The Chi-square value is obtained by the formula:

$$\chi^2 = \frac{\sum (O - E)^2}{E}$$

Where O is the observed frequency and

E is the expected frequency

The value of  $\chi^2$  is compared with the table value of  $\chi^2$  for given degrees of freedom at a certain specified level of significance. If at the specified level (generally 5 percent

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<sup>63</sup> Grewal.P.S., Methods of statistical analysis, Sterling Publishers (p) limited, New Delhi, 1990, p.300.

level is selected), the calculated value of  $\chi^2$  is more than the table value of  $\chi^2$ , then the difference between theory and observation is considered to be significant. If the calculated value of  $\chi^2$  is less than the table value, the difference between the theory and observation is not significant.

**d) SEN'S INDEX:**

Sen's index is employed to construct the poverty index.<sup>65</sup> After determining the poverty line (On the basis of Swarna Jayanthi Gram Swarojgar Yojna scheme), Head-count ratio is estimated. The index is:

$$H = \frac{q}{n}$$

Where q is the number of households below the poverty line and n is the total number of population.

Another important index is "Poverty Gap" which is used to measure the total shortage of income of all the poor households from the poverty line.

$$R = 1 - \frac{y}{z}$$

Where R represents the income gap ratio, y represents the average income of the people below the poverty line and z represents the poverty line. Sen showed that both the indices have limitations and violate some axioms. Keeping in view these limitations, Sen derived a composite poverty index. An attempt has also been made to estimate the composite index, which is expressed as:

$$P = H [R + (1-R) G]$$

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<sup>65</sup> Sen, A.K., (1976), "Poverty: An ordinal approach to measurement", *Econometrica*, Vol.44, No.2, pp.219-230.

Where, H is the Head Count ratio, R is the Poverty gap ratio and G is the Gini-Ratio. Sen's poverty index lies between 0 to 1. If  $P = 0$ , this index reveals that everyone has an income greater than  $z$  i.e., poverty line and if  $P = 1$ , this index reveals that everyone has an income less than  $z$  i.e., poverty line. In practice  $P$  will never take these two extreme values.

**e) OTHER TOOLS:**

Apart from the above tools, percentages and measures of central tendency were also applied wherever necessary for the purpose of comparing and analyzing the data. All statistical analysis was done, by using SPSS computer package.

**F. PERIOD OF STUDY:**

The study was related to the year 2002-2003.

**G. LIMITATIONS OF THE STUDY:**

The limitation of the present study is that it is confined to particular blocks. Therefore, the conclusions emerging out of this study may not suit other blocks or areas.

## CHAPTER III

### PRESENTATION OF DATA AND ANALYSIS

The results pertaining to the current study is discussed by analyzing the socio economic conditions of the sample population (Thondamuthur and Periyanaickenpalayam blocks).

The socio economic conditions of the sample population is discussed under the following heads:

- A. Family profile,
- B. Personal profile,
- C. Group performance of the respondents,
- D. Determination of inequality in income of the households,
- E. Determination of association between extent of poverty and the household size  
and
- F. Identification of the existence of poverty.

#### **A. FAMILY PROFILE:**

The family profile of the respondents selected for the study is discussed by taking into account the age-sex composition of the selected households, their community details, type of family, occupation, income, savings and debt.



**a) AGE-SEX COMPOSITION OF THE SELECTED HOUSEHOLDS:**

Table II explains the age-sex composition of the selected households in Thondamuthur and Periyanaickenpalayam blocks.

**Table II**

**Age-Sex composition of the selected households in Thondamuthur and Periyanaickenpalayam blocks**

Age (in years)	Thondamuthur block			Periyanaickenpalayam block		
	Number of males	Number of females	Total	Number of males	Number of females	Total
Below 14	64 (40.8)	93 (59.2)	157 (100.0)	66 (47.8)	72 (52.2)	138 (100.0)
15-59	125 (53.6)	108 (46.4)	233 (100.0)	102 (51.0)	98 (49.0)	200 (100.0)
Above 60	8 (34.8)	15 (65.2)	23 (100.0)	15 (30.6)	34 (69.4)	49 (100.0)
Total	197 (47.7)	216 (52.3)	413 (100.0)	183 (47.3)	204 (52.7)	387 (100.0)

It is evident from Table II that, in Thondamuthur block, out of 413 members in hundred households examined, there were about 233 members in the age group of 15-59, out of which 53.6 percent were males and 46.4 percent were females. In Periyanaickenpalayam block, out of 387 members in hundred households examined, about 200 members were in the age group 15-59, out of which 51 percent were males and 49 percent were females.

**b) RELIGION:**

Table III gives the details about the religion of the respondents selected for the study.

**Table III**

**Religion of the respondents in Thondamuthur and Periyanaickenpalayam blocks**

Religion	Thondamuthur block	Periyanaickenpalayam block
	Number of respondents	Number of respondents
Hindu	76 (76.0)	64 (64.0)
Muslim	14 (14.0)	16 (16.0)
Christian	10 (10.0)	20 (20.0)
Total	100 (100.0)	100 (100.0)

Majority of the respondents in both Thondamuthur block (76 percent) and Periyanaickenpalayam block (64 percent) were Hindus. Christians in both the blocks were about 10 and 20 percent respectively. 14 percent and 16 percent of the respondents in Thondamuthur and Periyanaickenpalayam block belonged to the Muslim community.

**c) TYPE OF FAMILY:**

Details regarding which type of family the respondents belonged to are discussed in Table IV.

**Table IV**

**Type of family of the respondents in Thondamuthur and Periyanaickenpalayam blocks**

Type of fami	Thondamuthur block	Periyanaickenpalayam block
	Number of respondents	Number of respondents

Nuclear	81 (81.0)	77 (77.0)
Joint	19 (19.0)	23 (23.0)
Total	100 (100.0)	100 (100.0)

All the respondents selected for the study were married. Table III reveals that, 81 percent and 77 percent of the respondents were from nuclear family in Thondamuthur and Periyanaickenpalayam block respectively. In Thondamuthur block, about 65 percent of the families had the family size of below 4 and 35 percent of the families had the family size of above 4. Similarly, in Periyanaickenpalayam block, 81 percent of the families had the family size of below 4 and 19 percent of the families had the family size of above 4.

**d) AGE-OCCUPATIONAL COMPOSITION OF THE HEAD OF THE HOUSEHOLDS:**

The age-occupational composition of the head of the households in Thondamuthur and Periyanaickenpalayam block is shown in Table V.

It is clear from table V that, in Thondamuthur block, about 27 percent of the head of the households were engaged as coolies, among which 51.9 percent were in the age category of 31-40. Similarly in Periyanaickenpalayam block, about 31 percent of the head of the households were engaged as coolies and among them 41.9 percent belonged to the age category of 31-40. Only 9 percent and 5 percent of the head of the households were engaged in business in Thondamuthur and Periyanaickenpalayam blocks respectively. Other jobs include masons, tailors, vendors etc.

#### **e) MONTHLY FAMILY INCOME:**

Table VI provides information on monthly income of the selected households in Thondamuthur and Periyanaickenpalayam block.

Table VI reveals that, in both Thondamuthur and Periyanaickenpalayam blocks, majority of the respondent's (46 percent and 43 percent respectively) family income ranged between Rs.2001-4000. About 77.8 percent of the coolies income was below Rs.2000 in Thondamuthur block. Similarly, in Periyanaickenpalayam, about 62.5 percent of the weavers were earning income in the range of Rs.4001-6000. A minority of 1 percent (Thondamuthur block) and 8 percent (Periyanaickenpalayam block) of the farmers were in the income range of above Rs.6000.

#### **f) SAVINGS PATTERN OF THE HOUSEHOLDS:**

The savings behaviour of the selected households in Thondamuthur and Periyanaickenpalayam blocks before joining the group is represented in Table VII.

Table VII reveals that, only 23 percent of the households save in Thondamuthur block. 100 percent (9 percent of the selected households) of the businessmen have recorded their savings, while only 3.7 percent of the coolies and 42 percent of the respondents working in workshop have saved. Similarly, in Periyanaickenpalayam block, 31 percent of

the households have saved. Cent percent of the businessmen have recorded their savings and 23.1 percent of the farmers have saved in the range of Rs.251-500.

**g) INDEBTEDNESS POSITION OF THE HOUSEHOLDS:**

The liabilities position of the respondents was also noted source wise in Thondamuthur and Periyanaickenpalayam block and it is represented in Table VIII.

It is evident from Table VIII that, about 67 percent (Thondamuthur block) and 61 percent (Periyanaickenpalayam block) of the households had liabilities. Out of this, 83 percent of the households have borrowed from moneylenders in Thondamuthur block (9 percent in Periyanaickenpalayam block). In Periyanaickenpalayam block, majority of 69.2 percent of the farmers (33 percent in Thondamuthur block) have borrowed from banks. Other sources of liabilities include friends, relatives, neighbours, etc.

**B. PERSONAL PROFILE:**

The personal profile of the respondents is discussed by taking into account the age, educational status, occupational pattern, income composition, expenditure and savings pattern of the members.

**a) AGE-OCCUPATIONAL COMPOSITION OF THE RESPONDENTS:**

Table IX shows the age-occupational composition of the respondents in Thondamuthur and Periyanaickenpalayam bloc. Table IX reveals that majority of the

respondents (50 percent in Thondamuthur block and 42 percent in Periyanaickenpalayam block) selected for the study were in the age group of 31-40. In Periyanaickenpalayam block, about 46.4 percent of the coolies (28 percent in Thondamuthur block) were in the age group of 21-30. A majority of 50 percent of the farmers was in the age group of 41-50 in Thondamuthur block. Similarly in Periyanaickenpalayam block, about 50 percent of the farmers were in the age group of 51-60.

#### **b) EDUCATIONAL COMPOSITION OF THE RESPONDENTS:**

The educational composition of the respondents selected for the study in Thondamuthur and Periyanaickenpalayam block is given in Table X.

It is evident from Table X that, majority of 42 percent of the respondents in Thondamuthur block has completed their primary level of education. This was followed by middle school (26 percent). About 25 percent of the tailors have completed their higher secondary level of education. Illiterates accounted for 18 percent of the respondents. Similarly in Periyanaickenpalayam block, illiterates accounted for 30 percent of the respondents selected for the study. Majority of 22 percent of the respondents have completed their high school level of education, which was followed by 21 percent in higher secondary level of education.

#### **c) INCOME-OCCUPATIONAL COMPOSITION OF THE RESPONDENTS:**

The occupational and income composition of the respondents in Thondamuthur and Periyanaickenpalayam block is given in Table XI.

Table XI reveals that in Thondamuthur block, 37 percent of the respondents selected for the study were employed before joining the SHG (59 percent were employed in Periyanaickenpalayam block). Out of this 37 percent, about 51.4 percent of the respondents were earning below Rs.1000 and 68 percent of the coolies were earning below Rs.1000. About 37.5 percent of the farmers were able to earn above Rs.3000. Similarly in Periyanaickenpalayam block, out of the 59 percent of the employed, about 47.5 percent of the respondents were able to earn in the income range of Rs.1001-2000. Majority of 64.2 percent of the coolies were able to earn in the income range of Rs.1001-2000.

#### **d) COMPARATIVE ECONOMIC PERFORMANCE OF THE RESPONDENTS BEFORE AND AFTER JOINING THE GROUP:**

Comparative economic performance of the respondents was analysed by knowing the contribution made by the respondents towards family income, contribution in support of family expenses. Questions to know the nature of income earned by the respondents were also posed.

#### **i) TYPE OF INCOME:**

The type of income earned by the respondents before joining the group is discussed in Table XII.

#### **Table XII Type of income**

Type of income	Thondamuthur block		Periyanaickenpalayam block	
	Number of respondents		Number of respondents	
Main income	63 (63.0)		41 (41.0)	
Additional income	37 (37.0)		59 (59.0)	
Total	100 (100.0)		100 (100.0)	

It is evident from Table XII that, about 63 percent and 41 percent of the respondents in Thondamuthur and Periyanaickenpalayam block respectively have reported that, the income earned from the activities undertaken in SHG to be as main income. Only 37 percent of the respondents in Thondamuthur block have reported that the income earned from the activity as additional income.

## ii) CHANGES IN FAMILY INCOME:

Changes in the family income of the respondents in Thondamuthur and Periyanaickenpalayam block as a result of their association with SHG is discussed in Table XIII.

**Table XIII**

### **Changes in family income**

Income (in rupees)	Thondamuthur block		Periyanaickenpalayam block	
	Number of respondents		Number of respondents	
	Before joining SHG	After joining SHG	Before joining SHG	After joining SHG
Below 2000	43 (43.0)	5 (5.0)	9 (9.0)	4 (4.0)
2001-4000	46 (46.0)	29 (29.0)	43 (43.0)	23 (23.0)
4001-6000	7 (7.0)	40 (40.0)	28 (28.0)	42 (42.0)
Above 6000	4 (4.0)	26 (26.0)	20 (20.0)	31 (31.0)
Total	100 (100.0)	100 (100.0)	100 (100.0)	100 (100.0)



Table XIII reveals that in Thondamuthur block, majority of 43 percent of the respondent's family income before joining the group was below Rs.2000. But after joining the group, the respondent's family income has certainly improved. About 40 percent of the respondent's family income has ranged from Rs.4001-6000 after joining the group. Similarly, in Periyanaickenpalayam block, about 43 percent of the respondent's family income has ranged from Rs.2001-4000 before joining the group. But after joining the group, 42 percent of the respondent's family income has shifted to the income range of Rs.4001-6000.

### iii) EXPENDITURE PATTERN:

Changes in the family expenditure pattern of the selected respondents in Thondamuthur and Periyanaickenpalayam block as a result of their association with SHG is discussed in Table XIV.

**Table XIV**

#### **Expenditure pattern of the selected respondents**

Item of expenditure	Thondamuthur block			Periyanaickenpalayam block		
	Average value (in rupees)			Average value (in rupees)		
	Before joining SHG	After joining SHG	Percentage change	Before joining SHG	After joining SHG	Percentage change
Food	732	1036	41.53	970	1325	36.6
Clothing	236	309	30.93	280	310	10.7
Shelter	297	410	38.05	317.5	423	33.2
Education	412	578	40.29	705	816	15.7
Transport	253	316	24.9	505	596	18.0
Savings	332	415	25.0	455.65	487.5	7.0
Others	301	400	32.89	480	520	8.3
Total	2563	3464	35.15	3713.15	4477.5	20.6

The major change observed by the respondents in Thondamuthur block was shift in their food and educational expenditure before and after joining the group (food and shelter in case of Periyanaickenpalayam block). By educational expenditure it is meant as private tuition. Increase in food expenditure is nothing but improvement in quality of food. Other expenses accounted for 32.89 percent in Thondamuthur block and 8.3 percent in Periyanaickenpalayam block. Total percentage change over family expenditure in Periyanaickenpalayam block was about 20.6 percent (35.15 percent in Thondamuthur block).

**iv) SELF - CONFIDENCE AND DECISION MAKING POWER OF THE RESPONDENTS (BEFORE AND AFTER JOINING THE SHGS):**

The impact of “group” on the member’s perceptions on some important social indicators between two points of time (before joining the group and the present status) has shown appreciable improvement on the following parameters: sending girl child to school, reduced family size, improvement in individual income, increased working days etc. The improvement in self-confidence and decision making power of the respondents before and after joining the groups is discussed in Table XV.

Table XV reveals that, in Thondamuthur block about 56 percent of the respondents were not self-confident before joining the group (48 percent in Periyanaickenpalayam block). But after joining the groups, 32 percent (in both the blocks) of the respondents reported that

their self-confidence has highly improved. This was supported by the views of Puhazendhi and Satyasai (2002)<sup>66</sup> that the involvement of rural poor in SHG significantly contributed in improving the confidence of the members in managing the financial crisis in their family.

Regarding the decision-making power of the respondents before joining the groups, in matter relating to community, children's education it was reported as very poor. But after joining the groups, 61 percent of the respondents in Periyanaickenpalayam block have reported that, their decision making power has highly improved (38 percent in Thondamuthur block). Jain et al (2003)<sup>67</sup> also opined that the self help groups enhance the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The SHGs have inculcated a great confidence in the minds of rural women to succeed in their day-to-day life.

### **C. GROUP PERFORMANCE OF THE RESPONDENTS:**

Group performance of the respondents is discussed by taking into account their level of savings, individual's contribution to group savings, loan details of the group, income generating activities undertaken by the groups, level of income obtained through the activity and the problems faced by the group members.

#### **a) GROUP SAVINGS:**

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<sup>66</sup> V.Puhazendhi and K.J.S.Satyasai (2002), 'Empowerment of rural women through self help groups – An Indian experience', National Bank News Review, April-June, Vol.18, No.2 pp. 39-51

<sup>67</sup> Jain,Ritu., Kushawaha.R.K., & Srivastava.A.K., (2003), 'Socio-Economic impact through Self Help Groups', Vol.47, No.7, pp.11,12.

Amount of group savings of the selected respondents in Thondamuthur and Periyanaickenpalayam block is discussed in Table XVI.

**Table XVI**

**Group savings of the respondents**

Savings (in rupees)	Thondamuthur block	Periyanaickenpalayam block
	Number of groups	Number of groups
Below 1500	4 (20.0)	18 (90.0)
1501-3000	11 (55.0)	1 (5.0)
3001-4500	5 (25.0)	1 (5.0)
Total	20 (100.0)	20 (100.0)

It was reported that, majority (55 percent) of the groups in Thondamuthur block save monthly an amount which fall between Rs.1501-3000. This was followed by 25 percent of the groups in the range of Rs.3001-4500.

Tripathy (2003)<sup>68</sup> opined that, the contribution made by each member is not saving in true economic sense but it is their sacrifice from the present consumption for meeting their future contingency. 55 percent of the groups have a membership of 20 members. About 20 percent of the groups were experienced from 3 to 4 years and 55 percent of the groups were experienced from 2 to 3 years. Similarly in Periyanaickenpalayam block, it was reported that 90 percent of the groups save monthly an amount, which is below Rs.1500. About 35 percent of the groups have a membership of 15 members and 45 percent of the groups were experienced from 2 to 3 years.

<sup>68</sup> Tripathy, Om Prakash (2003), "Making insurance - Everybody's business", Kurukshetra, Febraury, Voi.51, No.4, pp.41-44.

## **b) DETAILS ABOUT THE AMOUNT OF LOAN RECEIVED BY THE SHG:**

The details about the amount of loan received by the SHGs in Thondamuthur and Periyanaickenpalayam block from the Co-operative Bank (Thondamuthur branch) and State Bank of India (Ganapathy branch) respectively is discussed in Table XVII.

**Table XVII**

### **Amount of loan received by the SHGs**

Amount of loan received (in rupees)	Thondamuthur block	Periyanaickenpalayam block
	Number of groups	Number of groups
15,000	-	1 (5.0)
25,000	7 (35)	8 (40.0)
35,000	7 (35)	4 (20.0)
39,000	-	2 (10.0)
65,000	2 (10.0)	2 (10.0)
1,35,000	4 (20.0)	3 (15.0)
Total	20 (100.0)	20 (100.0)

The maximum amount of loan (Rs.1, 35,000) was received by 4 groups accounting for 20 percent of the respondents in Thondamuthur block (3 groups accounting for 15 percent in Periyanaickenpalayam block). The rate of interest charged by the bank was 12 percent per annum. 7 groups accounting for 35 percent of the respondents have received 2-3 loans and 65 percent of the respondents have received 1-2 loans. Similarly in Periyanaickenpalayam block 17 groups accounting for 85 percent of respondents have received 1-2 loans.

## **c) INCOME GENERATING ACTIVITIES UNDERTAKEN BY THE SHGs:**

The activities undertaken by the groups fall into the categories such as agriculture and allied activities, production of household products, establishment of sales centers, tailors etc.

Agriculture and allied activities include activities like cattle farming and sericulture. And production of household products include production of washing powder, masala powder, muruku, pickle making. Activity wise details are discussed in Table XVIII.

**Table XVIII**

**Income generating activities undertaken by the SHGs**

Income generating activities	Thondamuthur block	Periyanaickenpalayam block
	Number of respondents	Number of respondents
Agriculture\allied activities	9(9.0)	6 (6.0)
Manufacture	42 (42.0)	33 (33.0)
Shops	18 (18.0)	15 (15.0)
Tailor	15 (15.0)	12 (12.0)
Weaving	-	9 (9.0)
Saree sales	9 (9.0)	8 (8.0)
Others	7 (7.0)	17 (17.0)
Total	100 (100.0)	100 (100.0)

It is evident from Table XVIII that, in Thondamuthur block, 42 percent of the respondents (33 percent in Periyanaickenpalayam block) were engaged in the production of washing powder, masala powder, muruku and pickle making. This was followed by the establishments of shops (maligai, ration shops, canteens, etc.) accounting for 18 percent and 15 percent of the respondents in both the blocks. Shanti Ashram of Kovaipudhur and Swami Vivekananda Gurukulam provided training from 7 days to the group members in Thondamuthur and Periyanaickenpalayam block respectively with a stipend of Rs.40 per day. Training was provided in the production of toys, baskets, pickles, washing powder etc. Others included vegetable and flower vendors, flour grinders etc.

**d) LEVEL OF INCOME OBTAINED BY THE RESPONDENTS IN UNDERTAKING THE ACTIVITIES:**

The level of income earned by the respondents monthly in Thondamuthur and Periyanaickenpalayam block is discussed in Table XIX.

**Table XIX**

**Level of income earned by the respondents in undertaking the activities**

Income (in rupees)	Thondamuthur block	Periyanaickenpalayam block
	Number of respondents	Number of respondents
Below 750	11 (11.0)	9 (9.0)
751-1500	23 (23.0)	60 (60.0)
1501-2250	46 (46.0)	12 (12.0)
2251-3000	9 (9.0)	10 (10.0)
Above 3000	11 (11.0)	9 (9.0)
Total	100 (100.0)	100 (100.0)

In Periyanaickenpalayam block, out of 100 respondents, 60 percent of the respondent's income in undertaking the activity ranged from Rs.751-1500 (23 percent in Thondamuthur block). 46 percent of the respondent's income Thondamuthur block ranged between Rs.1501-2250 (12 percent in Periyanaickenpalayam block).

**e) PROBLEMS FACED BY THE GROUP MEMBERS:**

Questions relating to the problems faced by the selected respondents in Thondamuthur and Periyanaickenpalayam block were posed and according to the nature of the problems they were classified as given in Table XX.

**Table XX**

### Problems faced by the group members

Problems faced	Thondamuthur block	Periyanaickenpalayam block
	Number of respondents	Number of respondents
Marketing	37 (86.0)	24 (64.9)
Costly & inadequate supply of inputs (for weaving)	-	7 (18.9)
Lack of water supply	6 (14.0)	6 (16.2)
Total	43 (100.0)	37 (100.0)

Out of 100 respondents, about 43 percent of the respondents in Thondamuthur block and 37 percent of the respondents in Periyanaickenpalayam block faced problems in undertaking the activities. Out of this 43 percent, 86 percent of the respondents faced problems in marketing their products (64.9 percent in Periyanaickenpalayam block. This is a good experiment but some kind of coordination and convergence is required in marketing the products and making it sustainable and viable enterprise.

#### f) SOCIAL SERVICES RENDERED BY THE GROUPS:

Social services rendered by the groups selected for the study is discussed in Table XXI.

**Table XXI**

#### Social services rendered by the groups

Social services rendered	Thondamuthur block	Periyanaickenpalayam block
	Number of groups	Number of groups
Eye camp	3 (15.0)	7 (35.0)
Aids awareness & Family planning awareness programmes	8 (40.0)	2 (10.0)
Provisions to old age hom	9 (45.0)	11 (55.0)



Total	20 (100.0)	20 (100.0)
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Majority of the groups (9 groups accounting for 45 percent of the respondents) were engaged in providing provisions to old age homes, followed by 8 groups (accounting for 40 percent of the respondents) in conducting aids awareness and family planning programmes. Similarly in Periyanaickenpalayam block, 11 groups accounting for 55 percent of the respondents were engaged in providing provisions to old age homes. 7 groups accounting for 35 percent of the respondents were engaged in conducting eye camps. This was in accordance with the view of Islam (2002)<sup>69</sup> that the experience of Grameen Bank programmes has significant positive impact on poverty alleviation, family planning activities in terms of consciousness, and raising awareness building and motivation.

#### **D. DETERMINATION OF INEQUALITY IN INCOME OF THE HOUSEHOLDS:**

Generally, variations in economic conditions or status in the different regions have resulted in wide disparities in the distribution of income. The theoretical study of income distribution and inequality were originally initiated by Pareto, followed by the contribution of Gini and Lorenz.

Gini concentration ratios were calculated as shown below.

$$\text{Gini co-efficient } G(y) = 1 + (1/n) - (2/n^2z) \sum (n+1-i) y_i$$

The results of Gini co-efficient are shown in Table XXII.

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<sup>69</sup> Islam, Nazrul., (2002), 'Micro credit: An experiment of Grameen Bank of Bangladesh', Vol.41, No.10, pp.11,12.

**Table XXII**

**Gini Coefficient**

Blocks	Gini coefficient	
	Before joining SHGs	After joining SHGs
Thondamuthur	.1169	.0037
Periyanaickenpalayam	.0809	.0012

Gini ratio for Thondamuthur block was .1169 (before joining the SHGs), which shows that the income inequality in this region was higher than the Periyanaickenpalayam block (.0809). But the Gini ratio calculated for the blocks after joining the SHGs shows that the income inequality has been reduced. This is because, after joining the groups, the respondent's contribution towards their family income has certainly improved from the income generating activities undertaken by them.

**E. DETERMINATION OF ASSOCIATION BETWEEN EXTENT OF POVERTY AND THE HOUSEHOLD SIZE:**

Chi-square analysis was used to find out the association between the extent of poverty and the size of households. The hypothesis postulates that there is no significant association between the extent of poverty and the size of households. For that purpose a two-way table has been framed. Table XXIII shows the poverty level and the size of households (Thondamuthur block).

**TABLE XXIII**

**Extent of poverty and size of households**

Household size	Thondamuthur block		Total
	Below poverty line	Above poverty line	
Upto 4	69	12	81
Above 4	11	8	19
Total	80	20	100

Table XXIII shows that, out of the hundred households, 80 were living poverty line of which 69 belonged to the households with a size upto 4 members and remaining 11 belonged to the households with a size above 4 members.

In order to test the association between the extent of poverty and household size, chi-square test has been applied. Table XXIV shows the working of chi-square test.

**TABLE XXIV**

**Extent of poverty and size of households  $\chi^2$  test**

O	E	(O-E) <sup>2</sup>	$\frac{(O-E)^2}{E}$
69	64.8	17.64	0.2722
11	15.2	17.64	1.1605
12	16.2	17.64	1.0889
8	3.8	17.64	4.6421

$$\chi^2 = \frac{\sum (O - E)^2}{E} = 7.1637$$

$$v = (r-1)(c-1) = (2-1)(2-1) = 1$$

$$\chi^2_{.05} \text{ (for } v = 1 \text{ degree of freedom)} = 3.85$$

Since  $\chi^2 > \chi^2_{.05}$ , reject  $H_0$

Hence, there is association between the extent of poverty and size of households.

Table XXV shows the poverty level and the size of households (Periyanaickenpalayam block).

**TABLE XXV**

**Extent of poverty and size of households**

Household size	Periyanaickenpalayam block		Total
	Below poverty line	Above poverty line	
Upto 4	45	30	75
Above 4	20	5	25
Total	65	35	100

Table XXV shows that, out of the hundred households, 65 were living poverty line of which 45 belonged to the households with a size upto 4 members and remaining 20 belonged to the households with a size above 4 members. In order to test the association between the extent of poverty and household size, chi-square test has been applied. Table XXVI shows the working of chi-square test.

**TABLE XXVI**

**Extent of poverty and size of households  $\chi^2$  test**

O	E	(O-E) <sup>2</sup>	$\frac{(O-E)^2}{E}$
45	48.75	14.0625	0.2885
20	16.25	14.0625	0.8654
30	26.25	14.0625	0.5357
5	8.75	14.0625	0.6071

$$\chi^2 = \frac{\sum (O - E)^2}{E} = 3.2967$$

E

$$v = (r-1)(c-1) = (2-1)(2-1) = 1$$

$$\chi^2_{.05} \text{ (for } v = 1 \text{ degree of freedom)} = 3.85$$

Since  $\chi^2 > \chi^2_{.05}$ , accept  $H_0$ .

Hence, there is no association between the extent of poverty and size of households. The result states that, in Periyanaickenpalayam block the extent of poverty is not influenced by the family size. This is because Periyanaickenpalayam block is economically developed when compared to Thondamuthur block.

#### F. IDENTIFICATION OF THE EXISTENCE OF POVERTY:

Sen suggested the following equation to find out the number of poor households falling below the poverty line as well as the extent of poverty.

$$P = H [R + (1-R) G]$$

Where, H is the Head Count ratio, R is the Poverty gap ratio and G is the Gini-Ratio. Sen's poverty index lies between 0 to 1. If  $P = 0$ , this index reveals that everyone has an income greater than  $z$  i.e., poverty line and if  $P = 1$ , this index reveals that everyone has an income less than  $z$  i.e., poverty line. In practice P will never take these two extreme values.

#### HEAD COUNT RATIO (H):

$$H = \frac{q}{n}$$

Where  $q$  is the number of households below the poverty line and  $n$  is the total number of population.

For Thondamuthur block:

$$q$$

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$$H = \frac{q}{n}$$

$$q = 80, n = 100$$

$$H = 0.80$$

For Periyanaickenpalayam block:

$$H = \frac{q}{n}$$

$$q = 65, n = 100$$

$$H = 0.65$$

The values show that the percentage of poor has been worked out at 80.0 for Thondamuthur block and 65.0 for Periyanaickenpalayam block that seems to be very high in Thondamuthur block.

### **POVERTY GAP RATIO:**

Poverty Gap Ratio is used to measure the total shortage of income of all the poor households from the poverty line.

$$R = 1 - \frac{y}{z}$$

Where R represents the income gap ratio, y represents the average income of the people below the poverty line and z represents the poverty line.

For Thondamuthur block:

$$R = 1 - \frac{y}{z}$$

$$y = 15,165 \quad z = 20,400$$

$$R = 0.2566.$$

For Periyanaickenpalayam block:

$$R = 1 - \frac{y}{z}$$

$$y = 15,335.38, \quad z = 20,400$$

$$R = 0.2483.$$

The Poverty Gap ratio (R) shows that the intensity of poverty is .2566 in Thondamuthur block and .2483 in Periyanaickenpalayam block.

#### **SEN'S MEASUREMENT OF POVERTY INDEX:**

$$P = H [R + (1-R) G]$$

Where, H is the Head Count ratio, R is the Poverty gap ratio and G is the Gini-Ratio.

For Thondamuthur block:

$$\begin{aligned} P &= H [R + (1-R) G] \\ &= 0.80 [0.2566 + (1-0.2566) (0.0037)] \\ &= 0.80 [0.2566 + (0.7434) (0.0037)] \\ &= 0.80 [0.2566 + 0.0028] \\ &= 0.80 (0.2594) \\ &= 0.2075 \end{aligned}$$

For Periyanaickenpalayam block:

$$P = H [R + (1-R) G]$$

$$\begin{aligned}
&= 0.65 [0.2483 + (1-0.2483) (0.0012)] \\
&= 0.65 [0.2483 + (0.7517) (0.0012)] \\
&= 0.65 [0.2483 + 0.0009] \\
&= 0.65 (0.2492) \\
&= 0.1620
\end{aligned}$$

Sen's poverty measure provides a more sensitive index depicting the intensity of poverty. In Thondamuthur block, 20.75 percent of the sample population was below the poverty line. But in Periyanaickenpalayam block, the percentage of the sample population below the poverty line was only 16.20. The extent of poverty is lesser in Periyanaickenpalayam block because of the industrial developments when compared to Thondamuthur block.



## CHAPTER IV

### FINDINGS, CONCLUSIONS AND SUGGESTIONS

Economic progress in any country whether developed or underdeveloped would be achieved through social development and empowering women would certainly lead to social development. Women constitute equal share with men in total population of our country and in few regions, women's share outnumbered men in total population. Therefore, women's empowerment cannot be just ignored while devising various policies for rural and socio-economic development. Women's participation is significant in rural employment. They put their entrepreneurial skills in all the rural employment activities. Though they have enough entrepreneurial potential, due to poor financial strength they are not able to convert their entrepreneurial dream into reality. They need financial assistance. Therefore providing micro-credit to the rural women through an organised set up will make them enterprising women. One such organisational set up is the Self-Help Groups.

In view of the above situation, there is a felt need for evolving innovative financial intermediation. And one such innovative idea is SHG approach which has the potential to solve most of the problems. So far, the existing studies on SHGs have analyzed the impact on working of self- help groups. There have been fewer studies analyzing the socio- economic status of the members in SHGs. Therefore; the investigator has selected this topic "A study on the Levels of Living of Self- Help Groups in Coimbatore district with particular reference to Thondamuthur and Periyanaickenpalayam Blocks". The objectives of the study are:

- a) To find the socio- economic status of the self- help group members,
- b) To find out whether there is any inequality in the income contribution made by the members towards family income,
- c) To find out whether there is significant association between the existence of poverty and size of family,
- d) To measure the poverty level of SHG and
- e) To suggest suitable policy measures.

From the universe, forty groups (20 from Thondamuthur and 20 from Periyanaickenpalayam block) that constitute 200 respondents (5 members from each group respectively) were selected for the study by following purposive sampling technique. The required information pertaining to the current study was collected, by administering a structured interview schedule.

In order to analyse and interpret the data based on the objectives, statistical tools such as Gini ratio, Chi square test and Sen's poverty index were used along with measures of central tendency and percentages. The **major findings of the study** are summarized below.

## **G. FAMILY PROFILE:**

### **a) Age-Sex composition of the selected household:**

In Thondamuthur block, out of 413 members in hundred households examined, there were about 233 members in the age group of 15-59, out of which 53.6 percent were males and 46.4 percent were females. In Periyanaickenpalayam block, out of 387 members in

hundred households examined, about 200 members were in the age group 15-59, out of which 51 percent were males and 49 percent were females.

**b) Religion:**

Majority of the respondents in both Thondamuthur block (76 percent) and Periyanaickenpalayam block (64 percent) were Hindus.

**c) Type of family:**

81 percent and 77 percent of the respondents were from nuclear family in Thondamuthur and Periyanaickenpalayam block respectively. In Thondamuthur block, about 65 percent of the families had the family size of below 4 and 35 percent of the families had the family size of above 4(81 percent in Periyanaickenpalayam block).

**d) Age-Occupational composition of the head of the households:**

About 27 percent of the head of the households were engaged as coolies, among which 51.9 percent were in the age category of 31-40. Similarly in Periyanaickenpalayam block, about 31 percent of the head of the households were engaged as coolies and among them 41.9 percent belonged to the age category of 31-40.

**e) Monthly family income:**

In both Thondamuthur and Periyanaickenpalayam blocks, majority of the respondent's (46 percent and 43 percent respectively) family income ranged between Rs.2001-4000.

**f) Savings pattern of the households:**

Only 23 percent of the households save in Thondamuthur block (31 percent in Periyanaickenpalayam block). 100 percent (9 percent of the selected households) of the businessmen have recorded their savings in both the blocks.

**g) Indebtedness position of the households:**

About 67 percent (Thondamuthur block) and 61 percent (Periyanaickenpalayam block) of the households had liabilities. Out of this, 83 percent of the households have borrowed from moneylenders in Thondamuthur block (9 percent in Periyanaickenpalayam block).

## **B. PERSONAL PROFILE:**

### **a) Age-Occupational composition of the respondents:**

Majority of the respondents (50 percent in Thondamuthur block and 42 percent in Periyanaickenpalayam block) selected for the study were in the age group of 31-40.

### **b) Educational composition of the respondents:**

Majority of 42 percent of the respondents in Thondamuthur block has completed their primary level of education. Illiterates accounted for 18 percent of the respondents. Similarly in Periyanaickenpalayam block, illiterates accounted for 30 percent of the respondents selected for the study.

### **c) Income-Occupational composition of the respondents:**

In Thondamuthur block, 37 percent of the respondents selected for the study were employed before joining the SHG (59 percent were employed in Periyanaickenpalayam block). Out of this 37 percent, about 51.4 percent of the respondents were earning below Rs.1000. Out of the 59 percent of the employed, about 47.5 percent of the respondents were able to earn in the income range of Rs.1001-2000.

### **d) Type of income:**

About 63 percent and 41 percent of the respondents in Thondamuthur and Periyanaickenpalayam block respectively have reported that, the income earned from the activities undertaken in SHG to be as main income.

### **e) Changes in family income:**

In Thondamuthur block, majority of 43 percent of the respondent's family income before joining the group was below Rs.2000. About 40 percent of the respondent's family

income has ranged from Rs.4001-6000 after joining the group (42 percent in Periyanaickenpalayam block).

**f) Expenditure pattern:**

The major change observed by the respondents in Thondamuthur block was shift in their food and educational expenditure before and after joining the group (food and shelter in case of Periyanaickenpalayam block). Total percentage change over family expenditure in Periyanaickenpalayam block was about 20.6 percent (35.15 percent in Thondamuthur block).

**g) Self-confidence and decision making power of the respondents (before and after joining the SHGs):**

In Thondamuthur block about 56 percent of the respondents were not self-confident before joining the group (48 percent in Periyanaickenpalayam block). But after joining the groups, 32 percent (in both the blocks) of the respondents reported that their self-confidence has highly improved. After joining the groups, 61 percent of the respondents in Periyanaickenpalayam block have reported that, their decision making power has highly improved (38 percent in Thondamuthur block).

**C. GROUP PERFORMANCE OF THE RESPONDENTS:**

**a) Group savings:**

Majority (55 percent) of the groups in Thondamuthur block save monthly an amount, which fall between Rs.1501-3000. About 20 percent of the groups were experienced from 3 to 4 years and 55 percent of the groups were experienced from 2 to 3 years. . Similarly in Periyanaickenpalayam block, it was reported that 90 percent of the groups save monthly an

amount, which is below Rs.1500. About 35 percent of the groups have a membership of 15 members.

**b) Details about the amount of loan received by the SHG:**

The maximum amount of loan (Rs.1, 35,000) was received by 4 groups accounting for 20 percent of the respondents in Thondamuthur block (3 groups accounting for 15 percent in Periyanaickenpalayam block).

**c) Income generating activities undertaken by the SHGs:**

In Thondamuthur block, 42 percent of the respondents (33 percent in Periyanaickenpalayam block) were engaged in the production of washing powder, masala powder, muruku and pickle making. Shanti Ashram of Kovaipudhur and Swami Vivekananda Gurukulam provided training from 7 days to the group members in Thondamuthur and Periyanaickenpalayam block respectively with a stipend of Rs.40 per day.

**d) Level of income obtained by the respondents in undertaking the activities:**

In Periyanaickenpalayam block, out of 100 respondents, 60 percent of the respondent's income in undertaking the activity ranged from Rs.751-1500 (23 percent in Thondamuthur block).

**e) Problems faced by the group members:**

Out of 100 respondents, about 43 percent of the respondents in Thondamuthur block and 37 percent of the respondents in Periyanaickenpalayam block faced problems in

undertaking the activities. Out of this 43 percent, 86 percent of the respondents faced problems in marketing their products (64.9 percent in Periyanaickenpalayam block.

**f) Social services rendered by the groups:**

Majority of the groups (9 groups accounting for 45 percent of the respondents) were engaged in providing provisions to old age homes, followed by 8 groups (accounting for 40 percent of the respondents) in conducting aids awareness and family planning programmes. Similarly in Periyanaickenpalayam block, 11 groups accounting for 55 percent of the respondents were engaged in providing provisions to old age homes.

**D. DETERMINATION OF INEQUALITY IN INCOME OF THE HOUSEHOLDS:**

Gini ratio for Thondamuthur block was .1169 (before joining the SHGs), which shows that the income inequality in this region was higher than the Periyanaickenpalayam block (.0809). But the Gini ratio calculated for the blocks after joining the SHGs shows that the income inequality has been reduced.

**E. DETERMINATION OF ASSOCIATION BETWEEN EXTENT OF POVERTY AND THE HOUSEHOLD SIZE:**

The Chi square test used to find the association between the extent of poverty and family size revealed that in Periyanaickenpalayam block the extent of poverty is not influenced by the family size. This is because Periyanaickenpalayam block is economically developed when compared to Thondamuthur block.

**F. IDENTIFICATION OF THE EXISTENCE OF POVERTY:**

Sen's poverty measure provides a more sensitive index depicting the intensity of poverty. In Thondamuthur block, 20.75 percent of the sample population was below the poverty line. But in Periyanaickenpalayam block, the percentage of the sample population below the poverty line was only 16.20. The extent of poverty is lesser in Periyanaickenpalayam block because of the industrial developments when compared to Thondamuthur block.

### **SUGGESTIONS:**

The SHGs working in both the blocks (Thondamuthur and Periyanaickenpalayam) have successfully implemented their planning at the local level, with proper guidance from the government machinery of the district. On social development, the women need further exposure. The changes that have occurred between “before” and “after” stages are encouraging, but not adequate. With the critical input, i.e. ready and cheap available, the women should think of occupation mobility to improve their incomes with twin objectives: crossing the poverty line as well as developing a sustainable group.

We must encourage the beneficiaries into forming primary local units/provision units that can mobilize resources to acquire ownership of small-scale infrastructure over time and assume full responsibility its operation and maintenance. When group of beneficiaries organise by themselves to provide or secure common benefits through joint decision-making and by accepting mutual obligations for resource mobilization, some type of Governmental authority must be created and suitable working rules be framed to ensure that these mutual



obligations are met. Self-Help implies local action in multiple aspects, which works outwards from oneself in a set of “oceanic circles” as Gandhi said. Verily, it brings Gandhi back into local development in a big way by adapting his ideas and programmes to suit our modern value systems. All these imply far-reaching changes and call for experimentation with ideas, self-help, diligence, and cooperation among the beneficiaries, as well as upgradation of the skills of the local people and adoption of new technologies. This is a good experiment, but some kind of coordination and convergence is required in marketing the products and making it sustainable and viable enterprise.

In a nutshell, it can be concluded that the micro finance models, despite a few weaknesses, demonstrated a number of strong positive attributes in terms of operational simplicities, better accessibilities, wider outreaches, emphasis on women empowerment, and availability of a wide range of credit and non-credit services. After crossing over their infancy stage, they have emerged as alternative players in the rural financial credit market. With restricted outreach of the formal credit agencies in India, micro finance models do offer a few lessons to us in our efforts to tackle the twin problems of mass poverty and unemployment.

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*A Study on the Levels of Living of Self-Help Groups in Coimbatore District, Tamilnadu*

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**INTERVIEW SCHEDULE**

Name of the block:

Village:

**I. General Personal Data:**

1. Name of the respondent:
2. Age:
3. Sex:
4. Religion:
5. Marital status:
6. Education:
7. Occupation:
8. Type of family:

**II. Household composition:**

S.No	Name	Sex	Age	Relation to the respondent	Occupation	Income (Rs/month)	Savings (Rs/month)

1. Mode of saving: Post office  Bank  Chit  Others
2. Liabilities: Money lenders  Bank  Chit  Others
3. Mention the amount and interest rate:
4. Repayment period:

### III. Group details:

1. Name of the group :
2. Year of inception :
3. Number of members in the group :
4. Position of the respondents in the group :  
 Animator       Representative       Member
5. How many times do you meet in a month?
6. Do the leader provide you with all the information?
7. Contribution of the respondents to total savings? (Rs / month)
8. What is the amount of savings of the group each month? (Rs)
9. Does the group lend to its members?  Yes       No
10. If yes, at what interest rate?
11. What is the time period for repayment of loan within the group?

### IV. SHG linkage with banks:

1. Does the group have any linkages with the bank/NGO?
2. If yes, in which bank/NGO?
3. State the loan amount received from the bank?
4. How many loans have been received so far?
5. In what proportion the loan amount is shared among the members?
6. What is the purpose of receiving the loan?
7. At what interest rate, does the bank/NGO lend?
8. What are the income generating activities undertaken from the loan amount?

9. Is the activity a group activity or an individual activity?
10. What is the level of income obtained (in Rs/month)?
11. Whether the income obtained is main income or additional income?
12. What are the problems faced by the members in undertaking the activity?
13. Do the members have undergone any type of training?  Yes  No
14. Mention the type of training?
15. Under what institution, were the training organized?
16. Time period of training?
- 0-3 months  3-6 months  Above 6 months
17. How much does the respondent contribute to the family's income before and after joining the groups ?

Income (Rs. / month)	Before Joining	After Joining
0 - 750		
750 - 1500		
1500-2250		
2250 - 3000		
Above 3000		

18. How do they spend their income?

Items (Rs. / month)	Before Joining	After Joining
Food		
Clothing		
Shelter		
Education		
Savings		
Transport		
Others		

19. Does the group have rendered any social service?

Eye camp  Agricultural seminars  Sessions of family planning   
 Others

20. Is there any difference in your decisional powers and self-confidence, after joining the group ?

Status of improvement	Self confidence		Decisional power									
	Before Joining	After Joining	Before Joining				After Joining					
			1*	2*	3*	4*	1*	2*	3*	4*		
Highly improved												
Moderate												
Not at all												

1\* - Family matters

2\* - Children's Education

3\* - Community Matters

4\*- Other Matters

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