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IMPACT OF SELF HELP GROUP SCHEME OF MICROFINANCE ON THE ECONOMIC DEVELOPMENT OF MEWAT DISTRICT IN HARYANA

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ABSTRACT

Microfinance is inextricably linked with economic development. Provision of microcredit to the poor along with other support services enables them to set-up income generating activities. Creation and sustenance of income generation units, especially for women is a significant step in their empowerment which ultimately culminates in all round development of a society and region. The focus of this paper is on the development situation of the minority concentrated district of Mewat in Haryana where the self-help group model of microfinance has been prevalent for more than fifteen years. The objective of the present study is to examine the current status of economic development indicators in Mewat and the impact of microfinance on living standards and empowerment of women. The study reveals that the pace of economic development in Mewat is very slow especially in terms of female literacy and sanitation. On the other hand, there has been considerable increase in the income, expenditure and savings of the beneficiaries after joining the scheme. This has led to economic independence and raised the standard of living of the members. This shows that there is a positive correlation between microfinance and the socio economic living conditions of people. To magnify this correlation, the government programmes, policies and concepts on paper have to be translated on the ground so that the optimum level of development can be achieved.

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INTRODUCTION

According to Professor Michael Todaro, Economic development refers to an increase in living conditions, improvement of the citizens self-esteem needs and free and a just society. This implies that it involves development of human capital, increasing the literacy ratio, improving important infrastructure, improvement of health and safety and other areas that aim at increasing the general welfare of the citizens. From a policy perspective, economic development can be brought about by creating jobs or self-employment to improve the social and economic well-being and quality of life for a community. Development also means reduction in poverty and inequalities in the distribution of income and wealth in the society. Poverty is not to be redistributed; it is growth which ought to be redistributed. In the light of the above definition given by Professor Todaro, microfinancing has been used as the latest tool for an income generating

activity by providing small loans to the poor families in order to set up or expand their own units. Furthermore, the idea of development can only be fulfilled if it is inclusive and reaches the most disadvantageous/deprived section of the society. Microfinance is being regarded as the latest panacea in the public policy of a welfare-cum-growth oriented economy. Even though Microfinance was introduced via the Self Help Group model in Mewat district in Haryana more than 15 years ago, it does not seem to have worked its magic as it was supposed to. Surrounded by the two most prosperous districts of Haryana, namely, Gurgaon and Faridabad, it has the distinction of being the most backward district in the state and has one of the lowest literacy rates in the country. Mewat came into existence as the 20th district of Haryana on 4th April, 2005 and is situated in the southern part of the state. Mewat has six blocks namely, Nuh, Tauru, F. P. Jhirka, Punhana, Nagina and Hathin. The total population of Mewat was 1089406 (10.89 lakhs) as per 2011 census, out of which 53,270 were BPL HH. The sex ratio and literacy rate in Mewat was 906 and 56.10% respectively (Census, 2011). If the people are backward and illiterate, lack in technical knowledge and entrepreneurial

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activity, the natural resources will tend to remain misutilised and that is why underdevelopment is both a cause and consequence of the backward people. In such a society rate of informal credit is very high and it creates a vicious circle of poverty and backwardness. In this kind of situation, self-employment programs assume significance as they alone can provide income to the rural poor on a sustainable basis. In the predominantly patriarchal society of Mewat, formation of SHGs has been a big step in the direction of women empowerment – to make them aware about their latent potential and ultimately a step towards economic development.

Self Help Group (SHG)

A SHG is a group of 10-20 rural poor from a homogenous background who come together to handle their common financial problems. They pool in their savings to form a common fund known as Group corpus, from which they give small interest bearing loans to their members. Besides these internal loans, the SHGs also get access to external loans from banks directly or under programs such as Self-Help Group Bank Linkage or from authorities such as Mewat Development Agency (official agency for disbursing loans under different government schemes) as in the case of Mewat.

Literature Review

Lack of access to credit markets is one of the major reasons that hinders the development and growth of economies. Otero (1999, p.10) states that microfinance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organisation building, enables people to move out of poverty. Providing material capital to a poor person strengthens their sense of dignity thus helping to empower the person to participate in the economy and society (Otero, 1999). According to the proponents of microfinance, it has a very important role to play in development. UNCDF (2004) states that studies have shown that microfinance plays three key roles in development. It helps very poor households meet basic needs and protects against risks, helps in empowering women by supporting women's economic participation and so promotes gender equity and is associated with improvements in household economic welfare. Littlefield, Murdugh and Hashemi (2003), Simanowitz and Brody (2004) and the IMF (2005) have referred to the critical role of microfinance in achieving the Millennium Development Goals. Simanowitz and Brody (2004, p.1) state that, "Microfinance is a key strategy in reaching the MDGs and in building global financial systems that meet the needs of the most poor people." Littlefield, Murdugh and Hashemi (2003) state "microfinance is a critical contextual factor with strong impact on the achievements of the MDGs...microfinance is unique among development interventions: it can deliver social benefits on an ongoing, permanent basis and on a large scale". Referring to various case studies, they show how microfinance has played an active role in eradicating poverty, promoting education, improving health and empowering women.

Boudreaux and Cowen (2008) have described microfinance as "the micro-magic of microcredit." According to them microcredits offer to poor people the possibility to better

manage their daily life. Although, the enhancements might not show up as an obvious profit yield on investment made with engaging the loan borrowed from MFIs, on the other hand, "the benefits are very real" (Boudreaux and Cowen, 2008, p. 31). Microcredit is considered by many as an alternative form of money lending (Boudreaux and Cowen, 2008), especially for the poor part of the population. However, it is clear that it may not be only an alternative way of borrowing and lending money, as nowadays it is apparent that it is the only way of lending money by the poor people; hence, it is for many the only way to have an access to finance. As the majority of the poor population work in the informal sector, which is present and widespread phenomena in poor and in developing countries, banks do not allow credits to those people active in that sector. Compared to the traditional banks, the microcredit institutions lend to almost all that can prove that are active and engaged in any sector (Boudreaux and Cowen 2008). To summarize, microfinance incentives help fighting poverty.

Proponents of micro credit advocate that when traditional banks and financial institutions fail to meet the needs of women and the poor, alternative institutions should be developed to meet the demand of these groups for financial services. It is clear that micro financing in India is crucial not only for economic development but also to develop the rural financial markets. In India the microfinance industry is dominated by Self-help groups and their linkage to Banks. Women are the main targets of microfinance services. K.C. Sharma (2001) maintained that through SHG's women empowerment is taking place. Their participation in the economic activities and decision making at the household and society level is increasing and making the process of rural development participatory, democratic, sustainable and independent of subsidy, thus, macro-financing through SHG's contributing to the development of rural people in a meaningful manner. According to an analysis of findings from South Asia by Kabeer (2005), access to microfinance has had a positive economic impact as members begin to invest in assets rather than consumption. The improvement in the economic position of households involves- improving asset base and diversification into higher return occupation, adoption of new agricultural practices, increasing ownership of livestock and levels of savings and reducing reliance on money lenders. The study by Murlidhar Lokhande on women empowerment (ICBR, April, 2013) inferred that group association and access to financial services certainly brings positive changes among group members leading to their socio-economic empowerment. However, there is need of employing long term policy measures to empower women in its true sense. Some key issues such as training, awareness and viability of the group activities need to be addressed in order to strengthen women empowerment process through micro financing. The study concluded that poor, discriminated and underprivileged women if join the groups, can come out of poverty. So, conducive environment is needed to be created in the country to give boost to women self-help groups.

Economic Development Circuit

Examination of the obstacles to the growth process in Mewat area reveals that both economic and non-economic factors have been responsible for its backwardness. In the backdrop it

has been examined that contribution made by women to GDP is very significant but it is being treated as a voluntary activity particularly in the light of Indian economy. Education is a key instrument to the development process but simultaneously development of the skills of the area through the creation of training centres and trainers, a number of small scale and micro sized units could be set-up with the help of microfinance. Therefore, micro financing could play and ought to play a crucial role in creation of jobs through income generating activities which in turn will eventually lead to economic development as shown in Figure1 below:

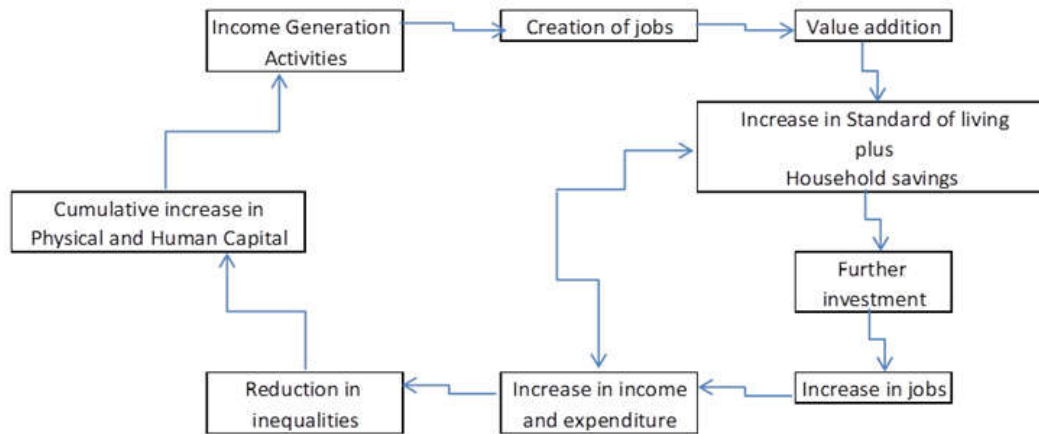


Figure 1. Economic Development Circuit

Economic Development Indicators

The Ministry of Minority Affairs, Government of India (GOI), has identified 90 minority concentrated backward districts in India using eight indicators of socio-economic development and amenities. Mewat district of Haryana has been identified as one of the Minority Concentrated Districts that severely lags behind in terms of socio-economic parameters of development. Two health indicators have been added to the eight indicators as they are important indicators of human development and, therefore, should be considered part of the multi-sector development plan of the district. These indicators are:

- Rate of literacy
- Rate of female literacy
- Work participation rate
- Female work participation rate
- Percentage of households with pucca walls
- Percentage of households with safe drinking water
- Percentage of households with electricity
- Percentage of households with water closet latrines
- Percentage of fully vaccinated children
- Percentage of child delivery in a health facility

Research Objectives

The main objective of the present study is to analyze the impact of the self-help group model of microfinance on the economic development of Mewat. The following sub-objectives were framed towards fulfilment of the main objective:

- To determine the current status of economic development indicators in Mewat and to check the consistency between the secondary data available for the district with the primary data obtained via a primary survey for the same.
- To examine the impact on income, expenditure and savings of women pre and post joining a SHG through hypothesis formulation and testing.
- To analyze the impact of microfinance on the empowerment of the SHG members.

METHODOLOGY

Methodology is the central core of any research work. To workout a correct methodology, the researcher had a number of meetings with the field functionaries of Mewat Development Agency (including an economist and a statistician) and the concerned bureaucrats responsible for implementation and monitoring of different projects/schemes formulated by the Mewat Development Board for all round development of this backward area of Mewat. Everybody was of the opinion that to carry out a primary survey in this area was really a very difficult task and it was a time consuming process because of a number of constraints that is the traditional mindset of the local population, their lack of awareness, illiteracy and above all the language problem. It was a challenging task for the researcher. On 30th June, 2015, there were 315 Self Help Groups effectively operating in all the five blocks of Mewat district involving about 3750 women members. They were getting the loaning facilities under the scheme of National Minorities Development and Finance Corporation being implemented in this area. Probability sampling was not possible because of the fact if it group and its jth member is selected and she was not willing to share the information or could not be contacted due to n number of reasons. Hence non-probability judgment sampling was the only way to get the reliable data. On the basis of judgment of the experts, a sample of 150 women members was selected and a detailed survey was carried out on the basis of a structured questionnaire and all the blocks were covered. A support system was there to help the researcher explain the meaning of each question in their own dialect. It took more than six months to conduct the primary survey even of this

size. Almost each Self Help Group has the same features. Moreover the reliability and validity both have been duly tested on the basis of a pilot survey. Because of homogeneity of Self Help Groups, all the concerned persons associated with this project were highly satisfied and this survey was started from the month of July 2015 on the basis of facts and figures of 30th June 2015 (supplied by Mewat Development Agency, Nuh). The Primary Survey was conducted with help of a structured questionnaire which was divided into 2 parts. The first part was about the socio-economic profile of respondents and the second part related to their Self Help Group details. To collect the primary data the researcher visited the villages of the study area in each block and interacted with the respondents extensively by putting the questions in the local language/Hindi.

Secondary data has been collected from various sources particularly standard bulletins such as Census reports and District surveys published by various government departments and other authorized agencies.

The following null hypotheses were framed for the study:

- **H₁**: There is no significant difference between the monthly family income of households before and after joining the SHG.
- **H₂**: There is no significant difference between the monthly expenditure of households before and after joining the SHG.
- **H₃**: There is no significant difference between the education expenditure of households before and after joining the SHG.
- **H₄**: There is no significant difference between the health expenditure of households before and after joining the SHG.
- **H₅**: There is no significant difference between the monthly saving of households before and after joining the SHG.

The sample was further divided into housewives and working women for comparing their economic situation in terms of ownership of assets, income, expenditure and savings. Statistical techniques and tools have been duly applied in testing the hypotheses and for the analysis of data.

Data Analysis and Interpretation

The primary data collected from the SHG members has been tabulated and presented in the form of tables and graphs. The data has been analysed by calculating percentages and statistical techniques such as Pearson’s correlation coefficient, t-test, f-test, arithmetic mean have been used by applying 16.0 v SPSS. Pilot testing was done on 60 questionnaires. The reliability of the items used in the questionnaire was assessed using the internal consistency test Cronbach’s alpha, which is found to be 0.7.

Socio-Economic Profile

The overall socio-economic profile of the sample is given in the table below:

Table 1. Socio-Economic profile of the Sample

S No.	Factors	Category	Frequency (N=150)	Percentage (%)
1	Age	20-30 (yrs)	33	22.0%
		31-40	80	53.3%
		41-50	31	20.7%
		51-60	6	4.0%
2	Literacy	Literate	50	33.3%
		Illiterate	100	66.7%
3	Religion	Meo	137	91.3%
		No n-Meo	13	8.7%
4	Caste	General	1	0.7%
		OBC	139	92.7%
		SC	6	4.0%
		ST	4	2.7%
5	Marital Status	Married	145	96.7%
		Unmarried	-	-
		Divorced	-	-
		Widowed	5	3.3%
6	Occupation	Housewife	49	32.7%
		Labourer	33	22.0%
		Shop	23	15.3%
		Assist husband/son	8	5.3%
		Fruit-veg vendor	7	4.7%
		Livestock rearing	6	4.0%
		Clothes cosmetic vendor	5	3.3%
		Agriculture	5	3.3%
		Dairy	3	2.0%
		Other	3	2.0%
		Middymeal making school	3	2.0%
		Tea shop	2	1.3%
		Safai Karamchari	2	1.3%
Anganwadi worker	1	0.7%		

The maximum number of respondents is in the age group of 31-40 years. The average age is 37 years. 91.30% of the respondents are Meo Muslims which is not surprising as Mewat is predominantly inhabited by them (70.9% of the total population are Muslims as per 2011 census). 92.70% belong to the OBC category (which means they are considered part of the backward class communities). 96.7% of the respondents were married. There was not a single unmarried or divorced woman among the respondents. Only 33.3% of the respondents are literate which implies a high level of illiteracy. Out of the 33.3% literate, 82% have studied upto primary level, 14% upto secondary and only 5% degree and above, as shown in the pie-chart below. At the primary level, a few respondents had their education in the Urdu medium.

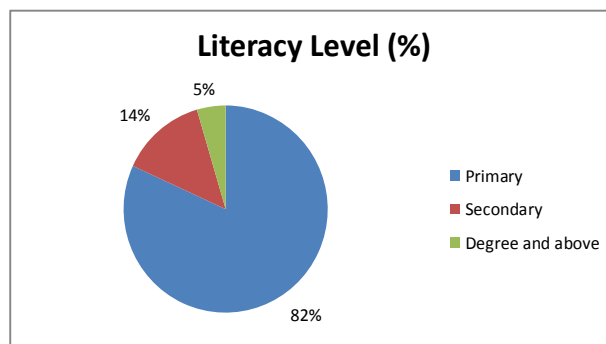


Figure 2. Level of Literacy (%)

With respect to occupation, 32.70% are housewives, 22% worked as labourers, 4% were engaged in government jobs such as midday meal-making in schools, anganwadi workers

and safai karamcharis. The remaining 41.20% are engaged in income generation activities through small shops selling cosmetic and accessories, tea-shops, fruit and vegetable vendors, dairy shops, agriculture and livestock-rearing. Most of these enterprises were owned jointly with family members.

Status of Economic Development Indicators

For economic development indicators both secondary as well as primary data was used. A comparison of the status of economic development indicators of Mewat was done using secondary data on the basis of census figures for 2005 and 2011. In 2008, a baseline survey of Mewat showed that it lagged behind the All-India level in eight out of the above ten indicators. The comparison was done on 2005 figures (Mewat became a district in 2005).

above figures. Percentage of fully vaccinated children and child delivery in a health facility, though not directly listed in the priority list for district level development programmes, were identified as crucial issues needed to be addressed for proper human development of the district. A similar comparison between Mewat and All India 2011 figures was done by the researcher to see if the situation improved in 2011 and the results are shown below. It was found that Mewat now lagged behind the All India level in nine out of the ten indicators instead of the eight earlier. Rate of female literacy now was number one in the priority list followed by rate of literacy and availability of water closet latrines. There was a marginal improvement in work participation and female participation rate. Even though the gap also reduced for electricity and sanitation, there was no remarkable improvement in their development issues.

Table 2. Development Gaps and priorities for the Multi-sector Development Plan

S No.	Economic Development Indicators	Mewat	All India 2005	Development Gaps between all India	Development Priority of the District
		1	2	(1-2)	(4)
1	Rate of Literacy	53.29	67.3	-14.01	5
2	Rate of female Literacy	33.98	57.1	-23.12	2
3	Work Participation Rate	23.98	38	-14.02	4
4	Female participation Rate	5.76	21.5	-15.74	3
5	Percentage of Households with Pucca walls**	78.73	59.4	19.33	8
6	Percentage of Households with safe drinking water	89.79	87.9	1.89	7
7	Percentage of Households with electricity	54.96	67.9	-12.94	6
8	Percentage of Households with water closet latrines	12.86	39.2	-26.34	1
9	Percentage of fully vaccinated children (12-23 months)	8.04	43.5	-35.46	-
10	Percentage of child delivery in a health facility	7.01	38.7	-31.69	-

Source : A baseline survey of Minority Concentrated Districts of India - Mewat, sponsored by Ministry of Minority Affairs, 2008

1. Survey data of the district (Col. 1) pertains to the rural area only, but all India data (Col. 2) pertains to total.

2. Data in Col 2 from S No. 5 to 8 pertains to year 2005-06 from National Family Health Survey (NFHS)-3 and the rest of the data in Col. 2 pertains to the year 2004-05 from National Sample Survey Organisation (NSSO)

** This includes semi-pucca houses

Table 3. Development Gaps and priorities for the Multi-sector Development Plan, 2011

S No.	Economic Development Indicators	Mewat	All India		Development Gaps between all India and district		Development priority of the district		
			Mewat	All India	Development Gaps between all India and district		Development priority of the district		
			Census	Census	2005	2011	2005	2011	
		1	2	3	4	(1-2)	(3-4)		
1	Rate of Literacy	53.29	67.3	54.1	74.04	-14.01	-19.94	5	2
2	Rate of female Literacy	33.98	57.1	36.6	65.46	-23.12	-28.86	2	1
3	Work Participation Rate	23.98	38	26.6	39.79	-14.02	-13.19	4	3
4	Female participation Rate	5.76	21.5	12.6	25.51	-15.74	-12.91	3	4
5	Percentage of Households with Pucca walls	78.73	59.4	81.43	85	19.33	-3.57	8	6
6	Percentage of Households with safe drinking water	89.79	87.9	87.94	86	1.89	1.94	7	7
7	Percentage of Households with electricity	54.96	67.9	61.34	67.2	-12.94	-5.86	6	5
8	Percentage of Households with water closet latrines	12.86	39.2	16.46	36.4	-26.34	-19.94	1	2
9	Percentage of fully vaccinated children (12-23 months)	8.04	43.5	11	61*	-35.46	-50		
10	Percentage of child delivery in a health facility	7.01	38.7	14.8	47	-31.69	-32.2		

Source: Primary Census Abstract, Census of India, 2005 and 2011

The table below shows the gap between the district and all-India figures vis-à-vis the ten indicators. The purpose was to prioritise the development intervention based on the gap (the two health indicators have not been included in the prioritised list). The district figures are based on the survey findings and the all India figures are for the year 2004-05 and 2005-06. Availability of water closet latrines was the most critical gap followed by rate of female literacy and female participation rate. Development priority of the district was based on the

The district was also worse off with respect to the two health indicators in terms of the gap. Thus, the development priorities of the district more or less remained the same even in 2011.

The following were the results of the primary survey with respect to Economic Development indicators: Besides the 33.3% female literacy, the lowest figure was that for percentage of households with water closet latrines as 26.60%.

Table 4. Primary Survey Results

S No.	Mewat District	Primary survey result
1	Total Population	150
2	Rate of female Literacy	33.30
3	Percentage of Households with Pucca walls	94.00
4	Percentage of Households with safe drinking water	84.70
5	Percentage of Households with electricity	98.70
6	Percentage of Households with water closet latrines	26.60
7	Percentage of fully vaccinated children (12-23 months)	98.70
8	Percentage of child delivery in a health facility	69.10

Source: Primary Survey

Table 5. Economic Development Indicators in Mewat - Primary and Secondary data

S No.	Mewat District Indicators	2005	*DLHS 3	**Census	*DLHS 4	Primary survey result
			2007-08	2011	2012-13	Jul-Dec 2015
1	Total Population	9.93 lacs	1279	10.89 lacs	1351	150
2	Rate of female Literacy	33.98	22.00	36.60	40.50	33.30
3	Percentage of Households with Pucca walls	78.73		83.00		94.00
4	Percentage of Households with safe drinking water #	89.79	88.30	85.70	99.30	84.70
5	Percentage of Households with electricity	54.96	78.80	61.34	98.90	98.70
6	Percentage of Households with water closet latrines	12.86	16.20	23.40	70.60	26.60
7	Percentage of fully vaccinated children (12-23 months)	8.04	11.00	11.00	27.30	98.70
8	Percentage of child delivery in a health facility	7.01	14.80	14.80	51.20	69.10

Source: 1. A baseline survey of Minority Concentrated Districts of India - Mewat, sponsored by Ministry of Minority Affairs, 2008

2. *District Level Household and Facility Survey (DLHS) (2007-08 and 2012-13)

3. ** District Census, Mewat, 2011

4. Primary Survey result

Note : 1. #Safe drinking water is taken as tap water from treated source, tap water from untreated source, wells, tubewells, handpumps

2. Percentage of HHs with pucca walls are not covered in the District Level Household and Facility Surveys.

Despite Mewat's proximity to Gurgaon and the Swachh Bharat Abhiyan in full swing in the country, this came across as a major developmental issue especially one which impacted women's well-being and hygiene. Surprisingly, both the above indicators (low rate of female literacy and proper sanitation/toilet facilities) are gender related with females being affected the most. Lack of proper sanitation further results in higher percentage of population defecating in the open, which is hazardous. Besides environmental concerns associated with open defecation, it is also correlated with proving detrimental to economic and social development (Goldon, 2013). A comparison of the above primary data was also done with the secondary data available for Mewat. It was found that the primary survey results were more or less consistent with the secondary data available as shown in table 5 below.

Hence, both secondary data and the primary data analysis showed that female literacy and percentage of households with water closet latrines are the two indicators in which Mewat is severely lagging behind and the progress over the last ten years has been at a snail's pace. Both are critical to all round development of the area.

Major and focused policy initiatives need to be undertaken on an urgent basis to redress this dismal situation. In addition, although the figures show that the percentage of households with safe drinking water is more than 80%, it is imperative to note that safe drinking water here includes usage of water from various sources such as tap water from treated source, untreated source, wells, tubewells, handpumps and water tankers. If we narrow down the definition of drinking water to only tap water from treated source, then the figure is only 22.7% as per 2011 census. This means that treated government water supply is accessible to only 22% households in Mewat.

Field experience in Mewat showed erratic or very meagre government water supply in several villages. Inhabitants of Mewat rely on scattered and diverse sources of water from untreated sources such as uncovered wells, tubewells, tanks and ponds. Poor quality of water is a severe health hazard. As Mewat is a semi-arid region with high salinity ratio in ground water, several villages within Mewat are reliant on neighbouring villages for water. Hence, safe drinking water is another indicator which needs to be looked into and sources of drinking water need to be examined carefully.

Impact on Income, expenditure and savings

The average monthly income of the households of the respondents was found to be Rs. 11,770 and the average household size came to 7. This implies amonthly per capita income per person of Rs.1681. The Pearson’s Correlation test was applied using SPSS on monthly income and monthly expenditure of the respondents before joining the SHG (pre-SHG) and after joining the SHG (post-SHG) and the results were as follows:

Table 6. Pearson Correlation Test

Correlations			
		MIpreSHG	MEpreSHG
MIpreSHG	Pearson Correlation	1	.756**
	Sig. (1-tailed)		.000
	N	32	32
MEpreSHG	Pearson Correlation	.756**	1
	Sig. (1-tailed)	.000	
	N	32	32

** . Correlation is significant at the 0.01 level (1-tailed).

Correlations			
		MIpostSHG	MEpostSHG
MIpostSHG	Pearson Correlation	1	.567**
	Sig. (1-tailed)		.000
	N	32	32
MEpostSHG	Pearson Correlation	.567**	1
	Sig. (1-tailed)	.000	
	N	32	32

** . Correlation is significant at the 0.01 level (1-tailed).

Source: Primary survey

As per logic, there is a positive correlation between monthly income and monthly expenditure. Pre-SHG the correlation was 0.756. This implies the explained variation to be approximately 50% and this is due to income. The balance 50%which is unexplained is due to other factors. However, post-SHGthe explained variation is less and is approximately 25% as the correlation is 0.567 now. This implies that the respondents have become more aware about their living standards. The effect of income is now less and that of other non-economic factors is more due to their increased exposure due to a demonstration effect. The five hypotheses framed for the study were tested using paired sample t-test and the results were as follows:

Table 7. Results of Hypothesis Testing

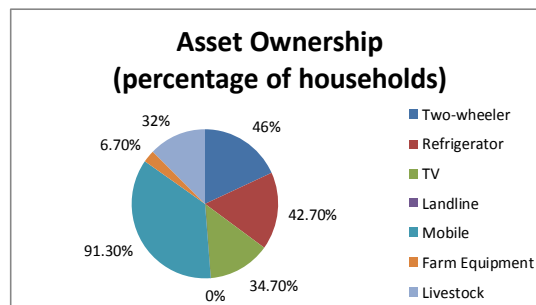
S No.	Hypothesis	Pair	p-value	Null Hypothesis	Alternative Hypothesis
1	H ₁	MI pre and post SHG	0.000	Reject	Accept
2	H ₂	ME pre and post SHG	0.000	Reject	Accept
3	H ₃	Edu pre and post SHG	0.000	Reject	Accept
4	H ₄	Health pre and post SHG	0.000	Reject	Accept
5	H ₅	MS pre and post SHG	0.002	Reject	Accept

Source: Primary survey

- Since null hypothesis stands rejected, it means there is a significant difference between the monthly family income of households before and after joining the SHG.

- Since null hypothesis stands rejected, it means there is a significant difference between the monthly expenditure of households before and after joining the SHG.
- Since null hypothesis stands rejected, it means there is a significant difference between the education expenditure of households before and after joining the SHG.
- Since our null hypothesis stands rejected, it means there is a significant difference in health conditions before and after joining the self-help groups.
- Since our null hypothesis stands rejected, it means there is a significant increase in the savings of the members after joining the SHG and availing microfinance facilities.

The above results indicate that there is definitely an increase in the total monthly income of a family after the woman of the house has become a member of the self-help group. This has increased the purchasing power of the family resulting in increased expenditure of the household. An increase in the expenditure on education and health signifies the desire and willingness of the family to improve their quality of life. The most important impact is on savings. Self-help groups inculcate the habit of regular savings among its members. These pooled savings are an important source of funds which enable the women to take loans from the group to fulfill their needs and those of their families. Ownership of assets was also analysed as it is an important determinant of the socio-economic position of a household and when taken collectively it reflects the socio-economic status of the society. The following figure shows the pattern of ownership of assets for the sample:



Source: Primary survey

Figure 3. Asset ownership percentage

Percentage of households owning mobile phones is the highest at 91.3% followed by two-wheelers at 46%. Next in line is the percentage of households that own refrigerators and television sets. 32% of households own livestock and only 6.7% own

farm equipment. Landlines are almost non-existent in Mewat. The finding that the proportion of households owning mobile phones is high is really very interesting. It indicates the highly pervasive nature of mobile phones finding presence in majority of households as against other basic amenities. High usage of mobile phones can actually be leveraged for microfinance purposes in an effective manner. The percentage of households owning farm equipment is surprisingly very low considering the main occupation of the people is agriculture and allied agro based activities. Even ownership of livestock is low inspite of the fact that animal husbandry is their secondary source of income. Further categorisation of the sample was done into housewives and working women to examine and compare their status with respect to asset ownership, income, expenditure and savings.

Table 8. Asset Ownership by housewives and working women

S No.	Asset Ownership by Households	Housewives (percentage)	Working women (percentage)
1	Two-wheeler	36.70%	50.50%
2	Refrigerator	28.60%	49.50%
3	TV	24.50%	39.60%
4	Landline	0%	0%
5	Mobile	81.60%	96.00%
6	Farm Equipment	0%	10%
7	Livestock	24.50%	35.60%
Households having			
1	Bank Account	65.30%	86.10%
2	BPL Card	34.70%	17.80%
3	Insurance	10.20%	50.50%

Source: Primary survey

Table 9. Income, Expenditure and Savings of housewives and working women

In Rs. Per month	Housewives	Working women	Percentage difference
Income	9295.92	12772.48	37%
Expenditure	6642.86	9529.7	43%
Food expenditure	3520.41	4425.74	26%
Education expenditure	1191.84	1209.9	2%
Health expenditure	781.63	1016.83	30%
Savings	140.82	114.06	-19%

Source: Primary survey

Table 8 above clearly shows that working women own a higher percentage of assets as compared to housewives. The percentage of households having bank accounts and insurance policy is also higher for working women as shown in table 9. They also have higher income and expenditure as compared to housewives. Though income of working women is 37% higher, their expenditure is 43% higher. However, their savings is lower because they have higher expenditure due to more exposure. This clearly indicates that working women are more aware and more empowered as opposed to housewives.

An average of 5 loans has been taken by SHG members. The number of loans taken from banks, SHG members and the MDA is as follows:

The above table 10 shows that majority of respondents have taken loans from SHGs followed by MDA as compared to banks (40.70%). This data is also consistent with the

secondary data available from Census 2011 which says that the percentage of households availing banking services in Mewat is only 40.84% (source: District Census, 2011). The percentage of loans availed by working women from banks is also very low at 36% as compared to loans from the self-help groups (92%). This indicates that the role of banks needs to be increased and they need to play a more proactive role in advancing loans to the SHG members. The above also implies that the delivery of microcredit to these poor women is more effective and less costly through the Self-help groups. Women are more comfortable taking loans from self-help groups than dealing with the bank officials and banking procedures.

Table 10. Percentage of bank Loans by source

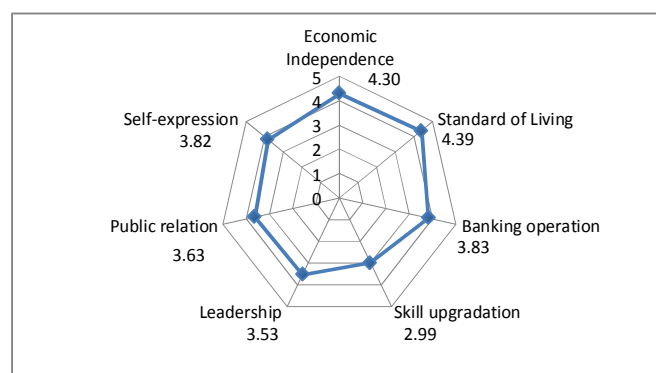
Number of respondents who have availed bank loans	40.70%
Number of respondents who have availed SHG loans	92%
Number of respondents who have availed loans from MDA	61.30%

Source: Primary survey

Empowerment indicators

Empowerment of women was examined on the basis of seven indicators – economic independence, improvement in standard of living, understanding of banking operations, skill upgradation, leadership, public relation and social participation and self-expression decision making in community, village and households. A five point Likert scale was used to gauge the respondents perceptions by asking the extent to which they agree or disagree with respect to each of the above indicators after joining the SHG.

An average of the survey responses was taken and used to construct a radar chart as shown below:



Source: Primary Survey

Figure 4. Radar chart showing Empowerment Indicators

Majority of the respondents agreed that their standard of living improved and they achieved economic independence after joining the SHG. A fair number also felt that their knowledge of banking operations also improved and they were able to express themselves atleast in household decisions post joining the SHG due to more exposure to the outside world and environment. However, being a male dominated society, women were still not readily accepted as leaders and hence leadership fared poorly as opposed to other indicators. The indicator at the lower most level was skill upgradation which actually is the most important factor to improve women's abilities and confidence levels. Sadly, majority of the

respondents said that there was hardly any concrete training imparted for building skills. Hence, it can be construed that though slow and steady, the SHG model is definitely an effective way to empower women.

Limitations of the Study

Majority of respondents were hesitant to provide correct answers to personal queries such as details about their monthly income and expenditure. Efforts were made to extract information as far as possible through cross-questioning the respondents. The limitation with respect to secondary data was that figures of some of the parameters have not been updated.

Conclusion

Microfinance is definitely a useful tool which has a positive impact on economic development and the utility of its self-help group model cannot be questioned. The issue is the magnitude or the quantum of the impact. The pace of economic development is very slow in Mewat. It is very fortunate that microfinance is already prevalent in Mewat in the form of self-help group models. There is an increase in the income, expenditure and savings of the women who join the self-help groups. There is also an increase in basic amenities and ownership of assets. This results in economic independence and improvement in standard of living. The empowerment is higher in case of working women as opposed to housewives. However, low literacy, lack of skills and training, resistance towards increased social participation of women are major hindrances to the development process. The negatives outweigh the positives or these issues are addressed firmly, the benefits will not percolate down into the whole society. To achieve this, focus has to be on the factors which will enhance the effect so that desired results are manifested. The government programmes, policies and concepts on paper have to be translated on the ground to achieve the optimum level of development. Only then will the real power of microfinance be harnessed.

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