

**A STUDY ON THE IMPACT OF SELF-HELP GROUPS AMONG
RURAL AREAS WITH SPECIAL REFERENCE TO ERNAKULAM**

Dissertation

Submitted by

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Under the guidance of

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**In partial fulfilment of the requirement for award of the Degree of
MASTER OF COMMERCE**



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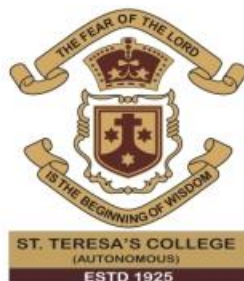
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CERTIFICATE

This is to certify that the dissertation titled **“A STUDY ON THE IMPACT OF SELF-HELP GROUPS AMONG RURAL AREAS WITH SPECIAL REFERENCE TO ERNAKULAM”** submitted to Mahatma Gandhi University in partial fulfilment of the requirement for the award of the Degree of Masters in Commerce is a record of the original work done by **Ms. Adithya P S**, under my supervision and guidance during the academic year 2021-23.

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DECLARATION

I, Ms.Adithya P S, final year M.Com student, Department of Commerce (SF), St. Teresa's College (Autonomous) do hereby declare that the dissertation entitled A STUDY ON THE IMPACT OF SELF-HELP GROUP AMONG RURAL AREAS, submitted to Mahatma Gandhi University is a bonafide record of the work done under the supervision and guidance of Smt. Akhila P A, Assistant Professor, Department of Commerce (SF), St. Teresa's College (Autonomous), and this work has not previously formed the basis for the award of any academic qualification, fellowship, or other similar title of any other university or board.

PLACE: ERNAKULAM

ADITHYA P S

DATE:

ACKNOWLEDGEMENT

It is with great pleasure and privilege that I present the project report “**A STUDY ON THE IMPACT OF SELF-HELP GROUPS AMONG RURAL AREAS WITH SPECIAL REFERENCE TO ERNAKULAM**”.

First of all, I would like to thank Almighty God for his blessings that helped me to complete this project successfully.

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ADITHYA P S

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CHAPTER 1
INTRODUCTION

1.1INTRODUCTION:

A support group is a financial intermediary body, usually consisting of 10-25 women or men aged 18-50. Most support groups are located in India, although they can also be found in other countries, especially in South and Southeast Asia. Mostly these groups are maintained by women and rarely followed and nurtured by men's groups, but there are still some support groups in rural areas that are followed by men. The main task of the PDP is to initiate and maintain savings within groups. All members must save at least a small amount regularly. These savings allow them to take out future loans from their groups. And with these savings, they can give loans to members and allow groups to start some small industrial enterprises, which will gradually provide them with better and stable financial stability, leading them to a better standard of living and position in society. A SHG is usually a group of people who work for daily wages and form a loose group or union. The money is collected by those who are able to allocate it and distribute it to the needy members. Members can also make small, regular deposits for several months until there is enough money in the group to start a loan.

A SHG is generally a group of people who work on daily wages who form a loose grouping or union. Money is collected from those who can set aside and given to members in need. Members may also make small and regular savings contributions over a few months until there is enough money in the group to begin lending. Bangladesh was a pioneer in the field of micro-finance or credit facilities. It was in Bangladesh that the basic idea of SHG's evolved. A research project named "GRAMEEN BANK" was established under the guidance of Mehmud Yunus, an economics professor – he was the initiator of the program in late 1976. This banking system doesn't have a scheduled status from that of other banks. The primary objective of thus created banks was to provide loans to landless poor, particularly to women, to promote self - employment. Later the informal banking activities were delegated to authorised groups, the right to conduct the functions of the same. The main objective of thus groups was to create savings habit and mobilize the same within the poor. The people there were majority was illiterate and they don't have even basic ideas regarding the banking activities, importance of savings and the methods available for the same. So, this was created to implant all these objectives into the people. In the primary stages of its implementation the activities limit only for banking activities and savings methods adoption, later it extends to take up some activities ie, providing some products and services which would act as an additional income source to

the poor apart from giving knowledge base alone to the poor. This eliminates poverty and existing unemployment which in turn reduces the burden of debt and enhances the standard of living of the poor. SHG's became the path for rural loan in many regions of the world in a short time. The world micro credit summit conducted in Washington during 1997, many developed and rich countries offered to use micro credit facilities in rural areas to avoid rural poverty.

The 2 main advantages of SHG are that:

- 1.The SHG help the borrower to overcome the problem of lack of collateral.
- 2.They can get timely loans for a variety of purposes and at a reasonable interest rate.

The study aims that, mostly the life in rural area seems to be very much of pathetic or they have a low financial stability. It affects the mental stability of the family and this instability affects their coming generation too, this stage to be eliminated. Here comes the role of SHG .SHG is mostly participated by women group but in certain situations the women won't be able to set aside the regular savings in their groups because of their irregularity of income and expenses from their job this could be saved by men's contribution ,so that the failure for savings from part of women could be compensated by the contribution from men, it is so said that both men and women involvement in SHG's could be very much beneficial for the enhancement of living as well financial stability of rural life. In rural every men are mostly working in daily wage related works , so they are mostly able to earn income in a regular basis that women in certain situations ,but the problem is that the income so earned is not at all enough for their better living .So if men is also get started with SHG they will be able to have a regular saving in their groups .With that savings they can get personal loans with small rate of interest, but in fact rather than having loans for an interest rate it is more effective them to start with small scale industries or some sort of income earning works .E.g. they could set up a small fish farm, pickle industry ,bulb making units etc it will enable them to compensate the inadequacy of income that is not enough to cover their family matter with their normal job. So SHG will be more effective that it will definitely enable them to get a proper financial stability to their families as well with proper standard of living. And these units could be managed with the proper working in the weekends and their normal works could be carryon on the working days as well and also indirectly it helps them to have a positive impact on their works as well increase in their self-confidence relating to the new concern too. In fact, SHG will be a greater input to the life of rural people to a greater extent.

1.2 STATEMENT OF PROBLEM

Mostly the people residing in the rural areas are all of employed ones of which usually having daily wages system. Apart from the lifestyle of people of urban area the clear-cut life style of rural is totally different and the family members will last near to at least 8 members because as like in urban areas they don't prefer to nuclear families. So, with the small amount they earned on a daily basis, and too every day there won't be work for everyone, in certain cases up to 3-4 days alone they will be engaging in their specified works and rest of the week they will stay as unemployed, so all these leads or directs them to struggle for balancing the expenses and income. So, the income at the end of the week they obtained will not be able to cover the expenses and wants of the entire family and so even the day-to-day basic needs to be find difficult to satisfy. As it goes on it compel them to have loans from financial institutions rather than availing the same from the banks because of the complexion in granting of loans from the banks. After a short period, itself it enlarges the amount to be paid back and it becomes impossible to repay the same with the small income of the single person. As in rural side mostly there will be only one member in the family with earning. These earned income will not be sufficient to pay all the expenses and it slowly broke up the mental imbalance of the entire family. To eliminate these stages there comes the role of SHG's. As a side work it enables them to save money within these groups and focuses on both men and women. The money thus saved will help them to create small scale industries it will definitely help to get reduced of their debts can have an additional income source. Slowly it will enable them to have financial stability, better standard of living as well good status in the society.

1.3 OBJECTIVES OF THE STUDY

- 1.The primary objective of the study is to analyse the living stability of the people in rural area.
- 2.The secondary objective focuses to analyse the impact of SHG's in their financial life.
- 3.The tertiary focuses to find out whether SHG's help them to build a peaceful life in connection with the reduction in the quantity of debts.
- 4.To analyse the factors motivating them to take up social responsibilities.
- 5.To review the impact of SHG's for making collective decisions among members.

1.4 RESEARCH METHODOLOGY

1.4.1 Type of study

In this study both quantitative as well qualitative study can be presumed because here, we are analysing the monetary impact as well the living condition of people is analysed with the objective of assessing the quality and impact of SHG's among rural people.

1.4.2 Source of data

For the study data is collected from different SHG's from rural areas working as a collective concern. There are different SHG's are working within the city with different activities and different objectives, even if the objectives of different groups will be different the ultimate aim of each group constitute the same. So, it will be viable to collect and analyse the data from different groups than from acquiring the same from a single group.

1.4.3 Universe of the study

Universe of the study constitutes the entire groups works within. As we are concerning and collection of data limits to Ernakulam district, the universe includes each and every group operates within Ernakulam. There is an estimate of 947 SHG's with 16720 members are working in the Ernakulam district.

1.4.4 Sampling Unit

Sampling unit includes the no. of groups that are selecting to collect data. In this study it is proposed collect data from as estimate of 10-12 units

1.4.5 Sampling Size

Sampling size includes the exact number of sampling that the data is supposed to collect. Here in this study the sample size is 100.ie, from the proposed 10-12 groups it is supposed to collect data from 100 members within the groups.

1.4.6 Method of data collection

Here we use probability sampling for collecting data and under this sampling technique questionnaire method is used for collecting data from the members. As we are concerning only 10-12 groups and the sample size limits only to 100 this is the apt technique for data collection.

1.4.7 Period of data collection

Data collection and its processes and procedures are supposed to complete within 1 month from such a data.

1.5 SIGNIFICANCE OF THE STUDY

Self-help groups have more options, both now and in the future. Literally, it is an informal group of people who come together to work on a common problem and find a solution to it. SHGs are a collective group whose activities and transactions have been done by common consent for the benefit of all. The origins of SHGs can be traced back to Bangladesh. Bangladesh is recognized as a pioneer in the field of microcredit. Dr. Mehmud Yunus, a professor of economics at Chitgoan University in Bangladesh, was the initiator of the GRAMEEN BANK action research. Grameen Bank and Self-Help Group have the same goal of requiring people to have basic banking knowledge and a habit of saving. Both Grameen Bank and Self Help Group are used interchangeably, both have different basic characteristics. This is how self-help groups began. SHG means focus on the individual and one of the main characteristics of SHG is the idea of mutual support – people helping each other. It presents itself as an additional income financial institution in which group members freely participate. With the savings in the group, they can either start a small-scale business (an additional source of income) or offer personal loans to the members of the groups with a minimum interest rate. Therefore, the role of SHG cannot be considered insignificant because it can act as a mediator in stabilizing the standard of living, especially in rural areas. It may be true that it is very difficult to find many backward families in this generation because recent economic studies show that most of the people of this age work in white-collar jobs and about 75 percent of the people are not bad managers. . who feel the standard of living so for this SHG group The meaning has not found its place but the remaining 25% suffer badly and this 25% could be a part of rural life for those who provide the right space. For SHGs. So its role in the past era is very important considering the coming future also because although the coming future may not form a backward community due to the development of technology and economy, SHGs will maintain their stability because the main purpose of SHGs is to provide. Banking knowledge. -like and saving habits. It may be that this banking knowledge is not a future problem, savings habits are still important, so elimination of SHGs in various fields is not possible.

1.6 LIMITATIONS OF THE STUDY

Major limitations understood from the study are as follows:

- Circulation of questionnaires and data collection is an extremely time-consuming activity.
- Incorrect feedback from part of the respondents.
- Superficial responses.
- Reluctance towards sensitive feedback.
- As this is a small study with a limited number of respondents, the results received could only be used for the current study and will not be capable of making interpretations for future research.
- Ignorance from filling out the questionnaire from respondents is another important limitation.

CHAPTER SCHEME

For the convenience of the study and analysis, the work is divided into 5 chapters.

CHAPTER-1: Introduction to the topic under study, Statement of the problem, Objective, Research Methodology, significance, and Limitation of the Study.

CHAPTER-2: Review of several kinds of literature related to the study.

CHAPTER-3: Theoretical Framework of Study.

CHAPTER-4: Data Analysis and Interpretation.

CHAPTER-5: It serves as the concluding chapter. It gives the findings, suggestions, and conclusions of the study.

CHAPTER 2
REVIEW OF LITERATURE

1. Impact of tone- help group in Socioeconomic development of India(2012) this was a study conducted by A. Sundaram. Crucial areas delved in this content was each about poor, tone-help groups, achieving social justice, sustainable quality, equity and commission. It was innovated in the study that SHG program plays a central part in the lives of poor. Importantly there's substantiation for increased ménage income. Program actors have increased and also the food security is much further for the program guests. SHG have been playing a considerable part in training of swarozgaris, structure development, marketing and technology support, communication position of members, tone confidence among sample members, change in family violence etc. All these conditioning had a hard positive impact on socio- profitable development of each and every poor being a party in SHG's.

2. Collective Action and Community Development, Evidence from Self Help Groups in Rural India (2014) This is a policy working paper by Raj M Desai and Shareen Joshi. This was a study to explore and seek community development through self-help groups. Women living in SEWA program villages or members of SEWA village-level SHGs were found to report greater participation in group programs, different social aspects, etc., all of which slowly lead to collective action and community development, and this shows different functions and functions. Participation through SHG will have a positive impact on all of them.

3. Role of Self Help Groups in Rural Development (2020) This is an article published in Prelims Exclusive Program 2020. The article shows the whole role of SHGs in creating and promoting rural development in terms of economic, financial and life stability. Availability of credit, entrepreneurship, skill development, rural poverty, improvement of living standards, women empowerment, literacy are factors that have reflected drastic changes in SHG performances. SHGs have helped bring about structural changes in rural society and its economy. Considering the multifaceted role of SHGs in rural development, the government must further support SHGs by keeping the nascent SHGs and bringing them to parity with other sections.

4. Liberation of the Common: The Impact of a Self-Help Group Loan Program on Rural India (2017) This was a study by Vivian Hoffmann, Vijayendra Rao, Vaishnavi Surendra and Upamanyu Datta published in the Journal of Development Economics. They assessed the impact of a government-run SHG credit program in rural India, SHG borrowing and substitutes for informal credit use, the impact of the program on measures of household well-being. Here, the SHG initiative led by the Indian state government of Bihar is largely focused

or evaluated. Two years after the start of the program, the number of SHG members rose, loans from SHGs and the use of SHGs decreased accordingly. Informal credit, so that the poor can access loans at lower interest rates, reduce debt and participate in activities offered by various groups and act as a means to raise living standards and economic stability. It also helps to get good information about the savings and banking habits of the poor and illiterate.

5. A Study of Self-Help Groups and Professional Groups (1982): Ronald W Toseland, Lynda Hacker conducted this study in 1982. SHGs are said to be an important source of financial stability and independence for many. This study observed and investigated the participation of social workers in SHG and suggested ways to maintain and improve the relationship between social workers and SHG. The study concluded that all the above-mentioned factors were achieved through the active business activities of the group members and remained unchanged.

6. Microfinance through Self Help Groups (2018): This is a 2018 study by Bhattacharjee, Kanai Lal. This study explored social sciences, economics and business administration. It is clear from history that poverty was the biggest problem that almost all poor people in India suffered from. To eradicate it, the government and party developed and launched many programs, functions and tools, but then no one found a practical solution for it. Then, in the 1970s, the microcredit system was launched, which made a major difference in reducing poverty and empowering the poor and women. It was the SHGs that NABARD created as a viable microfinance vehicle to transform the financial resources of the unbanked poor and women in both rural and urban India that began to show significant positive results. From the activities thus proposed, people have obtained first-hand information about banking and savings habits, an additional source of income is slowly leading to a reduction in poverty, which shows a dramatic change in economic development and social well-being.

7. An empirical study on qualitative assessment of some selected self-help groups (2014): This is an empirical study conducted by Das and Sanjay Kanti in 2014. Unlike other studies, this study dealt with qualitative assessment. From SHG. Here it was investigated whether the groups knew the activities well or not. And it was realized that each activity thus proposed in different groups did not alone try to eliminate poverty and an additional source of income for the poor, but together tried to create a basis for the transfer of knowledge between group members. They developed knowledge of banking and savings habits, began to take social responsibility, raise the standard of living, the group is a forum for its members to exchange

ideas, problems and various solutions. All this contributes to the development of quality and quantity.

8. . Methods and Processes of SHG Formation and their Mode (2013): This study was done in 2013 by Roy and Mathew. The study concluded that the main factor that keeps members committed to the SHG is the small savings and credit activities to which all members are committed from the very beginning. Although their efforts were fruitful, the saving habits and borrowing habits of each group member were very successful in providing additional income and increasing the financial stability of the poor.

9.. A Study on the Impact of Self Help Groups on the Economic Development of Rural Women Entrepreneurship with Special Focus on Tiruvarur District of Tamil Nadu (2007): Under the leadership of Nazer. This project was implemented by Nazurudeen. U in 2007. This study focused on the impact of SHGs among women and their empowerment through it. The study found that after the formation of women's SHGs, the female members of each family were able to give something more to their family than what they had given before. This helps them to be financially stable and independent. It also led to the empowerment of women when they became owners of micro-enterprises, increased their participation in economic activities, strengthened their attitude to social responsibility and collective decision-making in the family and society. Considering the above factors, it can be concluded that the emergence of SHGs was very important to strengthen economic stability and shape the organized attitude of women.

10. Impact of Microfinance on Women Empowerment A Study Focusing on Self Help Groups in Tamil Nadu: This study was conducted under the supervision of Sivaguru Sakhthivel Murugan at the University of Madras. According to this study, microcredit programs in the state of Tamil Nadu have brought about enormous changes in terms of both economic stability and women's empowerment. The changes observed in this section are:

1. Mobilization of savings.
2. Easy access to credit.
3. Reduction of credit-related transaction costs for both lenders and borrowers.
4. Less support and less credit for corruption.
5. Significant influence of poor women.

At the end of the study, it was concluded that the introduction of SHGs leads to an improvement in the quality of life of women and the family and thus active participation and taking social responsibility.

11. Women Empowerment through Self Help Groups A Case Study of Tsunami Villages in Kanyakumari District, Tamil Nadu (2014): This study was conducted in 2014 by M. Valarmathi under the guidance of Nita Mathur. The study found that SHGs made women aware of their strengths and capabilities, empowering them to do and manage activities that were previously out of their control, because the disaster enabled them to take on social responsibilities like no one else was around at the time. Options or options were there. This leads women to start their own small businesses and become self-reliant to overcome the disaster and survive. The study stated that as a result of the interviews conducted, it became clear that after forming and joining self-help groups, men also endured and overcame difficulties, whether they were educated or not.

12. Self-help groups and household economic development A case study of women's self-help groups. This study was conducted by N.kotteswari under the supervision of T.Vasantha Kumar of the University of Madras. It was established by:-

1. Financial empowerment
2. Social empowerment and
3. Political influence was achieved through self-help groups.

It also paved the way for women empowerment, mainly for housewives. The study showed that housewives could take social responsibility and micro-enterprise founders tried to survive financially through self-help groups. The introduction of self-help groups made it possible to obtain and stabilize additional incomes and raised their standard of living.

13. Study on Women Empowerment SHGs (2009): Study by Jaya. This study found that SHGs are very beneficial for women, especially in rural areas, because they have informal knowledge of banking and better understand the importance of savings. The study revealed that the lack of incentives for group leaders is a major disadvantage that leads to a decrease in interest in successful groups and a gradual decrease in operational efficiency.

14. Performance and Socio-Economic Study of SHGs in Tamil Nādu (2001): This research was conducted in Nedumaran. The study compares the pre- and post-SHG situation and found that the socio-economic conditions of the rural poor have improved significantly. The study concluded with the interpretation that there is a drastic (positive) change in the social and economic conditions of the poor after joining the SHG.

15. . An informal journey through self-help groups (2000): This is a study by Dasgupta. The study analyzes microfinance through an informal group-based approach and based on the facts that it had certain advantages for the rural poor such as improved savings habits, access to credit, efficient credit structure, low transaction costs, effective rehabilitation approach, excellent rural empowerment. Women etc. The study concluded that empowerment of rural poor through SHG is most effective than any other program or activity.

16. 16. Impact of Self Help Groups on Economic Empowerment of Rural Women in Himachal Pradesh (2013). This is a study by Dr. Yoginder Singh on economic and social empowerment of women through SHG. SHGs have been found to be an effective tool for poverty alleviation in rural areas. Since women are considered a vulnerable part of society, it is necessary to raise it. SHGs are considered an important vehicle for women's empowerment. The study concluded that after the introduction of SHG, there was a drastic change in the attitude and understanding of women that they can diligently and confidently take social responsibilities, create job opportunities, increase social responsibility. Additional source of income.

17. Economic and Social Empowerment of the Rural Poor through Self Help Groups (2001): A Study by Satya Sai. Satya Sai argued that SHGs are an effective tool for the economic and social development of the rural poor. After joining the SHG, they are able to maintain the status quo of the society as a part of it, which raises the standard of living, which provides a decent and permanent source of income, eliminates unemployment and increases informal knowledge about banking and saving. All this contributes to the economic and social development of the rural poor.

18.. Rural Transformation through SHGs (2011) by N. Sathiyabama. The study revealed that the poor, mainly SC/ST, downtrodden and downtrodden widows, physically and mentally handicapped suffer the most in the society. So they need to be educated and trained to participate in SHG. And active participation in the group makes such people stronger than before, it acts as an incentive to move forward in their lives.

19. . Evaluation of rural development self-help groups (2014). This study was conducted by Parwez and Sazed. In this study, they analyzed the effects of rural areas after SHG participation. At the end of the study, it was concluded that SHG played an important role in modeling rural poverty and consider it an important factor in rural development.

CHAPTER 3
THEORITICAL FRAMEWORK

INTRODUCTION

A support group is a financial intermediary body, usually consisting of 10-25 women or men aged 18-50. Most support groups are located in India, although they can also be found in other countries, especially in South and Southeast Asia. Mostly these groups are maintained by women and rarely followed and nurtured by men's groups, but there are still some support groups in rural areas that are followed by men. The main task of the PDP is to initiate and maintain savings within groups. All members must save at least a small amount regularly. These savings allow them to take out future loans from their groups. And with these savings, they can give loans to members and allow groups to start some small industrial enterprises, which will gradually provide them with better and stable financial stability, leading them to a better standard of living and position in society. A SHG is usually a group of people who work for daily wages and form a loose group or union. The money is collected by those who are able to allocate it and distribute it to the needy members. Members can also make small, regular deposits for several months until there is enough money in the group to start a loan.

The 2 main advantages of SHG are that:

- 1.The SHG help the borrower to overcome the problem of lack of collateral.
- 2.They can get timely loans for a variety of purposes and at a reasonable interest rate.

HISTORICAL BACKGROUND

Bangladesh was a pioneer in the field of micro-finance or credit facilities. It was in Bangladesh that the basic idea of SHG's evolved. A research project named "GRAMEEN BANK" was established under the guidance of Mehmud Yunus, an economics professor – he was the initiator of the program in late 1976. This banking system doesn't have a scheduled status from that of other banks. The primary objective of thus created banks was to provide loans to landless poor, particularly to women, to promote self -employment. Later the informal banking activities were delegated to authorised groups, the right to conduct the functions of the same. The main objective of thus groups was to create savings habit and mobilize the same within the poor. The people there were majority was illiterate and they don't have even basic ideas regarding the banking activities, importance of savings and the methods available for the same. So this was created to implant all these objectives into the people. In the primary stages of its implementation the activities limit only for banking activities and savings methods adoption, later it extends to take up some activities ie, providing some products and services which would act as an additional income source to the poor apart from giving knowledge base alone to the poor. This eliminates poverty and existing unemployment which in turn reduces the burden of debt and enhances the standard of living of the poor. SHG's became the path for rural loan in many regions of the world in a short period of time. The world micro credit summit conducted in Washington during 1947, many developed and rich countries offered to use micro credit facilities in rural areas to avoid rural poverty.

EVOLUTON OF SELF-HELP GROUPS IN INDIA

In India it was during the year 1970 that formed Self Employed Women's Association (SEWA). Later during 1992 NABARD's SHG's bank linkage project has grown SHG to became the world's largest microfinance initiative. It was in the year of 1993 that NABARD AND RBI jointly permitted SHG's to have a savings account in banks. Government of India started SWARNA JAYANTI SWOROJGAR YOJANA(SGSY) during 1999 for the purpose of promoting self-employment in rural areas and skill improving programmes.

How basically SHG's works is that, it consists of a group of members joint together ranges from 18-25. In most of the groups SHG's are carried on by Women, but there are also men groups carrying the same. They jointly start making or producing something for the purpose of sale to the outside market. The production may include coir making, snacks, handicrafts, home decors etc, and in certain cases there are some groups making filaments, engaging in fish farms etc. This actually works as an additional income source to the members, usually SHG's working is not in a full-time basis, it is conducted as a side work in a regular basis at a time manageable to all the members. The receipts from the sale of products or services could be managed in such a way that a prompt and regular portion is saved within the group and the same will be deposited in SB a/c in any bank in the name of group, and lend it to the members as loan as and when required in a low rate of interest or without interest. This reduces the debt burden of members as it acts as an additional income as well the loan taken from the group is safer than taking the same from any other bank or financial institutions in a higher rate of interest. This could reduce the poverty in rural areas to a great extent, reduces unemployment, increases the standard of living of people in rural areas and most importantly it increases the knowledge base of rural public with regards to banking activities and importance of savings which was one of the important objectives of SHG's.

In the later period the programme changed as a national movement in the year 2011 and became the National Rural Livelihood Mission (NRLM), and this is regarded as world's largest anti-poverty programme.

IMPORTANCE OF SHG's

- ✓ **INCREASES WEALTH:** Introduction of SHG's has benefited the members to a greater extent as it typically acts as an additional income source and it reduces unemployment.

- ✓ **SELF DEPENDENT:** One of the major advantages of SHG's is that it makes the members self-dependent.

- ✓ **ATTAIN FINANCIAL INCLUSION:** It helps the members to have financial assistance and inclusion within the groups itself, as the members are able to take loans from the groups itself at a rate lower than from any other banks or financial institutions, it helps to cover the financial problems of the poor.

- ✓ **EMPOWEREMENT FOR WOMEN:** In most of the cases, SHG's are followed by women, in the literal sense the introduction of SHG's had an objective for empowering women, it was successful with the introduction of the same. After SHG's women was able to contribute to the household income and it brings women to the front lights of society.

ROLE OF SHG IN ECONOMIC DEVELOPMENT

- ✓ Decreases poverty in rural areas.
- ✓ Financial strength.
- ✓ Human Resource Development.
- ✓ Empowerment of women.
- ✓ Political empowerment.
- ✓ Credit availability.

ADVANTAGES OF SELF-HELP GROUPS

- Act as an additional income to the members.
- Easy availability of loans to members at a rate lower than from banks and financial institutions.
- Empowerment for women.
- Increases knowledge base of rural poor with regards to banking activities.
- Increases the standard base of rural poor.
- Enhances employment opportunities.
- Increases ability among the workers to take up social responsibilities.
- Act as a medium for stress free space which helps to maintain peace with the groups and within the members.
- Combating social evils.
- Active participation in democracy.
- Easier access to government schemes.
- Improves standard of living.
- Financial discipline.

DISADVANTAGES OF SHG's

- Too much dependence on government and NGO's.
- Lacks qualified facilitators.
- Lacks upgradation of skills.
- SHG's are maintained by non-professionals.
- Lack of security for transactions in the groups.
- Inadequate training facilities.
- Problems related with raw material.
- Problems of marketing:
 - 1.Lack of sufficient orders.
 - 2.Lack of sales promotion measures.
 - 3.Non-presence of any particular brand name.
 - 4.Involvement of intermediaries in marketing.
 - 5.Absence of permanent markets for the products.

WAY FORWARD

Self-help groups have more options, both now and in the future. Literally, it is an informal group of people who come together to work on a common problem and find a solution to it. SHGs are a collective group whose activities and transactions have been done by common consent for the benefit of all. The origins of SHGs can be traced back to Bangladesh. Bangladesh is recognized as a pioneer in the field of microcredit. Dr. Mehmud Yunus, a professor of economics at Chitgoan University in Bangladesh, was the initiator of the GRAMEEN BANK action research. Grameen Bank and Self-Help Group have the same goal of requiring people to have basic banking knowledge and a habit of saving. Both Grameen Bank and Self Help Group are used interchangeably, both have different basic characteristics. This is how self-help groups began. SHG means focus on the individual and one of the main characteristics of SHG is the idea of mutual support – people helping each other. It presents itself as an additional income financial institution in which group members freely participate. With the savings in the group, they can either start a small-scale business (an additional source of income) or offer personal loans to the members of the groups with a minimum interest rate. Therefore, the role of SHG cannot be considered insignificant because it can act as a mediator in stabilizing the standard of living, especially in rural areas. It may be true that it is very difficult to find many backward families in this generation because recent economic studies show that most of the people of this age work in white-collar jobs and about 75 percent of the people are not bad managers. . who feel the standard of living so for this SHG group The meaning has not found its place but the remaining 25% suffer badly and this 25% could be a part of rural life for those who provide the right space. For SHGs. So its role in the past era is very important considering the coming future also because although the coming future may not form a backward community due to the development of technology and economy, SHGs will maintain their stability because the main purpose of SHGs is to provide. Banking knowledge. -like and saving habits. It may be that this banking knowledge is not a future problem, savings habits are still important, so elimination of SHGs in various fields is not possible.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATIONS

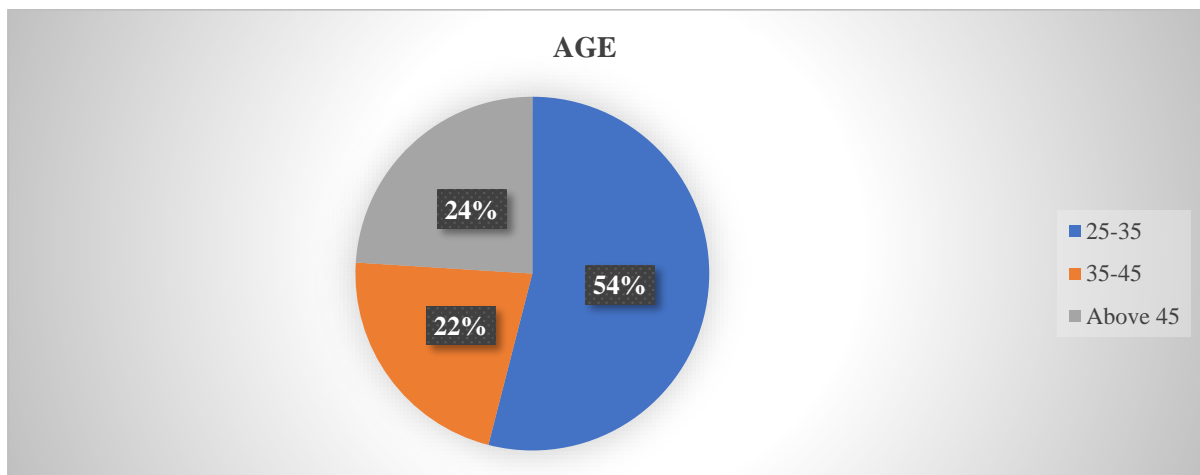
4.1 AGE- WISE CLASSIFICATION OF RESPONDENTS

TABLE 4.1

AGE	NO. OF RESPONDENTS	PERCENTAGE
25-35	54	54
35-45	22	22
Above 45	24	24
Total	100	100

Source: Primary data

FIGURE 4.1- AGE-WISE CLASSIFICATION OF RESPONDENTS



INTERPRETATION

The table and figure show the age-wise classification of respondents. Accordingly, it shows that 54% of respondents is within the age group 25-35, and least comprises the age between 35-45 and 24% of the data comes from the age group of above 45.

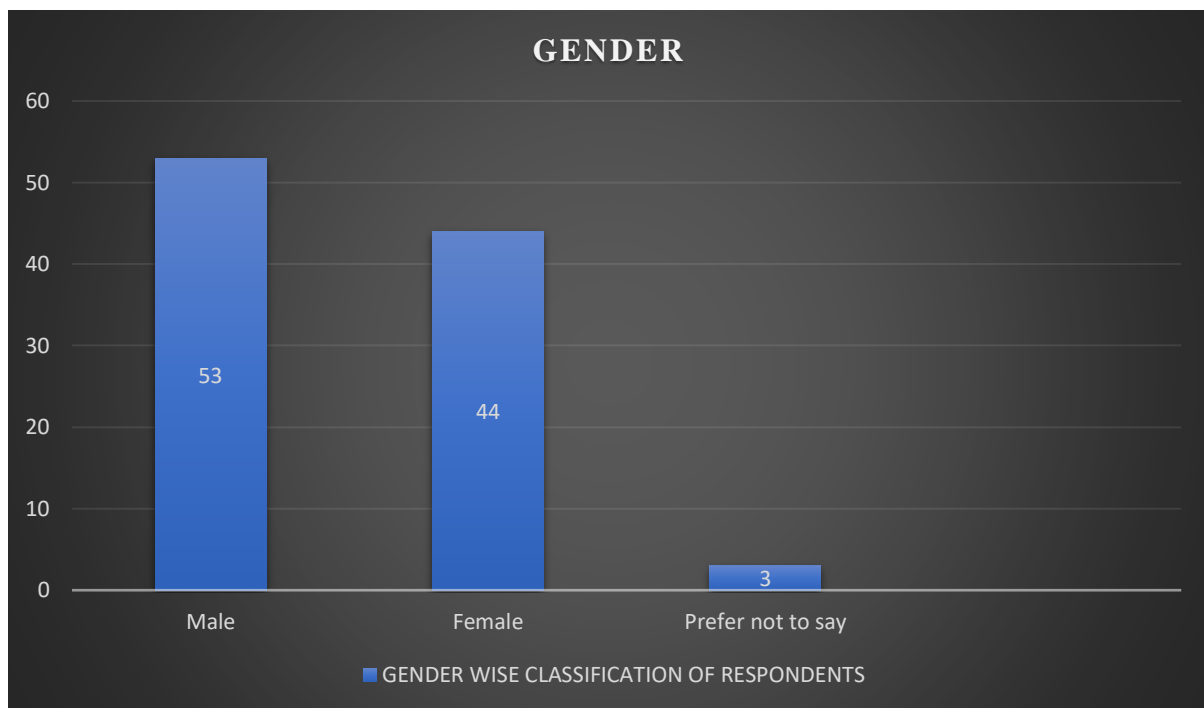
2. GENDER-WISE CLASSIFICATION OF RESPONDENTS

TABLE 4.2

GENDER	NO. OF RESPONDENTS	PERCENTAGE
Male	53	53
Female	44	44
Prefer not to say	3	3
Total	100	100

Source: Primary data

FIGURE 4.2 - GENDER-WISE CLASSIFICATION OF RESPONDENTS



INTERPRETATION

According to the data it shows that of the 100 respondents 53 is male, 44 comprises of female respondents and the rest 3 respondents is not ready to reveal their gender.

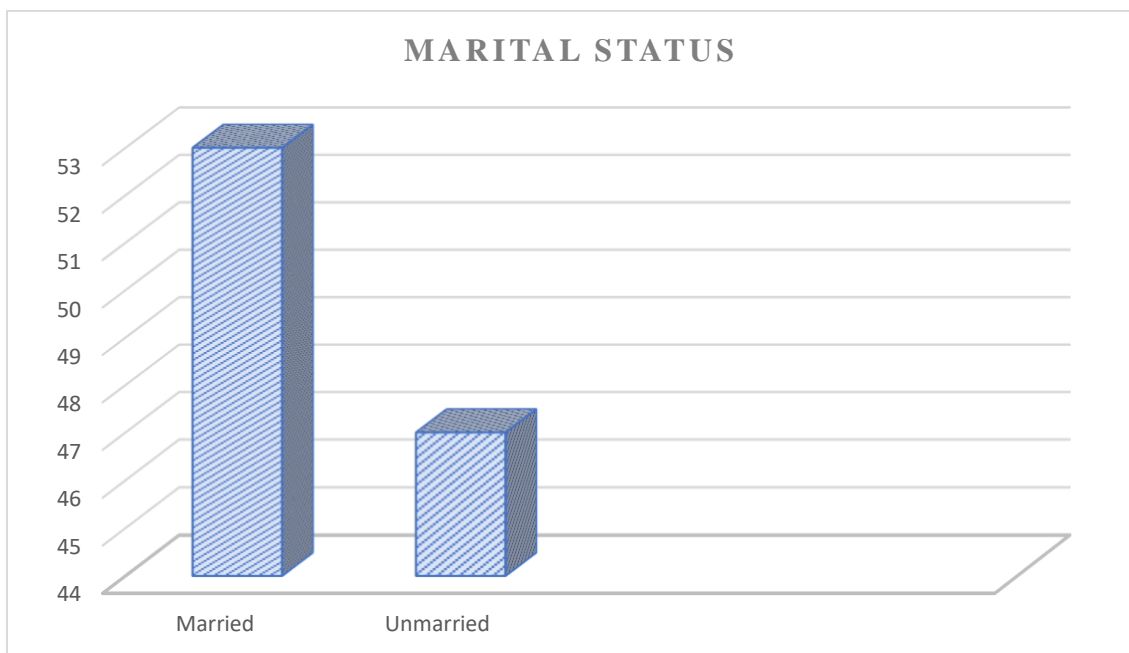
3. MARITAL-STATUS-WISE CLASSIFICATION OF RESPONDENTS

TABLE 4.3

Marital status	No. of respondents	Percentage
Married	53	53
Unmarried	47	47
Total	100	100

Source: Primary data

FIGURE 4.3 MARITAL STATUS -WISE CLASSIFICATION OF RESPONDENTS



INTERPRETATION

The data shows that, of the respondents, 53 are married and the rest 47 are from the unmarried group.

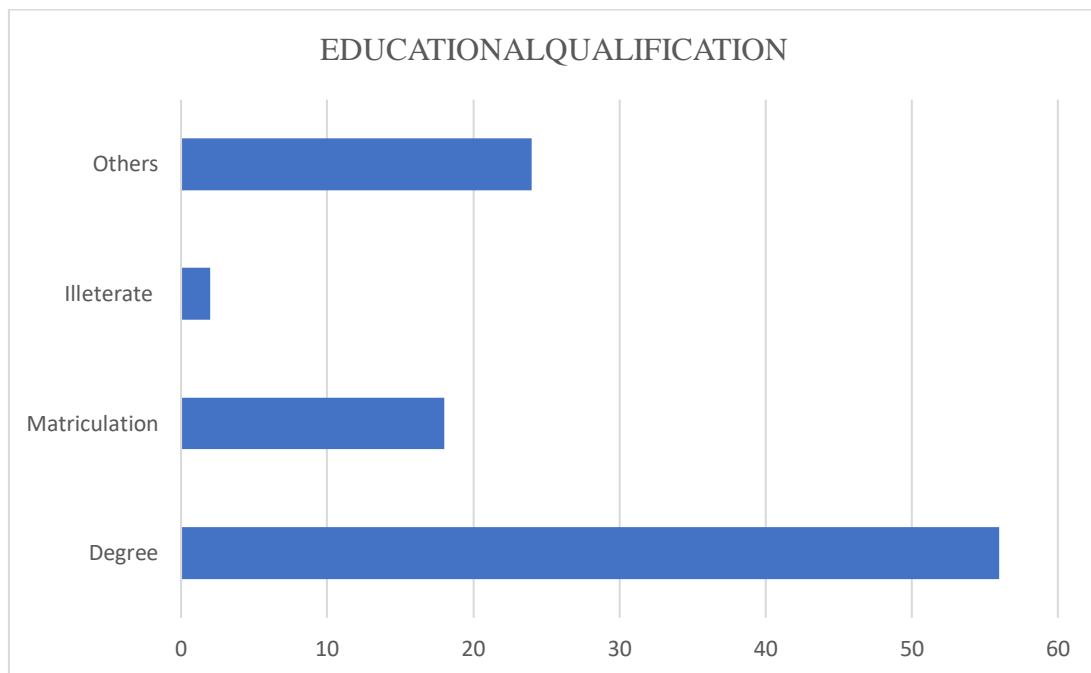
4. EDUCATIONAL QUALIFICATION- WISE CLASSIFICATION OF RESPONDENTS

TABLE 4.4

Educational classification	No. of respondents	Percentage
Degree	56	56
Matriculation	18	18
Illiterate	2	2
Others	24	24
Total	100	100

Source: Primary data

FIGURE 4.4 EDUCATIONAL QUALIFICATION WISE CLASSIFICATION OF RESPONDENTS



INTERPRETATION

The data shows that most of the respondents are graduated with any degree and only 2% are illiterate i.e., 56 are graduated, 18 respondents are matriculated 2 are illiterate and 24 respondents are qualified with something other than graduation, matriculation, illiteration.

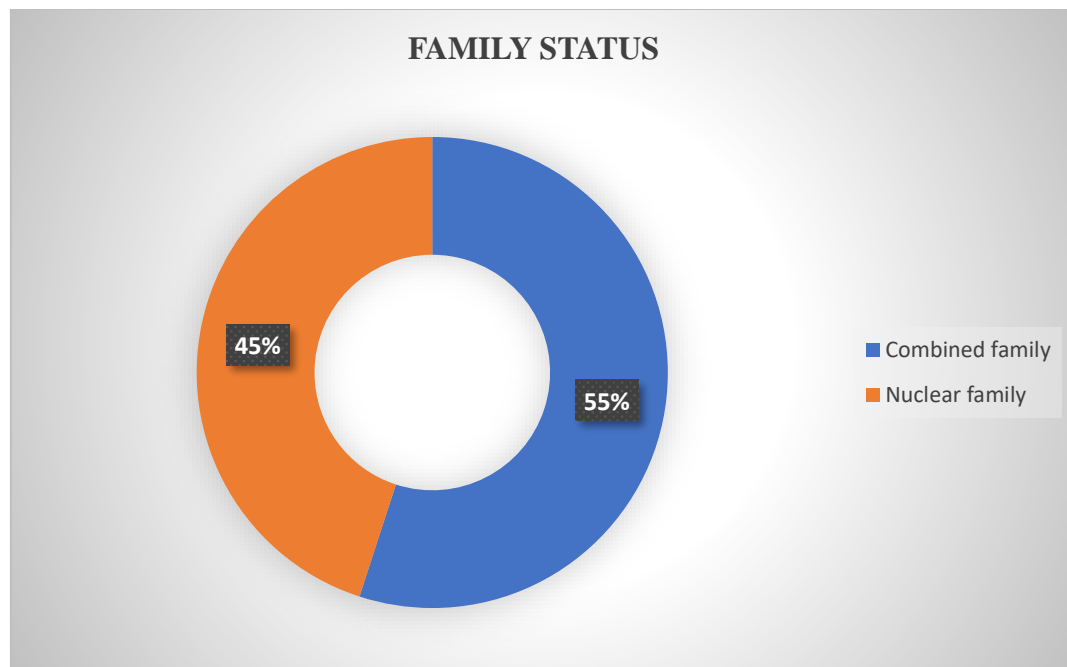
5. FAMILY STATUS-WISE CLASSIFICATION OF RESPONDENTS

TABLE 4.5

FAMILY STATUS	NO. OF RESPONDENTS	PERCENTAGE
Combined family	55	55
Nuclear family	45	45
Total	100	100

Source: Primary data

FIGURE 4.5 FAMILY STATUS WISE CLASSIFICATION OF RESPONDENTS



INTERPRETATION

According to the data it reveals that 45% of the respondents are from nuclear family and 55% of respondents comprised of combined family.

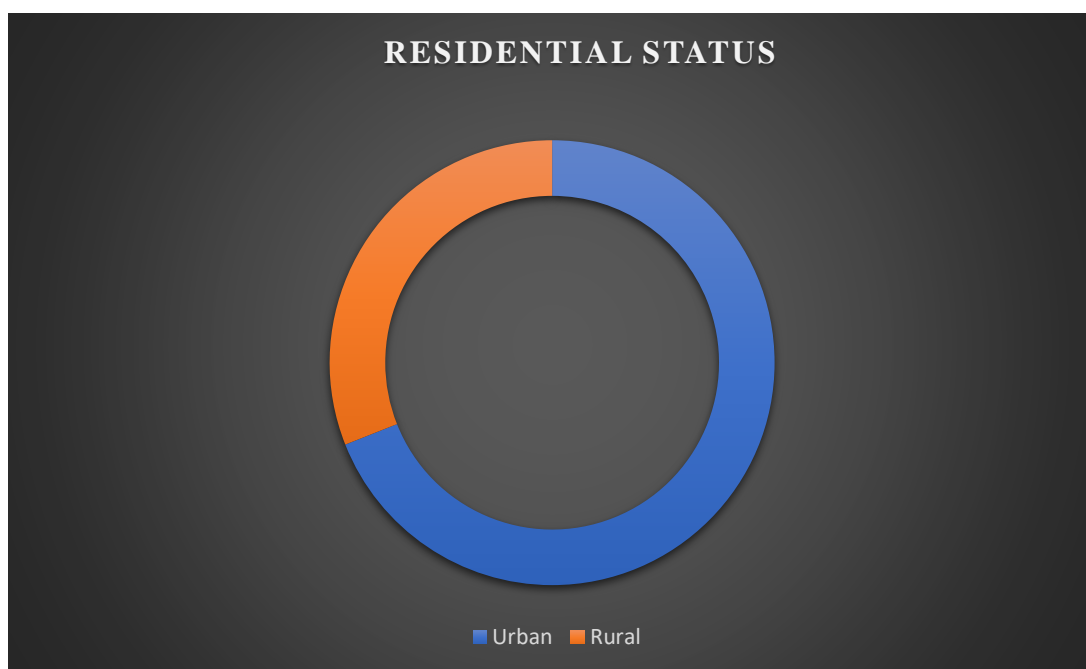
6. RESIDENTIAL STATUS-WISE CLASSIFICATION OF RESPONDENTS

TABLE 4.6

RESIDENTIAL STATUS	NO. OF RESPONDENTS	PERCENTAGE
Urban	69	69
Rural	31	31
Total	100	100

Source: Primary data

FIGURE 4.6 RESIDENTIAL STATUS WISE CLASSIFICATION OF RESPONDENT



INTERPRETATION

The data reveals that out of the responses 69% are from rural area and the remaining 31% are from urban side.

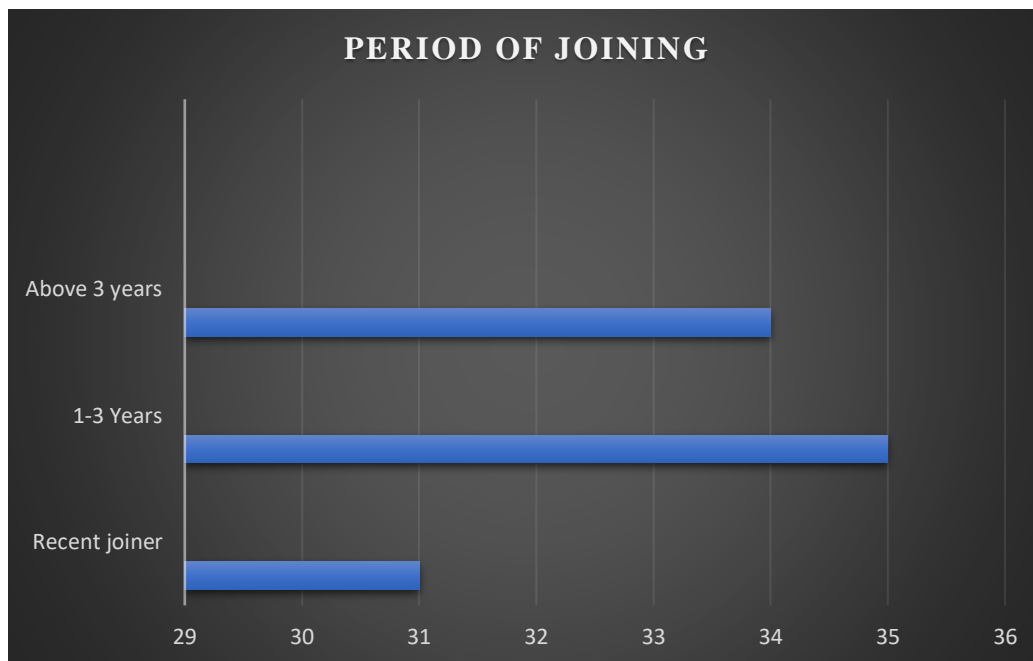
7. CLASSIFICATION OF RESPONDENTS ON THE BASIS OF PERIOD OF JOINING IN SHG's

TABLE 4.7

PERIOD	NO. OF RESPONDENTS	PERCENTAGE
Recent joiner	31	31
1-3 Years	35	35
Above 3 years	34	34
Total	100	100

Source: Primary data

FIGURE 4.7 CLASSIFICATION OF RESPONDENTS ON THE BASIS OF PERIOD OF JOINING IN SHG's



INTERPRETATION

The data reveals that, out of the respondent's majority has been actively participating in the group for 1-3years and only 31% comprises of recent joiners of SHG's and 34% are been in the group for above 3 years.

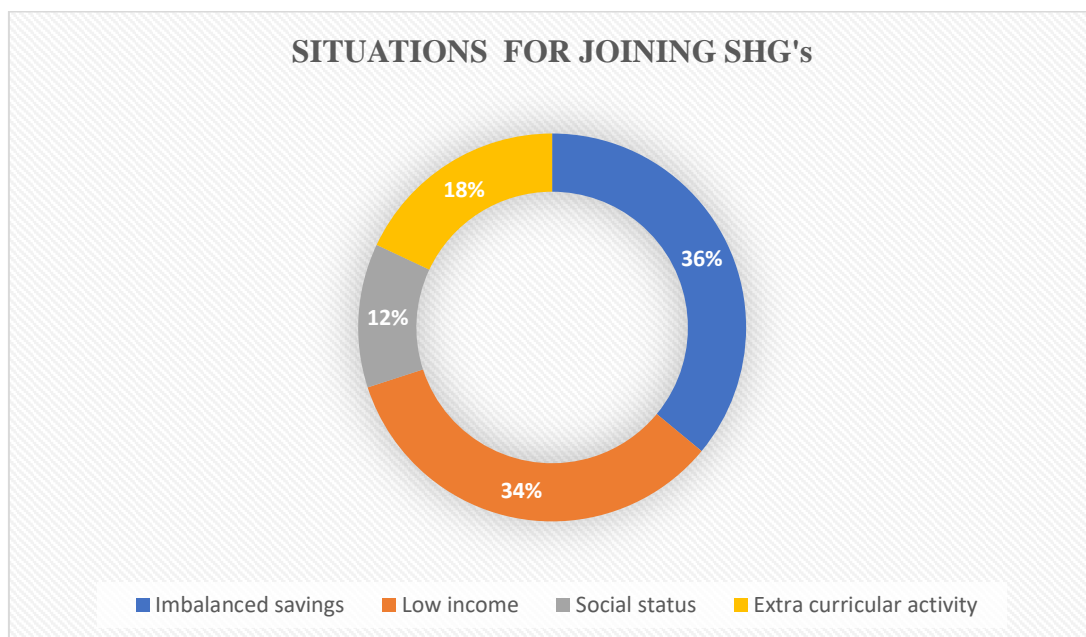
8. CLASSIFICATION OF RESPONDENTS ON THE BASIS OF SITUATIONS FOR JOINING IN SHG's

TABLE 4.8

SITUATIONS	NO. OF RESPONDENTS	PERCENTAGE
Imbalanced savings	36	36
Low income	34	34
Social status	12	12
Extra-curricular activity	18	18
Total	100	100

Source: Primary data

FIGURE 4.8 CLASSIFICATION OF RESPONDENTS ON THE BASIS OF SITUATIONS FOR JOINING IN SHG's



INTERPRETATION

Most of the respondents according to the data reveals that the major reasons pushed them to join the group was due to the imbalanced savings (36%).34% due to low income,12% for attaining social status, 18% joined SHG's as an extra-curricular activity.

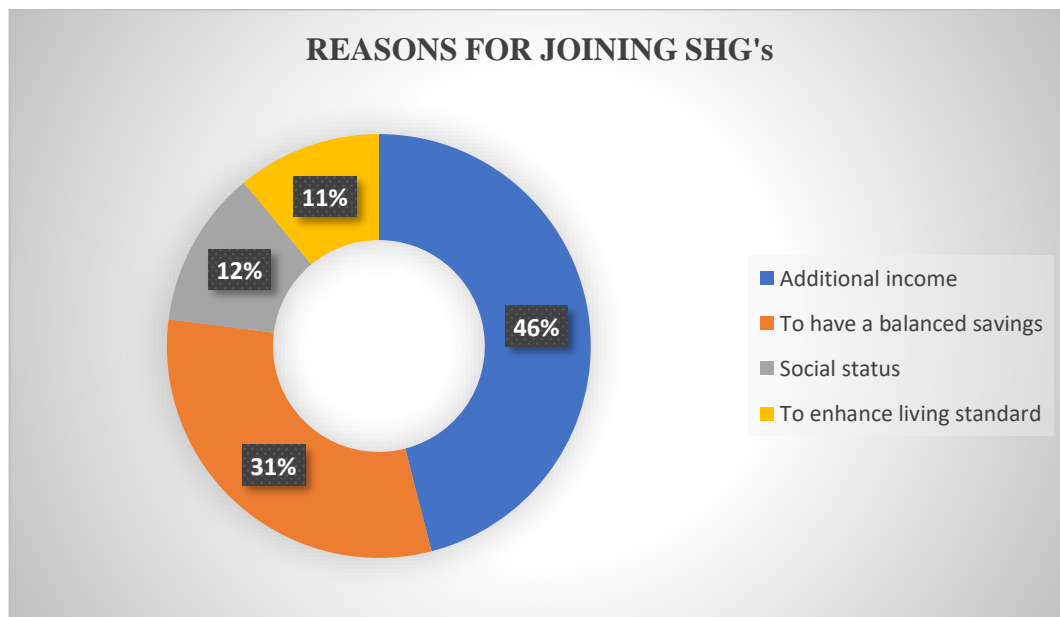
9. CLASSIFICATION OF RESPONDENTS ON THE BASIS OF REASONS FOR JOINING IN SHG's

TABLE 4.9

REASONS	NO. OF RESPONDENTS	PERCENTAGE
Additional income	46	46
To have balanced savings	31	31
Social status	12	12
To enhance the living standard	11	11
Total	100	100

Source: Primary data

FIGURE 4.9 CLASSIFICATION OF RESPONDENTS ON THE BASIS OF REASONS FOR JOINING IN SHG's



INTERPRETATION

It was founded in the study that 46% of the respondents joined the group for the purpose of achieving additional income ,31% joined the same for having a balanced savings habit, 12 and 11% of the respondents joined the group for social status and for having better living standard.

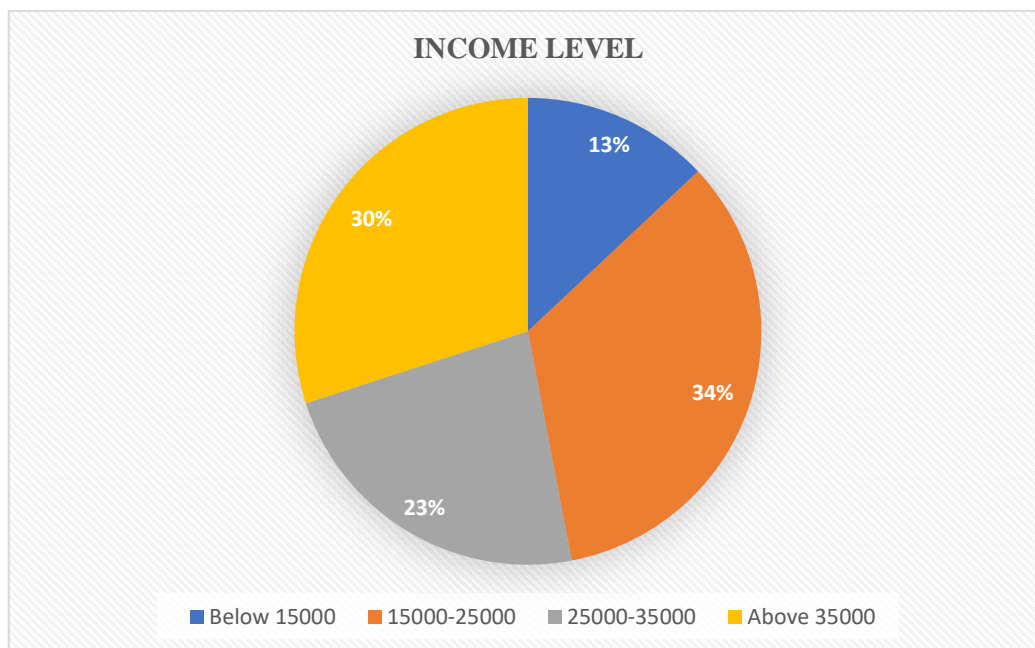
10. CLASSIFICATION OF RESPONDENTS ON THE BASIS OF MONTHLY INCOME

TABLE 4.10

MONTHLY INCOME	NO. OF RESPONDENTS	PERCENTAGE
Below 15000	13	13
15000-25000	34	34
25000-35000	23	23
Above 35000	30	30
Total	100	100

Source: Primary data

FIGURE 4.10 CLASSIFICATION OF RESPONDENTS ON THE BASIS OF MONTHLY INCOME



INTERPRETATION

13% of the respondents are from income group of below 15000, 15000-25000 comprises of 34%, 25000-35000 forms 23% and the rest 30% constitute the income group of above 35000.

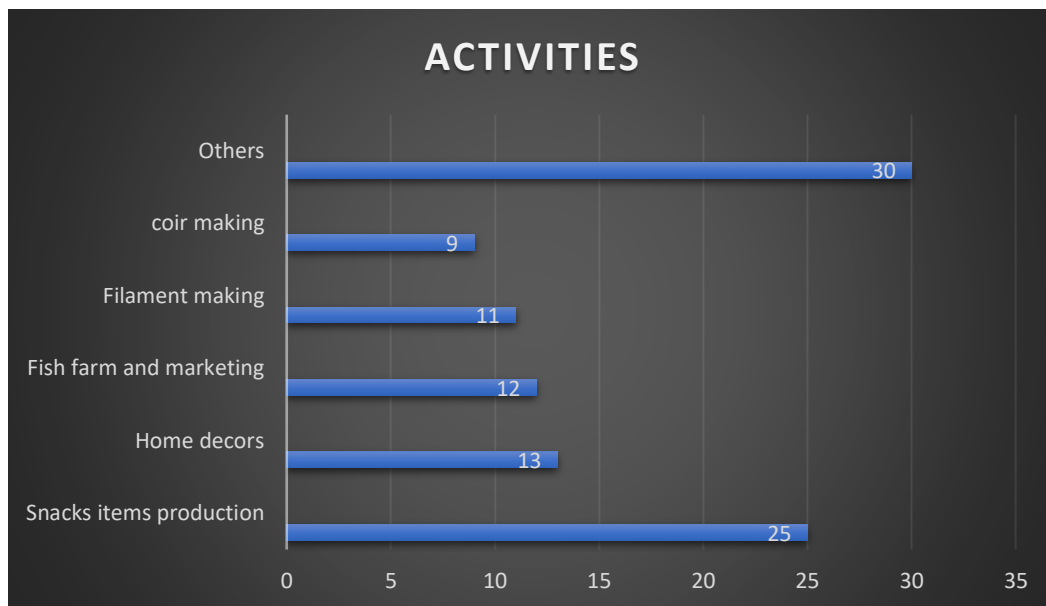
11. CLASSIFICATION OF RESPONDENTS ON THE BASIS OF ACTIVITIES OF THE GROUP

TABLE 4.11

ACTIVITIES	NO. OF RESPONDENTS	PERCENTAGE
Snacks items production	25	25
Home decors	13	13
Fish farm and marketing	12	12
Filament making	11	11
Coir making	9	9
Others	30	30
Total	100	100

Source: Primary data

FIGURE 4.11 CLASSIFICATION OF RESPONDENTS ON THE BASIS OF ACTIVITIES OF THE GROUP



INTERPRETATION

The activities undertaken by different respondents in their prospective groups are as 30% -are engaged in activities other than fish farming, snacks items productions, filament making, home decors, coir making, 25% - in snacks items production, 13% are engaged in making home decors, 12% in fish farm ,11% in filament making, and the rest 9% are engaged in coir making.

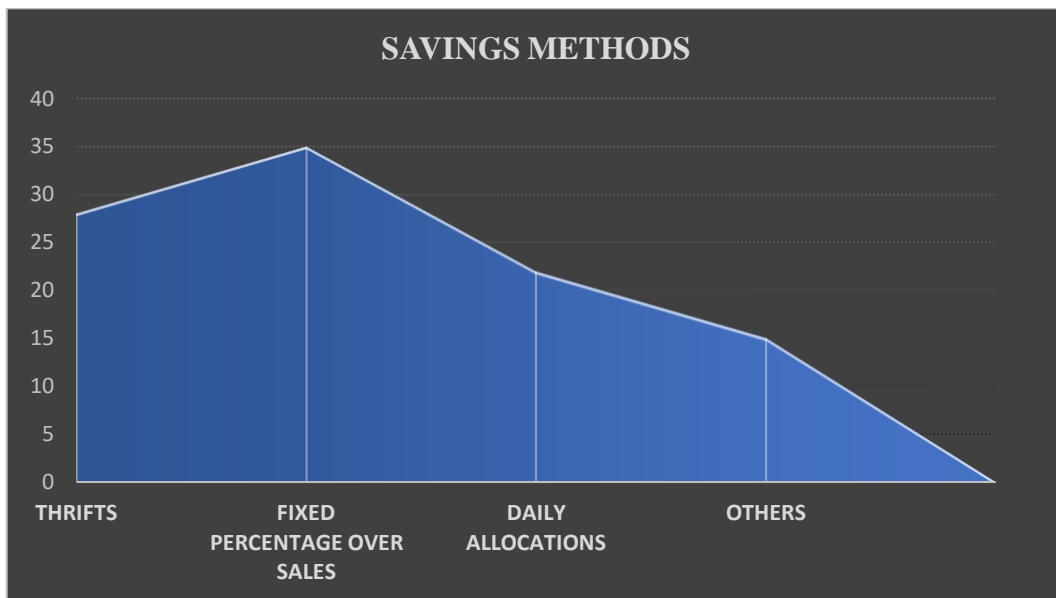
12. CLASSIFICATION OF RESPONDENTS ON THE BASIS OF SAVINGS ADOPTED IN THE GROUPS

TABLE 4.12

METHODS	NO. OF RESPONDENTS	PERCENTAGE
Thriffs	28	28
Fixed percentage over sales	35	35
Daily allocations	22	22
Others	15	15
TOTAL	100	100

Source: Primary data

FIGURE 4.12 CLASIFICATION OF RESPPONDENTS ON THE BASIS OF SAVINGS ADOPTED IN THE GROUPS



INTERPRETATION

It reveals that 35% of respondents adopted the method of fixed percentage over sales of savings habit, 28% adopts thrifts, 22% uses daily allocations and rest 15% uses the savings methods other than thrifts, fixed percentage oversales, daily allocations.

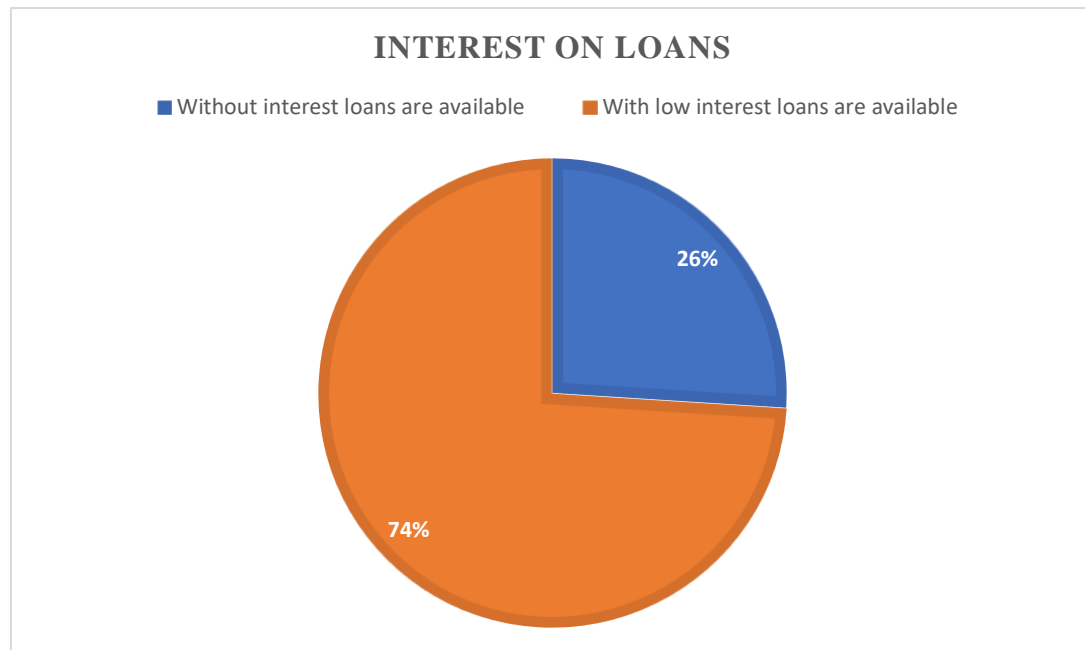
13. CLASSIFICATION OF RESPONDENTS ON THE BASIS OF INTEREST RATES FOR LOANS AVAILABLE IN SHG's

TABLE 4.13

AVAILABILITY OF LOANS	NO. OF RESPONDENTS	PERCENTAGE
Without interest loans are available	26	26
With low-interest loans are available	74	74
TOTAL	100	100

Source: Primary data

FIGURE 4.13 CLASSIFICATION OF RESPONDENTS ON THE BASIS OF INTEREST RATES FOR LOANS AVAILABLE IN SHG's



INTERPRETATION

According to the responses, 74% of the respondents reveals that they are getting loans from SHG's with low rate of interest, and only 26% says that they are availing loans without interest rates.

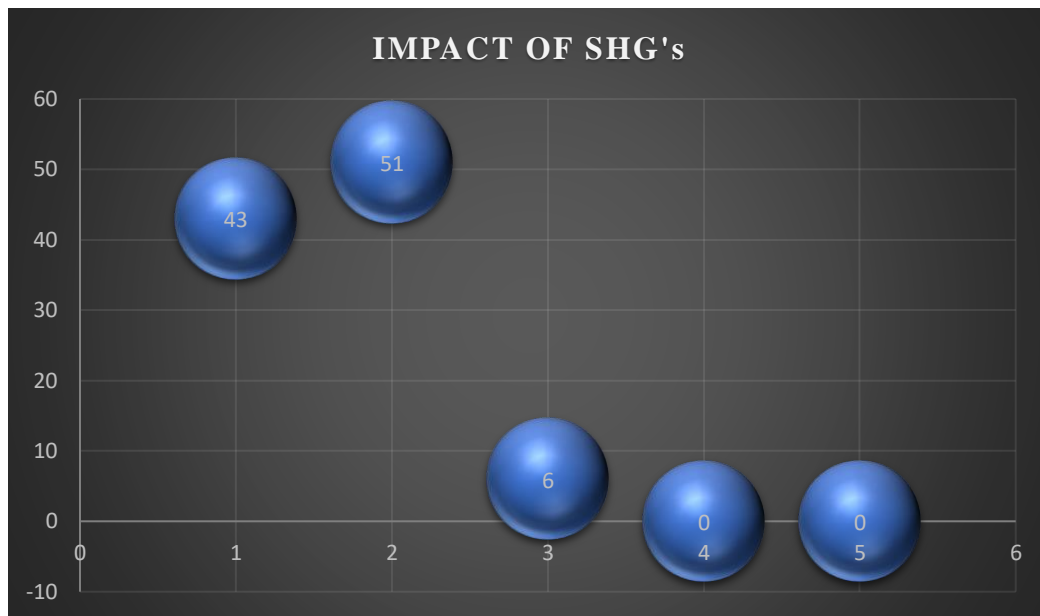
14. CLASSIFICATION ON THE BASIS OF IMPACTS OF SHG's IN THE LIFE OF RESPONDENTS

TABLE 4.14

SCALING	NO. OF RESPONDENTS	PERCENTAGE
Strongly agree	43	43
Agree	51	51
Neutral	6	6
Disagree	NIL	NIL
Strongly disagree	NIL	NIL
TOTAL	100	100

Source: Primary data

FIGURE 4.14 CLASSIFICATION ON THE BASIS OF IMPACTS OF SHG's IN THE LIFE OF RESPONDENTS



INTERPRETATION

The respondents response with regard to the impact of SHG's in their life was as almost in all the cases they agrees that after joining in the group that had a positive change in their life style with regards to increase in their monthly income, they easily avails financial assistance from the groups, it helps to reduce the burden of debts from their life, most of the respondents says that SHG's helps them to be a financially stable person, but a small no. of respondents strongly disagree that the groups doesn't develop them to be a financially stable person also except for a small group agrees that they feel themselves empowered to take up social responsibilities,

and all of the respondents except a few agrees that after SHG's it increases their co-ordination ability.

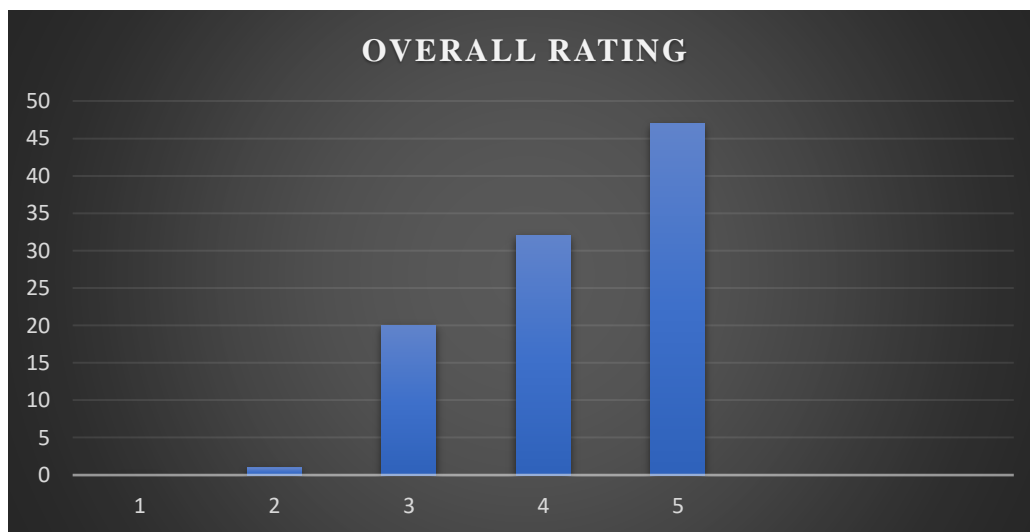
15. CLASSIFICATION OF RESPONDENTS ON THE BASIS OF OVERALL RATING

TABLE 4.15

RATING	NO. OF RESPONDENTS	PERCENTAGE
1	NIL	NIL
2	1	1
3	20	20
4	32	32
5	47	47
TOTAL	100	100

Source: Primary data

FIGURE 4.15 CLASSIFICATION OF RESPONDENTS ON THE BASIS OF OVERALL RATING



INTERPRETATION

The majority of the respondents give the highest rating to the impact of SHGs in their life i.e., 5 rating.

CHAPTER 5

FINDINGS, SUGGESTIONS AND INTERPRETATIONS

FINDINGS

Major findings that emerged from the study are as follows:

1. Most of the respondents of the study are from the age group of 25-35, and only 24% belong to the age above 45.
2. 53% of the respondents are from the male category and 44% include females, and 3% of respondents are not preferring to disclose their gender.
3. Majority of the respondents i.e., 53% are married and the rest 47% are unmarried.
4. Most of the respondents from the sample are qualified any under graduation i.e., 56% and 18% of the respondents are just matriculated, just 2% of the respondents are illiterate and the rest 24% constitute any qualifications other than a degree, matriculation, and illiteracy.
5. 55% of the respondents are having nuclear family and 45% are from combined family.
6. Majority of the respondents are from rural area (69%) and the rest (31%) are from urban side.
7. 35% of the respondents says that, they have been actively participating in the group for 1-3 years and 34% are there in the group for above 3 years, only 31% of the respondents are the recent joiners of the group.
8. 36% of the respondents says that, the situations pushed them to join the group was due to imbalanced savings habit, 34% says that it was low income that became a push factor, 12% and 18% of the respondents says that it was due to status issue and as an extra-curricular activity that became a push factor for them.
9. A great no. of respondents (46%) revealed that it was for having an additional income they joined SHG's, 31% says that for having a balance in their income they joined the group and only 11% and 12% of the respondents says that it was to upgrade their living condition and social status the joined the group.
10. Majority of the respondents (34%) are having an income group in between 15000-25000 and least (13%) income group of respondents are below 15000.
11. It was founded that 12% of the members of group are engaged in fish farm and marketing, 25% in snacks items productions, 11% in filament making, 13% are engaged in home decors, 9% in coir making, and 30% of the group members are engaged in something other than fish farm and marketing, snacks items productions, filament making, home decors and coir making.

12. According to the data it was founded that 35% of the respondents are practicing a saving method of “fixed percentage over sales” and “thrift” allocations are adopted by 28%, 22% are following “daily allocations” and the rest 15% are following some kind of savings other than -THRIFTS, FIXED PERCENTAGE OVER SALES, DAILY ALLOCATIONS.
13. It was also founded 74% of the respondents agrees that they are availing loans from the group with low rate of interest, and the rest 26% says that they are getting loans without interest.
14. The respondent’s response with regard to the impact of SHGs in their life was as almost in all the cases they agrees that after joining in the group that had a positive change in their life style with regards to increase in their monthly income, they easily avails financial assistance from the groups, it helps to reduce the burden of debts from their life, most of the respondents says that SHG’s helps them to be a financially stable person, but a small no. of respondents strongly disagree that the groups doesn’t develop them to be a financially stable person also except for a small group agrees that they feel themselves empowered to take up social responsibilities, and all of the respondents except a few agrees that after SHG’s it increases their co-ordination ability.
15. 47% of the respondents rate the impact of SHG’s in their life as “5” i.e., highest rating and 32% gives “4” rating, 20% gives “3” rating and the rest 1% only shows “2” point rating.

SUGGESTIONS

Some of the major suggestions founded during the analysis stage as follows:

1. Members should be given direct approach to post the products either to the market or to the end uses.
2. A member for full time work should be appointed for the overall supervision, or chances of fraud and delay in conduction of activities may occur.
3. Well-qualified personnel should be employed for the purpose maintain the books of accounts that are subjected for presentation.
4. The activities whatever may be conducted in a continues manner, proper care should be provided for each activity.
5. The details of members who had taken loans or any benefits, the record of all the same should be maintained and repayment of the same should also need to be recorded, because if any default occurs with regards to the same may lead to conflicts between members.
6. At the time new joiners proper training should be given to them for the purpose of achieving efficiency in their working and this is mandatory to follow.
7. At least once in a week meeting to be conducted and all the updates of that week need to be communicated with all the members, this reduces chaos regarding to the concerns.
8. Members of the group need to learn the importance of consensus and management of group for effective working.
9. Upgradation of activities, i.e., whether products or services should be enhanced from time-to-time in order to cope with outside market.
10. Disclose all expenses/losses or revenues/gains to all participants of the group in order to avoid conflicts and to maintain peace.

CONCLUSION

This was a study conducted on the topic “A STUDY ON THE EFFECT OF SELF-HELP GROUPS AMONG RURAL”. It was an attempt to investigate about the impact or effect of SHG’s among rural people. Whether rural public are actively participating in SHG’s or not, whether the participation had any positive effect on their financial life as well as on their quality of life, these were typically analyzed during the study. In the primary stages, it was clearly defined that this is a study based on the qualitative as well quantitative assessment made upon the life of rural public with regards to the involvement and participation in SHG’s. The major objectives of the study were to analyze the impact of SHG’s in their financial life, whether it helps to have a peaceful life with the reduction in the quantity of debts, to review whether they are able to make collective decisions within the groups etc. According to the responses received the study could be concluded by that SHG’s had a positive impact itself in the financial as well in the quality of life of members, as SHG’s mainly act as a medium for an additional income source for its members, with this they are able to have a financially stabled life and are able to maintain peacefulness. In the earlier stages of the implementation of SHG’s it was supposed as a medium used to stabilize the savings habit within public and later the same had an equal importance for income generation. Here in this study also both the prospective has been selected by the respondents as the importance of same in their life. It was through different activities they mobilize their savings habit and make as a source for additional income generation. Involvement in these groups also creates a mindset within the respondents or members to take up with some social responsibilities and enhanced confidence without the barrier of educated or not, because continues engagement in these kinds of activities make them expertise the respective fields and this will enable them to do things without fear. It was also through different methods that they carry their savings style. All the objectives are positively satisfied in the study and majority of the respondents had given highest priority rating of “5” with regards to the impact of SELF-HELP GROUPS in their life.

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ANNEXURE

QUESTIONNAIRE

1. Age:

- 25-35 35-45 45 above

2. Gender:

- Male Female Prefer not to say

3. Marital status:

- Married Unmarried

4. Educational qualification:

- Degree Matriculation Illiterate Others

5. Family status:

- Nuclear family Combined family

6. Residential area:

- Urban Rural

7. How long you have been in SHG?

- Recent joiner 1-3 years above 3 years

8. Situations pushed you to join SHG?

- Low income Imbalanced savings Social status Extra-curricular activity

9. Reasons for joining SHG's

- Additional income source Societal status To have a balance in savings

- To enhance living standard

10. monthly income

- below 15000 15000-25000 25000-35000 above 35000

11. Activities undertaken in your group:

- Fish farm and marketing Snacks items productions Filament(bulb)making

- Home decors Coir making Others

12. Method of savings adopted in the group:

Thrifts Daily allocations Fixed percentage over every sale Others

13. Interest rates for loans available:

Without interest loans are available.

With low rates loans are available.

14. Impact of SHG's in the daily life of members:

BASIS	STRONGLY AGREE	AGREE	NEUTRAL	STRONGLY DISAGREE	DISAGREE
Monthly income had a positive effect after joining SHG's					
Financial assistance is easily available from SHG's other than from banks or other financial institutions					
SHG's helps to reduce the quantity of debts or you are able to pay back your debts (if applicable) as and when they became due					
SHG's helps you to be a financially stable person					
Feels empowered to					

take up social responsibilities					
SHG's helps for involvement and making collective decisions or it increases the co-ordination ability					

15. How will you overall rate the impact of SHG's in your life:

- 1
 2
 3
 4
 5