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RESEARCH ARTICLE

Stakeholders' perceptions on Self Help Groups as financial model of development

*Sanjay Kanti Das¹ and Prof. Amalesh Bhowal²

1. Head, Department of Commerce, Lumding College, Lumding, Nagaon, Assam-782447, India.

2. Professor, Dept. of Commerce, Assam University, Diphu Campus, Assam-782462, India.

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Abstract

In India, SHGs represent a unique approach to financial intermediation and innovation of credit delivery technique to enhance income-generating activities. Sa-Dhan (2003) has sort out some of the unresolved issues in the context of quality assessment of SHGs. The main objective of this paper is to assess the opinion of the direct stakeholders (i.e. Promoters, Donors, Financial Institutions and the Group members) of SHGs regarding the issue whether SHG is a financial model of development. The study is conducted by using multi-stage random sampling method to collect primary data from the selected Development Blocks of Nagaon districts of Assam during 2012. From the ANOVA test on overall score of variables on financial model, it is concluded that all four groups' means are not equal. It is observed that there exists enough evidence to conclude that there is significant association in the opinion of the direct stakeholders of SHGs regarding the issue whether SHG is a financial model. Further, it is observed that on thirteen (13) elements relating to financial model construct whose mean value is positive are considered as the key elements that recognise SHGs as the financial model of development.

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Introduction

Finding innovative ways to provide financial services to the poor so that they can improve their productive capacity and quality of life is the role of the financial intermediaries in the 21st century. Most formal financial institutions do not serve the poor because of perceived high risks, high costs involved in small transactions, low profitability and most importantly, inability to provide the physical collateral generally required by such institutions. However, Government of developing economies has made serious effort to bring the 'unreachable' within the formal banking net through the directives and also offered a number of fiscal & monetary mechanism to shorten the credit gap. A lot of programmes and directives were issued in this regard by apex monetary authorities of the respective countries. Despite this progress, as of 2008 (2005 statistics), the World Bank has estimated that there were an estimated 1,345 million poor people in developing countries who live on \$1.25 a day or less (Headey, 2011). The demand for financial services from these low-income households is substantial, and their demand covers a wide range of products and services (ADB, 2007). Most poor and low-income households continue to rely on meager self-finance or informal sources of finance.

Self Help Groups (SHGs) are an outcome of the neo-liberal paradigm of development, where the poor take charge of their lives and fashion new improved future through self-reliant and socially sustainable efforts. SHGs emerge as an important strategy for empowering women and in alleviating poverty. The women SHGs have enhanced the status of women as participant decision makers and beneficiaries on the democratic, economic, social and cultural spheres of life and sensitised the women members to take active part in socio-economic progress of rural India. SHGs in social change imply not only the change of outer form of a community or a society but also in the social institutions as well as ideas of the people living in that society. In recent year, SHGs are emerging as alternative credit source to the

poor (e.g. Kumar, 2004; Bharathi, 2005; Singh, 2009; Nabavi, 2009). NABARD views the SHG as essentially a financial model facilitating a supplementary credit delivery mechanism for poor families that had not been reached by the banking system (e.g. Tankha, 2002; Sinha and Patole, 2002). SHG-Banking (SBLP) is a programme that helps to promote financial transactions between the formal rural banking system in India comprising of public and private sector commercial banks, regional rural banks and cooperative banks with informal SHGs as clients. SHGs are financial intermediaries owned by the poor. They usually start by making voluntary thrift on a regular- mostly fortnightly or monthly basis (contractual savings). They use this pooled resource (as quasi-equity) together with the external bank loan to provide interest-bearing loans to their members. Such loan provides additional liquidity or purchasing power for use in any of the borrower's production, investment, or consumption activities. SHGs are currently seen as an essential and integral part not only of financial services delivery, but also as a channel for the delivery of non-financial services within larger objectives of livelihood promotion, community development and women's empowerment. SHGs are potential 'micro-banks', either on their own, or through higher levels of association, capable of using their own resources, grants and borrowed funds for financial intermediation (Tankha, 2002). Apart from accessing funds from the formal financial sector, SHGs can also become a forum for dissemination of development ideas and information, an association for community mobilisation or an organisational unit for linking up with other economic, social and political interventions. Those SHGs formed on the initiative of the Banking System have the overwhelming objective to help SHGs get access to banking (saving and credit) services to improve the economic condition of their members and to wean them away from moneylenders. They may be called financial SHGs (Kropp & Suran, 2002). SHGs are initiated by agents (bank clients, volunteers of farmers clubs, social workers etc.) or taken over from NGOs to offer bank services to them. Linkage Banking in India is, therefore, not exclusively working through existing informal SHG-institutions but predominantly with the formal banking system. Thus, SHGs have the feature based on which it may be argued that SHGs are Financial Model of Development.

Operationalising the Concepts: SHG as Financial Intermediaries

A significant institutional arrangement for the delivery of financial services to the poor is the 'promoter' model of microcredit (Rutherford, 2000) wherein agencies, usually development non-government organisations (NGOs), provide training and other support services to help poor people set up credit systems that are owned, controlled and managed by the poor themselves. In India, the main mode of accessing microcredit, especially for poor women is through neighbourhood-based peer groups or self help groups (SHGs). They begin by pooling savings for use as intra-group loans. User-managed and member-controlled, SHGs which are sometimes called 'micro-banks' (Harper 2002) and 'community-managed loan funds' (Murray and Rosenberg, 2006) are also part of the promoter model.

In India, SHGs represent a unique approach to financial intermediation (e.g. EDA, 2007; Solomon, 2010; Venkatalakshmi & Ambujam, 2012). The approach combines access to low-cost financial services with a process of self management and development for the women who join as members of an SHG (Kulkarni & Sonawane, 2012). The SHGs are formed and supported usually by NGOs, or (increasingly) by Government agencies and sometimes directly by banks. SHGs are linked to banks first with a group deposit account, then for credit, which is disbursed to the group and in turn distributed to the members. SHGs encourage the saving habit that indirectly enhances the financial ability of the members and ensures prompt repayment. This is a very good substitute for the collateral insisted by the traditional bankers. Micro-finance through its SHG Linkage model is considered as a potential alternative for extending the financial services to the poor for various reasons like the ability of these institutions in providing credit and other financial services to the poor and the weaker sections, help them in overcoming financial shocks, support them in venturing into profitable entrepreneurial activities and encourage small savings. They also provide other financial services like Micro insurance and transfer of funds. SHG as financial intermediaries provides the following financial functions.

- a) **Savings function in SHGs:** Thrift contributions by members to the group that sometimes mandatory or optional must be perceived as a savings product serving long term financial security needs. Poor households generate such savings either by refraining from consumption or postponement of their not so urgent needs. The thrift contribution reflects confidence of members on the group and is seen as an index of their stake in the process.
- b) **Credit function in SHGs:** Providing credit access to members of poor household on sustainable basis is the primary objective of SHG. A well-conceived loan programme in SHG such as loan without collateral security is the major elements of credit policy of SHGs that enhance its attractiveness to the members.

- c) **Fund management in SHGs:** Management of fund is an important task. Funds of SHGs are accommodating to the members on need based and only for productive purposes along with a fixed repayment scheduled. Misappropriations in savings and credit groups as well as imprudent lending from internally generated deposits threaten the security of savings programme and consequent the financial and non-financial risks.
- d) **Record keeping in SHGs:** Record keeping is possibly the most crucial function in a SHG. An efficient record keeping assumes significance for promoting transparency in the system considering the need for providing safety of micro-deposits pooled in savings and credit programmes.
- e) **Banking relationship and SHGs:** Relationship banking is developed and established through SHG. Often the banks provide training to the group members and provide necessary guiding to the groups. Relationship banking is the result of NGO-bank interface to leverage funds for SHGs. NGOs have achieved significant success as promoters (helping and enabling SHGs to access bank credit) and not as providers (direct purveyors of credit).
- f) **Promotion of financial literacy:** But lack of information and guidance regarding practices of savings and credit result in women taking wrong financial decisions which stands in the way of their empowerment. Wise financial practices and right financial decision-making go hand in hand. To achieve this, increased information dissemination, knowledge sharing and promoting the practice of financial planning SHG organises such training. Generally, SHGs provides training on budgeting, savings, debt management and other banking services.
- g) **Promotion in financial inclusion:** Financial inclusion is the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable Groups such as weaker sections and low-income groups at an affordable cost (Report of the Committee on Financial Inclusion in India, 2008). Achieving financial inclusion through formal banking system is a cumbersome task. SHGs are financed by bank without any collateral. Here peer group pressure is considered as collateral by the lenders. It also helps to reduce transaction costs and facilitates proper monitoring of funds by group members, economic empowerment of SHG members by collective decision-making etc. Saving Bank Linkage Programme (SBLP) model exhibits the potential to provide an alternative mechanism to extend financial services to large unbanked sections of the society.

Thus, the micro-credit programme in general and SBLP in particular is a unique innovation of credit delivery technique to enhance income-generating activities. The programme extends small loans to poor people for self-employment activities, thus, allowing the clients to achieve a better quality of life (e.g. Rahman, 1995; Hussain, 1998; Morduch, 2000). It is the most sensational anti-poverty tool for the poorest, especially for women (Micro Credit Summit, 1997). It has been well recognised that micro-finance smoothens consumption, reduces the vulnerability of the poor and leads to increase in their income. By giving the world's poor a hand up, micro-finance can help break the vicious cycle of poverty in as little as a single generation (Maheswaranathan & Kennedy, 2010).

In this study, when developing the questionnaire and interview guidelines, the notion of degrees of financial model introduced by Tankha, 2002; Kropp & Suran, 2002; Sinha and Patole, 2002 and other researchers were used. The domain of financial intermediaries is limited to savings function, credit function, fund management, record keeping, relationship banking, insurance function, investment function, financial literacy promotion, financial management and portfolio management. In this way a list of thirty (30) indicators relating to financial intermediation by SHGs are included in this study to access the perceptions of different stakeholders of SHG whether SHG is a financial model of development (Figure 1).

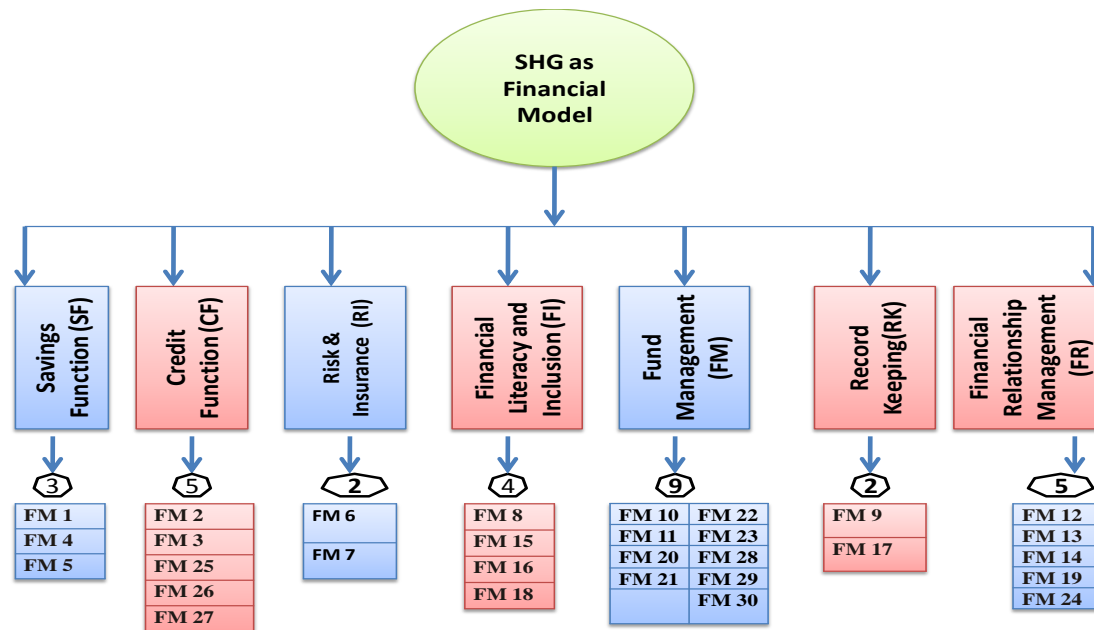


Figure 1. Components of SHG as Financial Model
Source: Designed based on Survey of Literature

Material and Methods

1. Statement of the Problem

Different organisations have promoted or supported SHGs from a different perspective and agenda. It is observed that different stakeholders have promoted SHGs with different expectations and understanding, and have sorted different parameters of quality of SHGs. One modest effort in this context has been initiated by Sa-Dhan (2003) in preparing and publishing a discussion paper on “Quality Parameters of SHGs”, wherein a lot of issues sets out in the quality assessment of SHGs. Moreover, this paper also set out some unresolved key issues for further discussion and research to develop quality indicators for SHGs. Thus, the present study is limited to one of the unresolved issue of quality assessment of SHGs as raised by Sa-Dhan.

2. Objective of the Study

The study is pursued keeping in view the following main objectives

- To examine the perception of the direct stakeholders i.e. Promoters, Donors, Financial Institutions and the Group members of SHGs regarding the issue whether SHG is a financial model.
- To forward conclusion based on the findings of the study.

3. Research Hypotheses

Given the survey of literature and objectives, the study is pursued to test the following statistical hypothesis:

Ho: There is no significant association in the opinion of the direct stakeholders (i.e. Promoters, Donors, Financial Institutions and the Group members) of SHGs regarding the issue whether SHG is a financial model.

4. Methodology

The research design and methodology devised in this paper is being presented which has been designed keeping in mind the focused objectives and with the aim of acquiring accurate and authentic data. The methodology of research is descriptive in nature and empirical method is applied to assess perceptions of direct stakeholders on the issue of SHGs as financial intermediaries. As the study adopted a descriptive study design; this design was crucial in

capturing the socio-economic characteristic of the study groups such as demographics data, economic status, social benefits, and entrepreneurial activities. As explained by Mugenda (2003) it helped in collecting data concerning behavior, attitude, values and characteristic. Multi-stage random sampling method is used for the present study to collect primary data. Nagaon district of Assam was purposively chosen out of twenty-seven districts of Assam for the present study. At the next level, five Development Blocks are selected randomly. In the later stage, three revenue villages from each of the selected Development Blocks are purposively selected. From each revenue village, three SHG members, who are associated actively, are selected randomly. In this way 45 SHGs were selected out of which one member of a group failed to response. Further, 12 Financial Institutions i.e. nationalised commercial bank and RRBs (operating in the study area); 10 Donors and 34 Promoters including banks, NGOs, NGO-MFI, Farmers Club and Government Departments are also selected randomly who are directly associated with the sampled SHGs. In selecting the sample size earlier studies of researchers are duly considered (like Nunnally, 1978; Comrey, 1973; Barrett & Kline, 1981; Guadagnoli and Velicer, 1988; Gorsuch, 1983; Comfrey and Lee, 1992; Oppenheim, 1992; Coakes and Steed, 1997 and Onwuegbuzie, et al., 2004, 2007). Primary data was collected from the 100 sample respondents using pre-tested questionnaire. Key information about SHGs and stakeholders are collected from the office of the DRDA, Nagaon, Assam and SHGs that are existed above two years and involved in income generating activities are cover within the purview of study. The study was conducted during 2012. Secondary data was collected from report and journals. The important variables were formulated and the relevant data collected from the field were coded and analysed using SPSS (Statistical Package for Social Sciences) software. Perceptions of direct stakeholders whether SHG is a financial model were expressed based on 5 Point Scale where SA= Strongly Agree (2), A = Agree (1), NAND = Neither agree nor disagree (0), DA = Disagree (-1), and SDA = Strongly disagree (-2). Further, the data collected was analysed using the measure of descriptive statistics like mean, variance, standard deviation, maximum, minimum etc. Further, Cronbach alpha, Normality Test i.e. Kolmogorov- Smirnov Test, and ANOVA analysis, Tukey HSD and Eta Test were applied in analysing and interpreting the data.

5. Profile of the Study Area

The Central Assam District of Nagaon (spelled by the British as Nowgong) is one of the largest districts of Assam. It sprawls across almost four thousand square kilometers of fertile alluvial plains and thickly forested hills. Nagaon extends from 250-45' to 260 -45' North Latitude and 920 -33' -6" East Longitude. The district is bounded by Sonitpur district and the river Brahmaputra in the north, West Karbi Anglong and North Cachar Hills in the south and East Karbi Anglong and Golaghat district in the east. The mighty river Brahmaputra flows along the northern periphery of the district. Other major tributaries meandering through the district such as Kolong, Kopili drain into the Brahmaputra. Lying at a distance of 123 Kilometers by road from Guwahati, Nagaon town constitutes a vital corridor linking the Upper Assam districts of Golaghat, Jorhat, Sivasagar, Dibrugarh, Tinsukia and the North Assam districts of Sonitpur and North Lakhimpur. Nagaon has covered total area of 3,993 sq. km. The SHG linkage approach operating in the districts of Nagaon is too some extent similar with the state structure. While we undertook pilot survey at preliminary stage in order to examine whether all models exist in practice, we found NGO as MFIs and NGO as financial intermediary did not exist separately. Further, three MFI and fifty four Farmer Clubs have also promoted SHGs in the district. Besides, there are five Cooperative SHGs in the district of Nagaon (Micro Finance Status Report, NABARD 2010-11, and SLBC Report, March 2010). Further, the overall progress of SHGs under SHG-Bank linkage and MFI-Bank linkage in the study district are shown in the above Table 1. In Nagaon district, SHGs are formed and organised less than one or the other umbrella programmes of the Government, NGOs, banks and sometimes, even by the people themselves.

Table 1: Progress of SHGs in Nagaon, Assam (As on 31st March 2011)

Promoter	No. of SHG Formed Total*	No. of SHG Economic activity taken up Total	No. of Women SHGs Formed Total
SGSY	20590	5592	12630
Asomi-MFI	24	15	22
Prochesta- MFI	64	35	37
RGVN- MFI	87	56	64
NGO-MFI			
SK Human Welfare Assoc.	50	27	44

Promoter	No. of SHG Formed Total*	No. of SHG Economic activity taken up Total	No. of Women SHGs Formed Total
Gharoa**	50	28	38
Jana Chetana Samity Asom	62	24	48
Zeal Thrill Friend-ship Group**	50	10	40
Gramya US	31	11	26
Bank ***	165	56	132
Farmer Club /SHG as Cooperative society	258	123	168
Others including Govt. Depts.	2725	121	87
Total	24156	6098	13336

*Total since 1st April, 1999;**Promoted with Banks, ***Reported from SLBC Report, March 2010.

Source: Microfinance Status Report, NABARD 2010-11, and SLBC Report, March 2010

6. Profile of the Respondents

This section explains profile of sample respondent's who are direct stakeholders of SHGs viz. Promoters, Donors, Financial Institutions and the Group members.

6.1 Socio-economic profile of group members

a) **Gender of group members:** The study consists of respondents from all groups i.e. both male and female. Out of 44 respondents belonging to Group members, 24 (54.5%) are male and 20 (45.5%) are female. Sincere effort is given to cover reasonable number of members from each category so that study is free from gender bias. Further, it is observed from the field report and other secondary resources that in the study area there are ample number of women SHGs.

b) **Age composition of the sample respondents:** The study consists of respondents from all age groups. It is pertinent that majority of the sample respondents belong to 40 & above age group (47.7%). At the next level, majority of the respondents are 30- 40 years of age (27.3%), while study also consists of 25% of the respondents, who are below 30 years of age. Thus, it is revealed from the study that relatively aged people are actively participating in SHGs.

c) **Caste of group members:** Caste is the social variable. The study covers all caste groups namely General Castes, Scheduled Castes (SCs) and Scheduled Tribes (STs). It is depicted from the table that 50% of the sample respondents are from general category, followed by 29.5% of the respondents from SC category, 15.9% of the respondents from ST category and the rest 4.5% of the respondents are from other categories.

d) **Social status of group members:** The study constitutes respondents from different members from all community having different social status, namely, Most Backward Community, Backward Community and Forward Community. It is observed that largest percentage of the sample respondents belong to Backward Community (61.4%), while 31.8% of the respondents belong to Forward Community and 6.8% of the respondents belong to Most Backward Communities.

e) **Economic status of group members:** It is portrayed that huge proportion of the sample respondents are from 'others groups' i.e. wage earner, disguised labour, non-agricultural labourers, private employees, job seeker (44%), 34.1% belongs to 'Below poverty level', 15.9% belongs to 'Green card holder' and only 9.1% of the sample respondents are the 'Job card holder'.

f) **Duration of membership in SHG of group members:** The number of years a sample respondent being a member of the SHG. It is observed that 38.6% of the sample respondents remain a member of SHG during 1-4 years, 34.1% of the respondents are members of SHG during 4-5 years, 18.2% of the respondents are members of SHG more than 6 years while only 9.1% of the respondents are members of SHG during 5-6 years.

g) **Literacy level of group members:** It is interesting to note that only 45.5% of the sample respondents are above 10th Standard and the rest of the respondents are either neo-literates or literates. The study comprises 25% of the respondents, who are neo-literates i.e. 10th Standard. It is found from the table that 9.1% of the respondents among literates have completed above primary education but less than 10th standard. Of the sample surveyed, 20.5% of them have studied up to primary education level.

h) **Annual income of group members:** It is inferred that annual income of the majority of the sample respondents ranges up to Rs.50, 000 (56.8%). At the next level, 43.2% of the sample respondents' annual income of the sample respondents ranges from Rs. 50,000 - Rs. 1 lakhs.

6.2 Profile of Other Stakeholder

'Stakeholders' means the persons or institutions with whom any stake or interest is vested or created to facilitate the promotion of SHG movement, which shall include the regulators, promoters, donor, financier, educators and facilitators of the SHG movement. Major stakeholders in SHGs are, therefore includes all Self Help Promoting Institutions (SHPIs) i.e. Promoter, Donor, Financier and the SHGs itself. SHPIs, whether Farmers club, NGOs, banks or State governments, have been playing a vital role in promoting, nurturing and sustaining the SHG movement under SBLP in Assam. It is observed that the major promoter of SHGs in the study districts are DRDA (for SGSY scheme), followed by NGOs and Banks. A few NGO-MFI are also promoting SHGs in the study district. In this study respondent as promoter includes some officials of NGOs such as ASOMI, Prochesta-MFI, RGVN-MFI, Commercial banks, SIRD, DDM-NABARD, ASFABC, Agriculture Departments, Farmers Club etc. who are engaged in SHG promotion. 'Donors and investors' encompasses a range of funding agencies, including bilateral donors, foundations, multilateral development banks, and socially oriented private investors. While NABARD and RMK etc. remains a major donor to NGOs and SHG institutions in India and have been receiving a fraction of required funds for their development. In the study district, NABARD, State Government under SGSY and NGO-MFIs are the major donors of SHGs. In this study respondents belonging to Donor includes some officials of NGO-MFI such as ASOMI, Prochesta-MFI, RGVN-MFI, Dristi Foundation, RuTAG-NE, Srimanta Sankardeb Sangstha; Officials of District Veterinary & Animal Husbandry, NABARD, NERCRMP, SIRD, Agriculture Departments etc. SHPIs include banks, NGOs, NGO-MFIs and state governments. Here in the state of Assam and even in the study district SHPIs acts both promoter and financier. However, for the sake of convenience of study, we have collected perceived opinions of different stakeholders on different scale of capacity, i.e. bank is considered financier, promoter and donor. In this study respondents belonging form Financial Institutions includes Officials of nationalised commercial banks including SBI, RRBs i.e. AGVB etc. Below section below depicts the detailed profile of Promoter, Donor, and Financial Institutions.

a) **Nationality of stakeholders:** It is observed that all the respondents belong to different categories are originated from India.

b) **Nature of promoting organisation:** Majority of respondents comes from other Government agencies (55.9%) and Government departments (20.6%). The share of other promoting organisation includes NGO- Universal (2.9%), NGO- Nation hood (8.8%) and NGO-Region hood (5.9%). Therefore, it may also be concluded that a large variety of institutions that are engaged in the promotion of SHGs in the study districts are basically promoted by other government agencies i.e. DRDA (SGSY) is the major promoter of SHG in the study district.

c) **Place of location of stakeholders:** Majority of respondents belonging to Promoter located in Assam (52.9%), 41.2% of the respondents belonging to Promoter originated from outside North East India while 5.9% of the respondents belonging to Promoter originated from Outside Assam but within NER. Similarly, majority of respondents belonging to Donor located in Assam (60%) and equal number of respondents belonging to Donor originated from outside North East India and from Outside Assam but within NER (20% each). Further, it is observed that majority of respondents belonging to Financial Institutions have functioning at all India level (66.7%) while 33.3% of the respondents belonging to Financial Institutions are originated within Assam. However, majority of stakeholder have originated from Assam (50%), 7.14% respondents from other states of North-eastern region of India and 42.86% respondents whose existence is situated at all India level.

- d) Nature of programme/ project of stakeholders:** It is observed that majority of respondents promoting or linked with SGSY (53.33%), while 60.71% of respondents linked other programmes. Further, it is observed that majority of the respondents belonging to Promoter and Donor connected with others programme i.e. not connected with SGSY while cent percent financial institutions are connected with Government sponsored SGSY scheme.
- e) Nature of promotion by stakeholders:** It is observed that majority of respondents promoting or linked with financial assistance (53.57%), while 46.43% of respondents linked both financial & non-financial i.e. financial and training. Further, it is observed that majority of the respondents belonging to Donor category are connected with financial and non-financial assistance (90%) while 91.7% of respondents belonging to Financial Institutions are provided only financial assistance.
- f) Recovery percentage of SHG promoted by stakeholders:** It is observed the table that majority of respondents from all categories of stakeholders (63.64%) whose recovery percentage is ranged within 50%-75%. Further, it is observed that 16.7% respondents belonging to financial institutions who reported recovery percentage is above 75%.
- g) Impact assessment by stakeholders:** It is observed that 21.43% of respondents from all categories of stakeholders conducted impact assessment. Only 50% of Donor and 20.6% of respondents belonging to Promoter reported that they conducted such impact assessment.
- h) Quality assessment conducted by stakeholders:** It is observed 32.14% respondents from all categories of stakeholders conducted quality assessment. Only 32.4% of promoter respondents and 25 of Financial Institutions respondents and 40% of Donor respondents reported that they perform such quality assessment.
- i) Performance assessment conducted by stakeholders:** It is observed from the table that 57.14% of respondents from all categories of stakeholders conducted Performance assessment.
- j) Nature of Donor organisation:** It is observed that majority of respondents comes from Government Departments (50%), while 20% respondents belong to NGO and 30% belong to Trust.
- k) Nature of financial institution:** It is observed that majority of respondents comes from Public Sector Financial Institutions like SBI and Other nationalised commercial banks available in the study district (75%), while 25% respondents belong to Regional Rural bank i.e. AGVB.

Result and Discussion

1. Reliability test

To understand the reliability of the field data Cronbach's alpha test was conducted. The result of reliability statistics on the score on perception of stakeholders about SHG as financial model reveals that Cronbach's Alpha is 0.892 which is assumed 'good' and further denotes that there are the presences of internal consistency (Cronbach, 1951; Nunnally & Bernstein, 1994 and George and Mallery, 2003).

2. Validity of the instrument

Content validity was assessed after considering the findings of an extensive review of the literature on SHGs as financial intermediaries, and then discussing it with experts in the field (two academicians and two micro finance practitioners). Some items of the sub-scales were revised according to appropriate demographic circumstances of the study district.

3. Descriptive statistics on the score

The descriptive scale statistics on the perception of different stakeholders of SHGs as financial model denotes the mean is -3.76, variance 149.578 and standard deviation 12.230 (Table 2).

Table 2: Descriptive on Overall Score on Perception of Stakeholders about SHG as Financial model

		Statistic	Std. Error
Overall Score on Financial Model	Mean	-3.760	1.223
	95% Confidence Interval for Mean	Lower Bound	-6.187
		Upper Bound	-1.333
	Median	-6.000	
	Variance	149.578	
	Std. Deviation	12.230	
	Minimum	-30.00	
	Maximum	26.00	

Source: Compiled from the Questionnaire

4. Normality test

Further, to evaluate the normality of distribution of data on the perceptions of different stakeholders on different variables relating to SHGs as financial model, Kolmogorov–Smirnov test was conducted on the total score on opinion about SHGs as financial model (Table 3). Since the p-value is 0.138 for overall score of variables on financial model, there is no reason to doubt that the data come from population with a normal distribution. Given the hypothesis & methodology, ANOVA Test is applied to test the main hypothesis.

Table 3: One-Sample Kolmogorov-Smirnov Test on Perception of Stakeholders about SHG as Financial model

		Overall Score on Financial Model
N		100
Normal Parameters ^{a,b}	Mean	-3.76
	Std. Deviation	12.230
Most Extreme Differences	Absolute	.116
	Positive	.116
	Negative	-.062
Kolmogorov-Smirnov Z		1.156
Asymp. Sig. (2-tailed)		.138

a. Test distribution is Normal.

b. Calculated from data.

Source: Compiled from the Questionnaire

5. ANOVA analysis

A one-way analysis of variance (ANOVA) is used when there are categorical independent variable (with two or more categories) and a normally distributed interval dependent variable and to test for differences in the means of the dependent variable broken down by the levels of the independent variable. Therefore, ANOVA test is conducted to prove statistically the cited hypothesis.

The Table 4 from the ANOVA output, (Test of Homogeneity of Variances) provides the Levene's Test to check the assumption that the variances of the four groups are equal; i.e., not significantly different. Notice that the Levene's test is not significant; $F(3, 96) = .779, p = .509$ at the .05 alpha level. Thus, the assumption of homogeneity of variance is met (i.e., not violated) in our case.

Table 4. Test of Homogeneity of Variances on Perception of Stakeholders about SHG as Financial model

Levene Statistic	df1	df2	Sig.
.779	3	96	.509

Source: Compiled from the Questionnaire

Further, from the ANOVA output (Table 5) relating to overall score on SHGs as financial model is significant. In case of overall score of variables on SHGs as Financial model, F ratio (5.816) is significant ($p = 0.001$) at the 0.05 alpha level. We conclude that at least one of the group mean is significantly different from the others (or that at least two of the group means are significantly different from each other). We conclude that there is no statistically significant difference between the group means. Further, we conclude that the differences between condition Means are likely due to chance and not likely due to the Independent variable manipulation.

Table 5. ANOVA on Perception of Stakeholders about SHG as Financial model

		Sum of Squares	df	Mean Square	F	Sig.
Financial Model	Between Groups	2277.524	3	759.175	5.816	0.001
	Within Groups	12530.716	96	130.528		
	Total	14808.240	99			

Source: Compiled from the Questionnaire

There are numerous post hoc (multiple comparisons) procedure tests available. In fact, decision should be based on prior experience, the research situation, and/or the literature. If the assumption of homogeneity of variance has been met (Equal Variances Assumed) – the most commonly used test is the Tukey (HSD) test. The Multiple Comparisons depicted in Table 6 is showing the results for the Tukey HSD. Since the assumption of homogeneity of variance was met, hence, we only need to review the Tukey HSD information. Further, review of the table 11 reveals that the Group members ($M = -9.136$) is significantly different from Promoters ($M = .736$), with a mean difference of 9.87 and a p value of .002.

Table 6. Multiple Comparisons on Perception of Stakeholders about SHG as Financial model

Dependent Variable: Total Score on Financial Model							
Tukey HSD							
(I) Stakeholders Category	(J) Stakeholders Category	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval		
					Lower Bound	Upper Bound	
Promoter	Donor	.73529	4.10998	.998	-10.0107	11.4813	
	Financial Institutions	.65196	3.83620	.998	-9.3782	10.6821	
	Group Members	9.87166*	2.60876	.002	3.0508	16.6925	
Donor	Promoter	-.73529	4.10998	.998	-11.4813	10.0107	
	Financial Institutions	-.08333	4.89185	1.000	-12.8736	12.7069	
	Group Members	9.13636	4.00242	.109	-1.3284	19.6011	
Financial Institutions	Promoter	-.65196	3.83620	.998	-10.6821	9.3782	
	Donor	.08333	4.89185	1.000	-12.7069	12.8736	
	Group Members	9.21970	3.72074	.070	-.5086	18.9480	
Group Members	Promoter	-9.87166*	2.60876	.002	-16.6925	-3.0508	
	Donor	-9.13636	4.00242	.109	-19.6011	1.3284	
	Financial Institutions	-9.21970	3.72074	.070	-18.9480	.5086	

*. The mean difference is significant at the 0.05 level.

Source: Compiled from the Questionnaire

Further, the stakeholder-wise descriptive statistics (Table 7) on overall score on SHGs as Financial Model depicts that Promoters shows highest mean value followed by Financial Institutions on overall score on SHGs as Financial Model. The group members reported negative mean on overall score on SHGs as Financial Model.

Table 7: Descriptive on Perception of Stakeholders about SHG as Financial model

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	Minimum	Maximum	
					Lower Bound	Upper Bound		
Overall Score on Promoter	34	.736	10.766	1.846	-3.021	4.492	-14.00	26.00
Financial Model Donor	10	.00	10.360	3.276	-7.411	7.411	-10.00	20.00
Financial Institutions	12	.083	9.239	2.667	-5.787	5.954	-13.00	14.00
Group Members	44	-9.136	12.576	1.896	-12.96	-5.313	-30.00	20.00
Total	100	-3.76	12.23	1.223	-6.187	-1.333	-30.00	26.00

Source: Compiled from the Questionnaire

Since in case of overall score on SHGs as Financial model wherein the means form all four groups are not equal hence, we resorted to find out item-wise analysis on variables relating to financial model wherein the means are not equal (Table 8) which are self explanatory. It is observed from the Table 8 that the direct stakeholders have negative perception on the statements which does not recognise SHGs as Financial model viz. Helps in money transfers (FM 4), Helps in insurance to group members (FM 6), Ability to take financial risk (FM 7), Helps in preparation of cash book and other ledger books (FM 9), Helps in acquiring the skill of cash management (FM 10), Helps in acquiring the skill budgeting (FM 11), Helps in special loan products for women from funding agencies (FM 12), Helps in pre-loan help with business planning by fund provider to the groups (FM 13), Helps in special loan guarantee and collateral arrangements for groups (FM 14), Understand and manage commercial rate of interest on loan (FM 19), Understand and manage investment of SHGs Understand and manage investment of SHGs (FM 20), Understand and manage assets of SHG (FM 21), Understand and manage liability of the SHG (FM 22), Understand and manage financing portfolio of SHG (FM 23), Understand and manage cash flow projection (FM 28), Understand and manage return on earning (FM 29) and Understand and manage operating expenses (FM 30).

Table 8: Descriptive Statistics on Perception of Stakeholders about SHG as Financial Model

FM -ID	Statements relating to Financial Model	Minimum	Maximum	Mean	Std. Deviation	
		Statistic	Statistic	Statistic	Statistic	
				Std. Error		
FM -1	Helps in collection of deposits.	1	2	1.72	.045	.451
FM -2	Helps in providing loans without security.	1	2	1.57	.050	.498
FM -3	Helps in providing loans with security.	-2	2	.57	.155	1.552
FM -4	Helps in money transfers.	-2	2	-.51	.108	1.078
FM -5	Helps in cash deposit in Bank at the earliest possible-1 time.		2	1.12	.077	.769
FM -6	Helps in insurance to group members	-2	1	-.51	.113	1.133
FM -7	Ability to take financial risk.	-2	2	-.18	.101	1.009
FM -8	Helps in increases the capacity to spend more.	-1	2	.35	.074	.744

FM -ID	Statements relating to Financial Model	Minimum	Maximum	Mean		Std. Deviation
				Statistic	Statistic	
FM -9	Helps in preparation of cash book and other ledger books.	-2	1	-.48	.102	1.020
FM -10	Helps in acquiring the skill of cash management.	-2	1	-.63	.099	.991
FM -11	Helps in acquiring the skill budgeting.	-2	1	-1.02	.091	.910
FM -12	Helps in special loan products for women from funding agencies.	-2	1	-1.35	.088	.880
FM -13	Helps in pre-loan help with business planning by fund provider to the groups	-2	1	-1.36	.094	.938
FM -14	Helps in special loan guarantee and collateral arrangements for groups.	-2	1	-1.45	.087	.869
FM -15	Helps in launching of financial literacy projects for SHG members by promoters, donors and FI	-2	2	.38	.085	.850
FM -16	Helps in women members having workable knowledge of calculations	-2	2	1.03	.026	.264
FM -17	Helps women members maintaining records of financial transactions.	-2	2	.75	.074	.744
FM -18	Helps women members understanding of basic banking process.	-2	2	.91	.047	.473
FM -19	Understand and manage commercial rate of interest on loan.	-2	1	-.75	.073	.730
FM -20	Understand and manage investment of SHGs.	-2	1	-.82	.070	.702
FM -21	Understand and manage assets of SHG.	-2	1	-1.01	.056	.559
FM -22	Understand and manage liability of the SHG.	-2	2	-.90	.081	.810
FM -23	Understand and manage financing portfolio of SHG.	-2	2	-1.00	.085	.853
FM -24	Understand and manage compulsory saving requirement.	-2	2	1.06	.040	.397
FM -25	Understand and manage repayment methods.	-2	2	.87	.061	.614
FM -26	Understand and manage revolving of credit mechanism.	-2	2	.63	.073	.734
FM -27	Understand and manage loan utilization check.	-2	2	.24	.095	.955
FM -28	Understand and manage cash flow projection.	-2	1	-.97	.074	.745
FM -29	Understand and manage return on earning.	-2	1	-1.01	.075	.745
FM -30	Understand and manage operating expenses.	-2	1	-1.01	.075	.745
Valid N (list wise)		100				

Source: Compiled from the Questionnaire

From the above Table 8 of descriptive statistics on item wise perception of stakeholders about SHG as financial model, it is observed that out of 30 elements representing SHGs as financial model, in seventeen (17) elements where mean value is negative and only in thirteen (13) elements whose mean value is positive. Therefore, thirteen (13) elements relating to financial model construct whose mean value is positive are considered as the main elements to recognise SHGs as financial model of development.

6. Eta test

In addition to the ANOVA test, Eta test was also applied to test the degree of association (Table 9). Eta is a measure of association that ranges from 0 to 1, with 0 indicating no association between the row and column variables and values close to 1 indicating a high degree of association. Eta is appropriate for a dependent variable measured on an interval scale and an independent variable with a limited number of categories. Computed Eta measure [which is also directional measure] indicates low a level of association [i.e. 0.464], given that stakeholders category is independent as well as nominal data and TOTAL Score of Financial Model is dependent as well as interval data. Further, association exists but when stakeholders' categories are dependent and Total score on Financial Model is independent, the relationship is more strongly predictable as compared to the predictability when total score on Financial Model is dependent and stakeholders categories are independent. The reasons for such low

degree of association can be traced into the fact that there exists two distinct groups viz. Groups of FM I [consisting thirteen elements of financial model of SHGs where means are positive as per Table 8] and Groups of FM-II [consisting seventeen elements of quality parameters of SHGs where means are negative as per Table 8]. Not only that, it can be discerned that Groups of FM-I are more decisive statements or factors influencing SHG as Financial model of development under given methodology.

Table 9. Eta Directional Measures

		Eta Directional Measures	Value
Nominal by Interval	Eta	Stakeholders Category	.631
		Dependent	
		Total Score on Financial Model	
		Dependent	.464

Conclusion

SHGs emerge as an important strategy for empowering women and alleviating poverty. They are an effective strategy for poverty alleviation, women development and social empowerment. The women SHGs have enhanced the status of women as participant decision makers and beneficiaries on the democratic, economic, social and cultural spheres of life and sensitised the women members to take active part in socio-economic progress of rural India.

In recent year SHGs are emerging as alternative credit source to the poor. NABARD views the SHG as essentially a financial model facilitating a supplementary credit delivery mechanism for poor families that had not been reached by the banking system. A lot of literature are found on the role of SHGs in empowering women and also have cross world evidences that SHGs are helpful in reducing poverty. Economic empowerment through SHGs is in fact different from financial intermediation function of SHGs. A few studies also supported that the SHG is considered as financial model too and ensures low cost means of rural lending in the absence of formal financial institutions.

The one-way analysis of variance (ANOVA) on overall score of variables on SHGs as financial model is used to determine whether there are any significant differences between the means of two or more independent (unrelated) groups. From the ANOVA test on overall score of variables on SHGs as financial model, we have rejected the null hypothesis that all four groups' means are equal. We conclude that at least one of the group means is significantly different from the others (or that at least two of the group means are significantly different from each other).

Since it is statistically proved that the means form all four groups are not equal hence, we resorted to find out item wise analysis on variables relating to financial model wherefrom it is observed that the means are not equal. The descriptive statistics on item wise perception of stakeholders about SHG as financial model, narrated that out of thirty (30) elements, on seventeen (17) elements where mean value is negative and on thirteen (13) elements whose mean value is positive. Therefore, these thirteen (13) elements whose mean value is positive are considered as the main elements to consider SHGs as the financial model of development.

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