

Microfinance – A Small Loan Big Enough To Generate Income – A Study of Income Generating Activities Promoted By CODP through Self-Help Groups in Dakshina Kannada District, Karnataka State

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Abstract: 21st century has started with a big bang of Technological revolution and economic uncertainties. There have been worldwide efforts across the nations to improve the social, economic and financial conditions of the poor and neglected sections of the society through a number of development programmes. India too is in the forefront in this direction. However, in India especially in rural areas reaching the poor and socio-economically backward people is still a difficult mission and encouraging them over a long period of time to improve their socio-economic conditions and capabilities is a hard task (Kumar Bharath R., 2011).

Under the formal financial system, finance is available for income generating activities at low rate of interest with easy and periodical repayment period but access is not easy in this system due to complex legal and operational procedures. (Rangappa K. B., 2011). So, in India, such people have found an alternative way out in the form of microfinance (Somanath, V. S., 2009), the purpose of which is to enable the poor and women to carry out their routine activities smoothly and there will not be times where there is no access to food, clothing, shelter or education. Dr. C. Rangarajan, ex-governor of RBI says that microfinance can aid employment and sustain households giving them opportunities to undertake Income Generating Activities (IGAs) and thus Indian women become the agents of change to explore new horizons and new dreams.

Today, in India, millions of uneducated and poor women are being brought to the mainstream of the economy by different NGOs by forming self-help groups (SHGs) through which they avail microfinance and use the same to undertake income generating activities (IGAs) or to run micro enterprises. Even for commercial banks, microfinance is a useful proposal and is a dependable measure to keep away the poverty. In the growth scenario, micro-finance is considered as a need-based programme to cater to the needs of the poor and for the empowerment of the neglected sections of the society such as women, underprivileged and the rural poor.

In the recent years micro-finance programmes have gained importance in the development activities and beyond. The access to microfinance and the prospect to start a micro-enterprise signifies the empowerment to the poor.

In this context, this research paper analyses the role of Canara Organisation for Development and Peace (CODP), a Christian NGO based in Dakshina Kannada District, in promoting Income Generating Activities among the members of Self-Help Groups promoted by it.

The study reveals that there has been a significant improvement in the performance of the Income Generating Activities by the members of the Self-Help Groups and most of the IGAs have proved to be profitable.

Keywords: Microfinance, Income Generating Activities, Self-Help Groups, women empowerment, micro-enterprises.

1. INTRODUCTION

Today, in India, millions of uneducated and poor women are being brought to the mainstream of the economy by different NGOs by forming self-help groups (SHGs) through which they avail microfinance and use the same to undertake income generating activities (IGAs) or to run micro enterprises. Even for commercial banks, microfinance is a useful proposal and is a dependable measure to keep away the poverty. In the growth scenario, micro-finance is considered as a need-based programme to cater to the needs of the poor and for the empowerment of the neglected sections of the society such as women, underprivileged and the rural poor.

In the recent years micro-finance programmes have gained importance in the development activities and beyond. The access to microfinance and the prospect to start a micro-enterprise signifies the empowerment to the poor. It has proved to be the most effective tools for social and economic empowerment of the poor.

Significance of the present study:

As per the report of Planning Commission of India, at the end of 2011-12 the number of people below poverty line is 269.3 million (rural 216.5 million & urban 52.8 million) and the poverty ratio is 21.9% (<http://www.planningcommission.gov.in>). At the same time, the spending gap between the rich and the poor in India has almost doubled in the last 5 years (NSSO survey report, 2012: <http://www.mospi.nic.in>). Besides, the employment growth was only 0.5% in 2011-12 (<http://www.indianstatistics.org>). In 2013, India ranked 136th in Human Development Index (HDI) among 186 countries in the world as against 135th rank among 187 countries in 2014 (HDI report by UNDP: <http://www.hdr.undp.org>).

So, all these indicators show that in India poverty is a critical issue which needs to be addressed with care and it is possible only by accelerating the employment growth. Poverty alleviation and employment growth is possible only if economic and Income Generating Activities are undertaken by the poor people in both rural and urban areas. Microfinance channelized through SHGs provides the poor an access to credit, giving them opportunity to carry out such economic and income generating activities. Therefore, an analysis is necessary to understand the effectiveness of micro finance in carrying out Income Generating Activities.

Review of literature shows that a number of research studies have been done in India as well as in other countries to assess the socio-economic impact of microfinance and to evaluate the performance of the microfinance institutions. However, these studies concentrate on the assessment of role of microfinance in uplifting the poor people in general and the impact of microfinance on the poor people in specific. However, these studies have not focused on the problems and challenges faced by these microfinance institutions. Though a few studies have been done in this context in India, none of these studies have dealt with Canara Organisation for Development and Peace (CODP), Dakshina Kannada District. Hence, the present study is initiated to fill the gap.

2. REVIEW OF LITERATURE

In the light of the quick growth of Self Help Groups (SHGs) and the increasing interest in the area of micro finance, quite a large volume of literature is available. A number of researchers have undertaken in-depth research work in probing into different issues pertaining to microfinance such as coverage, outreach, problems, impact assessment, income generating activities etc.

Review of literature shows that SHGs are successful and microfinance programme has a positive impact on the respondents and has been able to boost the Income Generating Activities in the economy. However, no specific study has been done to review the income generating activities undertaken by the members of SHGs promoted by Canara Organisation for Development and Peace (CODP), a Christian NGO in the district of Dakshina Kannada. Hence, the present study is taken up to fill the gap.

Research Objectives:

Keeping in view of the importance of the study, the objectives of the present study are as follows:

1. To study the socio-economic profile of the sample respondents. To analyse the problems of microfinance in Dakshina Kannada District as perceived by the respondents.
2. To compare and evaluate the change in Income Generating Activities before and after joining the SHGs.

3. To identify and analyse the reasons for profit or loss made by the respondents through IGAs.
4. To give suggestions to CODP for the effectiveness of the IGAs.

Scope of the study:

The study is confined to the Microfinance activities in Dakshina Kannada District only. Moreover, the study covers only those Self-help Groups which are promoted by Canara Organisation for Development and Peace (CODP), Mangalore.

3. RESEARCH METHODOLOGY

The present study is descriptive in nature based on primary data which is collected through field survey. Primary data was collected by using close ended questionnaire administered personally.

The target population for the study is the Self Help Groups promoted by the Canara Organisation for Development and Peace (CODP), Mangalore, D.K. in the five taluks of Dakshina Kannada District, Karnataka State. The taluks are Mangalore, Bantwal, Belthangady, Puttur and Sullia. Due care was taken to include reasonable number of SHGs from each taluk of D.K. district. Mangalore Taluk being a taluk with more access to urban facilities is considered as the urban area and the other 4 taluks are taken as rural area.

The sampling frame for the survey was drawn from the list of SHGS maintained with the CODP. Stratified sampling technique was used for the study. 104 SHGs spread over the 5 taluks were visited and 128 respondents who were actively involved in Income Generating Activities were selected for the study.

Tools of Data Analysis:

The significant variables were formulated and the collected data were coded and analysed using SPSS (Statistical Package for Social Sciences). Appropriate statistical tools and tests such as Percentages, Mean, Standard Deviation, Garrets Mean Score Test and Chi Square Test are used for drawing conclusions.

Organisation of the study:

The study is organized into the following aspects:

- Introduction and Research Design
 - Introduction, Significance of the study
 - Review of literature
 - Objectives, Scope & research methodology
- Analysis of the Demographic composition of the respondents
- Comparison of the Income Generating Activities before and after joining SHGs
- Analysis of the performance of the IGAs.
- Findings, suggestions and conclusion

Limitations of the study:

The research methodology may not measure all the factors influencing the responses due to limited use of statistical tools and techniques. At the same time, personal differences of the respondents cannot be explored. So, the data collected and inferences drawn may not be complete and accurate. In addition, since the study is restricted to only one district in the South, the recommendations may not be generally applicable to all SHGs and microfinance institutions in the country due to regional disparities.

4. ANALYSIS OF THE DATA**I. Demographic details of the Respondents:**

This part analyses the personal data of the respondents so that it is possible to understand their demographic details.

Hypothesis 1:

H1: There are no differences between urban and rural SHG members in respect of their demographic and socio-economic profile.

H1a: There is no significant difference between urban and rural SHG members with respect to gender composition of the respondents.

H1b: There is no significant difference between urban and rural SHG members with respect to Education level of the respondents.

H1c: There is no significant difference between urban and rural SHG members with respect to marital status of the respondents.

1. Composition of the respondents:

In order to know the major constituents of the sample respondents and also to find out whether there is significant difference between urban and rural area with respect to the composition, data was collected on gender. For this purpose, χ^2 test is applied and 'p' is calculated. Table 1 and Fig.1 gives a view of the composition of the respondents:

Table 1: Composition of the respondents

Gender	Area		Total	χ^2	d.f.	p
	Urban	Rural				
Male	04 (9.8%)	08 (9.2%)	12 (9.4%)	0.240	1	0.624 NS
Female	37 (90.2%)	79 (90.8%)	116 (90.6%)			
Total	41 (100%)	87 (100%)	128 (100%)			

Figures in parenthesis represent percentages of the respective figure to the total

Source: Field Survey

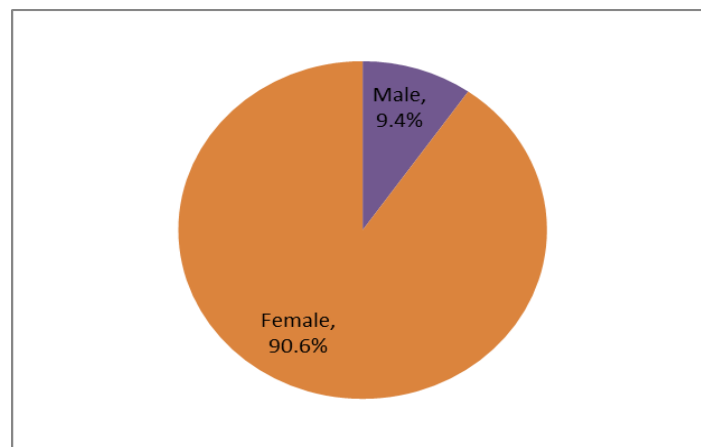


Fig.1: Composition of the sample respondents

Table 1 shows that 90.6% of the respondents were female members and the rest 9.4% were male members. Among the rural population, 90.2% of the respondents were female members and among the urban population 90.8% were female members. Male members constituted only 9.8% in the urban area and 9.2% in the rural area. This shows that majority of the respondents who were involved in IGAs through SHGs in both urban and rural area was women which signifies women empowerment.

χ^2 test shows that there is no significant difference between urban and rural area with respect to male and female respondents ($p=0.624>0.05$)

2. Education:

Most of the time poor and illiterate people are financially excluded and such people join SHGs to get microfinance. So, it is apt to know the educational qualification of the sample respondents so that it is possible to understand the knowledge level of the respondents.. At the same time, it shows whether there is any difference between urban and rural area with respect to the educational qualification of the respondents (χ^2 test). The details are found in Table 2 and Fig.2.

Table 2: Education

Educational Qualification	Area		Total	χ^2	d.f.	p
	Urban	Rural				
No formal education	09 (22.0%)	20 (23.0%)	29 (22.7%)	4.887	4	0.299 NS
Primary	25 (61.0%)	54 (62.1%)	79 (61.7%)			
High School	05 (12.2%)	10 (11.5%)	15 (11.7%)			
PUC	02 (4.8%)	02 (2.3%)	04 (3.1%)			
Above PUC	00 (0.0%)	01 (1.1%)	01 (0.8%)			
Total	41 (100.0%)	87 (100.0%)	128 (100.0%)			

Figures in parenthesis represent percentages of the respective figure to the total

Source: Field Survey

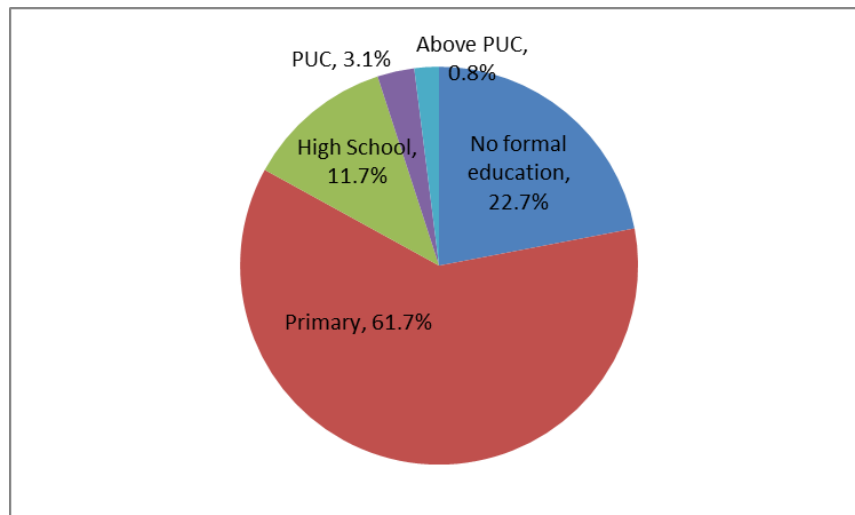


Fig.2: Educational qualification of respondents of SHG

Table 2 shows that 61.7% of the respondents have got primary education, 22.7% of them have no formal education, 11.7% have an education up to High school, 3.1% of the respondents have a qualification of PUC and the rest 0.8% of them have studied above PUC. Among the urban population, 61% have primary education whereas in rural area 62.1% have primary education. In the urban area 22% respondents do not have formal education whereas among the rural respondents 23% have no formal education. 12.2% of the urban population have qualification up to high school whereas 11.5% of the members in rural areas have high school education. In the urban area 4.8% have qualification upto PUC and none (0%) have qualification above PUC whereas in the rural area 3.1% of the respondents have education of PUC and the rest 0.8% have education above PUC.

χ^2 test shows that there is no significant difference between urban and rural area with respect to educational qualification of the respondents ($p=0.299>0.05$).

3. Marital status:

Generally married folks need more finance for running their family smoothly. So, clear information about the marital status will let us know whether the responsibility of looking after the family lies more with the married or unmarried members. Table 3 and Fig.3 gives the detailed information about the marital status of the members and shows if there is any significant difference between urban and rural area (χ^2 test).

Table 3: Marital status

Marital Status	Area		Total	χ^2	d.f.	p
	Urban	Rural				
Married	39 (95.1%)	86 (98.9%)	125 (97.7%)	2.684	1	0.101 NS
Unmarried	02 (4.9%)	01 (1.1%)	03 (2.3%)			
Total	41 (100.0%)	87 (100.0%)	128 (100.0%)			

Figures in parenthesis represent percentages of the respective figure to the total

Source: Field Survey

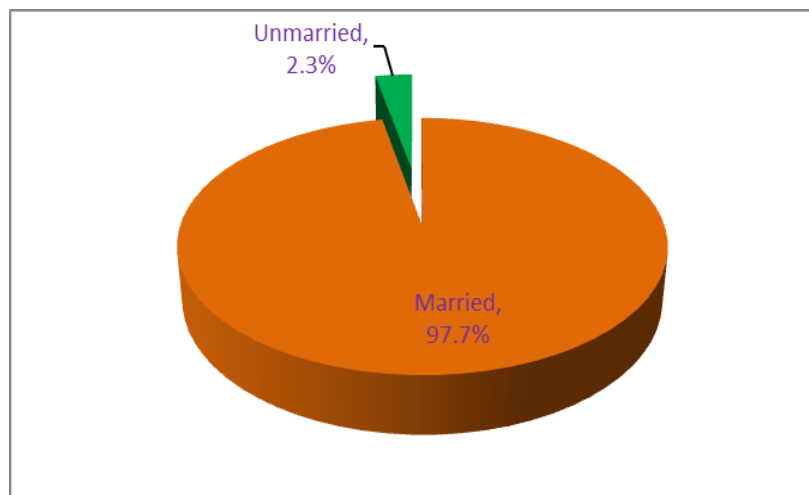


Fig.3: Marital status of respondents of SHG

Table 3 and Fig.3 indicates that 97.7% of the respondents were married and 2.3% of them were unmarried. In the urban area 95.1% were married whereas in the rural area 98.9% were married. Among the urban population, 4.9% were unmarried whereas 1.1% of the respondents were unmarried in the rural area.

Further χ^2 test shows that there is no significant difference between urban and rural area with respect to marital status of the respondents ($p=0.101>0.05$).

Test of Hypothesis:

An analysis of the demographic information of the respondents has been shown in Tables 1, 2 and 3. The hypothesis is tested by applying χ^2 test. The results of χ^2 test indicate that $p>0.05$ and hence the null hypothesis is rejected. Therefore, the research hypothesis is accepted. Hence, there are no significant differences between urban and rural SHG members with respect to their demographic composition such as male and female respondents, education level and the marital status of the respondents.

II. Analysis of income generating activities (IGAs):

This part analyses the data pertaining to the IGAs so that it is possible to evaluate their performance.

1. Details of IGAs before and after joining SHGs:

Hypothesis 2:

H2: There is a positive shift from less profitable Income Generating Activities to more profitable IGAs after joining SHGs.

In order to know the proportion of respondents who used microfinance and to know the type of IGA taken up by them with the help of microfinance, data was collected which has been presented in Table 4.

Table 4: Details on income generating activities

Income Generating Activities	Area			
	Urban		Rural	
	No. of Respondents	%	No. of Respondents	%
Before joining SHG				
Nil	21	51.3%	35	40.2%
Crop Production /vegetables	16	39.0%	35	40.5%
Food processing	2	4.9%	1	1.1%
Animal husbandry	1	2.4%	5	5.7%
Jasmine cultivation	1	2.4%	8	9.2%
Handicraft/tailoring			2	2.2%
Poultry farming			1	1.1%
Total	41	100.0%	87	100.0%
After joining SHG				
Crop Production /vegetables	1	2.4%	1	1.1%
Food processing	8	19.5%	16	18.4%
Animal husbandry	16	39.0%	41	47.1%
Beauty Parlour	1	2.4%		
Jasmine cultivation	11	26.9%	22	25.3%
Handicraft/tailoring	4	9.8%	3	3.4%
Poultry farming			4	4.7%
Total	41	100.0%	87	100.0%

Source: Field Survey

As shown in Table 4, among the total sample respondents of 128, 41 are from urban area and 87 from rural area who have used the microfinance for the purpose of undertaking Income Generating Activities (IGA). Among them 21 in urban area and 35 in rural area were not involved in IGA before joining SHG whereas others were carrying on one or the other IGA and continued the activities even after joining the SHG.

In Table 4, it is found that 40.2% of the respondents in the rural area and 51.3% in the urban area were not engaged in any income generating activity before joining the SHG whereas after joining the SHG and borrowing microfinance, each one has taken up one or the other IGA. 40.5% of the respondents in the rural area and 39% in urban were involved in crop production and vegetable vending before joining SHG and after joining SHG the percentage has come down to 1.1% in the rural area and 2.4% in the urban area which shows a shift to profitable IGA. Members involved in food processing were 1.1% in rural area and 4.9% in the urban area before joining the SHG which is increased to 18.4% and 19.5% respectively which shows notable change. It should be noted that respondents involved in jasmine cultivation before joining the SHG in the rural area and urban area were 9.2% and 2.4% respectively but after joining the SHG the members involved in the same has shown an upward trend accounting for 25.3% and 26.9% respectively which indicates a positive change. Members involved in animal husbandry were 5.7% in rural area and 2.4% in the urban area before joining the SHG which is increased to 47.1% and 39% respectively which shows a great change. Respondents involved in handicraft/tailoring before joining the SHG in the rural area and urban area were 2.2% and NIL respectively but after joining the SHG the members involved in the same has shown an upward trend accounting for 3.4% and 9.8% respectively which indicates a positive change. 1.1% of the respondents had poultry farming in the rural area before joining the SHG whereas the percentage increased to 4.7%. No such activity taken up by the urban respondents before or after joining the SHG.

Overall analysis:

Table 5 indicates overall change in the IGA among the respondents after joining the SHG and borrowing microfinance for the purpose. It also explains whether there is any difference between urban and rural area with respect to change in the IGA (χ^2 test).

Table 5: Overall change in IGA

Change in IGA		Area		Total	χ^2	d.f	p
		Urban	Rural				
Change in income Generating Activities	No	4 (9.8%)	7 (8.0%)	11 (8.6%)	0.104	1	0.747 NS
	Yes	37 (90.2%)	80 (92.0%)	117 (91.4%)			
Total		41 (100.0%)	87 (100.0%)	128 (100.0%)			

Figures in parenthesis represent percentages of the respective figure to the total

Source: Field Survey

Overall analysis in Table 5 shows that 91.4% of the respondents who were involved in Income Generating Activities (IGA) have shown positive change in the IGA after joining the SHG. The positive change in rural area is 92% and in urban area is 90.2% and hence there is a positive change in IGA both in rural and urban area.

Further χ^2 test shows that there is no significant difference between urban and rural area with respect to change in the IGA ($p=0.747>0.05$).

From the table 5 it is clear that, among total 505 respondents only 128 (25.35%) had used the microfinance for undertaking income generating activities. Among these 128 respondents 72 (56.25%) were involved in IGA even before joining the SHGs whereas the other 56 (43.75%) respondents undertook IGA only after joining the SHG with the help of microfinance obtained from the SHG.

There is a positive shift from less profitable to more profitable IGAs after joining the SHGs in urban and rural areas. Majority of the respondents have taken up animal husbandry (cattle / goat / pig rearing, dairy products etc.) after joining SHG because of the subsidy available to them in addition to the microfinance at a lower rate of interest.

Test of Hypothesis:

Table 5 explains the changes in the Income Generating Activities of the respondents. The hypothesis is tested by applying χ^2 test and the results of the test indicate that $p>0.05$ and hence the null hypothesis is rejected. Therefore, the research hypothesis that there is a positive shift from less profitable Income Generating Activities to more profitable IGAs after joining SHGs after joining SHGs is accepted.

2. Marketing of the products of the IGA:

Data was collected to know the place of selling the product and the nature of the market so that it can be analysed the spread of the market. The information also helps us to know if the products of the IGAs are sold in regional level market or beyond that. Table 6 explains the same.

Table 6: Marketing of the products obtained from IGA

Place of selling product Of IGP	Area		Total
	Urban	Rural	
Local Market	25 (61.0%)	44 (50.6%)	69 (53/9%)
Regional Market	16 (39.0%)	44 (49.4%)	59 (46.1%)
Total	41 (100.0%)	87 (100.0%)	128 (100.0%)
Nature of the market	Urban	Rural	Total
Seasonal	28 (68.3%)	43 (49.4%)	71 (55.5%)
Permanent	13 (31.7%)	44 (50.5%)	57 (44.6%)
Total	41 (100.0%)	87 (100.0%)	128 (100.0%)

Figures in parenthesis represent percentages of the respective figure to the total

Source: Field Survey

Table 6 shows that 53.9% of the respondents with IGA sell their products in the local market whereas 46.1% of them sell in the regional market. Among the urban respondents, 61% sell in the local market and 39% sell in the regional market whereas in the rural area, 50.6% sell the products in the local market and 49.4% sell in the regional market.

55.5% of the total respondents with IGA said that their product has seasonal demand (68.3% in urban area and 49.4% in rural area) and on the other hand, 44.6% (31.7% in urban area and 50.5% in rural area) have a permanent demand for their products.

Majority of the respondents carrying on IGA sell their products only in the local market and have a seasonal demand for their products. A few of the respondents sell in the regional market and enjoy a permanent demand for their products.

3. Profit making IGAs and factors contributing to profits:

Among 128 respondents carrying on IGAs, 113 (88.28%) earned profits more than the expected whereas the rest 15 (11.72%) of them could not earn the expected profits. To find out the factors contributing to the good profits / less profits and to understand the importance of those factors following information was obtained. The respondents quoted various reasons for the same. In Table 7 these reasons are listed and the attitudes of the respondents towards each reason are recorded.

Table 7: Profit making IGAs and factors contributing to profits

Factors (reasons)	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Total
	Freq	Freq	Freq	Freq	Freq	Freq
Good previous experience in IGA	112 (99.1%)	1 (0.9%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	113 (100%)
Favourable economic conditions	0 (0.0%)	20 (17.7%)	19 (16.8%)	37 (32.7%)	37 (32.7%)	113 (100%)
Favourable household conditions	0 (0.0%)	15 (13.3%)	40 (35.4%)	57 (50.4%)	1 (0.9%)	113 (100%)
Less interest rate on the loan borrowed	0 (0.0%)	60 (53.1%)	38 (33.6%)	0 (0.0%)	15 (13.3%)	113 (100%)
Reinvestment of income of IGA	1 (0.9%)	18 (15.9%)	16 (14.2%)	19 (16.8%)	59 (52.2%)	113 (100%)

Figures in parenthesis represent percentages of the respective figure to the total

Source: Field Survey

As per Table 7, the factors contributing for good profits are Good previous experience in the IGA, Favourable economic conditions, Favourable household conditions, less interest rate on the loan borrowed, Reinvestment of part of income of IGA.

An analysis of the table 7 shows that 99.1% of the respondents have given Rank 1 to good previous experience in the IGA and 0.9% have given rank 2 for the same. In respect of the reason favourable economic conditions, none of the respondents have given Rank 1 and 32.7% of them have given Rank 4, 32.7% have given Rank 5 and others have given the ranks 2 and 3. The third reason favourable household conditions was not given Rank 1 by any of the respondents. Only 13.3% of them have given rank 2 for the same, 50.4% ranked it 4 whereas rest of the respondents have given the other 2 ranks. In case of less rate of interest on the loan none of the respondents have given Rank 1 whereas 53.1% of the respondents have given Rank 2, 33.6% have given rank 3 and all others have given the other 2 ranks. The fifth reason reinvestment of a part of the income in the IGA was assigned Rank 5 by 52.2% of the respondents and rest of the respondents allotted the other Ranks.

Factors contributing to profits according to importance:

The listed factors are evaluated to find out which is the most important factor among all the factors. So, table 8 shows level of importance for each reason if they are ranked from 1 to 5 in the order of their preference. It gives the Ranking for each reason and explains the most important factors contributing to profits in urban as well as rural area. For this purpose Garrets Mean Score method is used. The reason with highest Garrets Mean Score is allotted Rank I and so on.

Table 8: Factors contributing to profits according to importance

Factors	Urban		Rural		Total	
	Garrets Mean Score	Rank	Garrets Mean Score	Rank	Garrets Mean Score	Rank
Good previous experience	75.0	1	74.8	1	74.9	1
Favourable Economic conditions	40.3	4	40.3	4	40.3	4
Favourable Household conditions	46.9	3	45.6	3	46.1	3
Less Interest rate on the loan	51.7	2	52.1	2	52.0	2
Reinvestment of the income	37.1	5	37.1	5	37.1	5

Source: Field Survey

Table 8 shows that the factors contributing to the good profits were Good experience in the activity, favourable economic conditions, favourable household conditions, less interest rate on the microfinance and reinvestment of a part of the income on the IGA.

Among these factors good previous experience in the IGA with highest Garrets Mean Score (74.9), is considered to be the first and most important factor, the second was less rate of interest on the microfinance, third important factor was favourable household conditions, fourth was favourable economic conditions and finally reinvestment of a part of the income on the IGA. The trend shows that the respondents in urban as well as the rural area have the same attitude towards these factors hence the factors are ranked in the same way.

4. Factors responsible for loss from IGA:

Among 128 respondents carrying on IGAs, 19 of them earned profits less than the expected whereas the rest (15) of them incurred loss. To find out the factors contributing to loss / less profits and to understand the importance of those factors following information was obtained. The respondents quoted various reasons for the same. In Table 9 these reasons are listed and the attitudes of the respondents towards each reason are recorded.

Table 9: Loss making IGAs and factors responsible for loss

Factors (reasons)	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Total
	Freq	Freq	Freq	Freq	Freq	Freq
Lack of previous experience	5 (14.7%)	0 (0.0%)	26 (76.5%)	3 (8.8%)	0 (0.0%)	34 (100%)
Unfavourable economic conditions	27 (79.4%)	2 (5.9%)	2 (5.9%)	3 (8.8%)	0 (0.0%)	34 (100%)
Unfavourable household conditions	2 (5.9%)	28 (82.4%)	0 (0.0%)	1 (2.9%)	3 (8.8%)	34 (100%)
High interest rate on the loan	0 (0.0%)	0 (0.0%)	5 (14.7%)	2 (5.9%)	27 (79.4%)	34 (100%)
Multiple loans	0 (0.0%)	4 (11.8%)	1 (2.9%)	25 (73.5%)	4 (11.8%)	34 (100%)

Figures in parenthesis represent percentages of the respective figure to the total

Source: Field Survey

Table 9 explains the factors responsible for loss from the IGA. The respondents who could not earn expected profits attribute the reasons such as lack of previous experience in the IGA, unfavourable economic conditions, unfavourable household conditions, high interest rate on the loan and multiple loans to meet the expenditure of the IGA.

An analysis of the table 9 shows that 76.5% of the respondents have given Rank 3 to lack of previous experience in the IGA, only 14.7% have given Rank 1 and others have given the remaining ranks for the same. In respect of the reason unfavourable economic conditions, 79.4% of the respondents have given Rank 1 and 5.9% of them have given Rank 2, 5.9% have given Rank 3 and others have given the ranks 4 and 5. The third reason unfavourable household conditions was given Rank 2 by 84.2% of the respondents. Only 5.9% of them have given rank 1 for the same, rest of the

respondents have given the other 3 ranks. In case of high rate of interest on the loan none of the respondents have given Rank 1 and 2 whereas 79.4% of the respondents have given Rank 5 and all others have given the other 3 ranks. The fifth reason multiple loans to meet the expenditure of the IGA was assigned Rank 5 by 73.5% of the respondents and rest of the respondents allotted the other Ranks.

Factors responsible for loss according to importance:

The listed factors are evaluated to find out which is the most important factor among all the factors. So, table 10 shows level of importance for each reason if they are ranked from 1 to 5 in the order of their preference.

Table 10: Factors contributing to loss according to importance

Factors	Urban		Rural		Total	
	Garrets Mean Score	Rank	Garrets Mean Score	Rank	Garrets Mean Score	Rank
Lack of previous experience	54.4	3	51.4	3	52.8	3
Unfavourable Economic conditions	65.0	1	73.6	1	69.6	1
Unfavourable Household conditions	55.3	2	58.9	2	57.2	2
High Interest rate on the loan borrowed	34.7	5	25.0	5	29.6	5
Multiple loans	40.6	4	41.1	4	40.9	4

Source: Field Survey

As per Garrets Mean Score, the most critical factor which was responsible for the losses was unfavourable economic conditions which affected the sales of the product, the second reason mentioned by them was unfavourable household conditions (lack of support from family members), third was lack of previous experience in the IGA, then was borrowing of multiple loans to meet the expenditure of the IGA and finally the high rate of interest on the microfinance borrowed for the purpose of IGA. The trend shows that the respondents in urban as well as the rural area have the same attitude towards these factors.

Majority of the respondents involved in the IGA made more profits than expected. The most important factors contributing to the good profits in the order of importance were Good previous experience in the IGA, less rate of interest on the microfinance, favourable household conditions, favourable economic conditions and reinvestment of a part of the income on the IGA.

The reasons mentioned by those respondents who made loss from the IGA in the order of their severity were unfavourable economic conditions which affected the sales of the product, unfavourable household conditions (lack of support from family members), lack of previous experience in the IGA, borrowing of multiple loans to meet the expenditure of the IGA and high rate of interest on the microfinance borrowed for the purpose of IGA

5. FINDINGS OF THE STUDY

1. Demographic details:

It is found that female respondents are dominant in both urban as well as rural areas. This signifies women empowerment through microfinance. Majority of the respondents have studied only up to primary school, irrespective of the area. So, it is evident that the knowledge level of the members is not high which necessitates the SHGs to organise awareness and training programmes. Majority of the respondents are married, which shows the fact that the women need to take greater responsibility of helping the family after marriage. So, they are attracted towards the SHGs and interested in taking up IGAs.

When urban and rural area is compared, there is no significant difference between them in respect of the demographic details of the respondents.

2. Income generating activities (IGAs):

A review of the IGAs undertaken by the respondents indicates that some of the respondents were involved in IGAs even before joining the SHGs. But there is a positive shift from less profitable to more profitable IGAs after joining the SHGs in urban as well as rural areas.

Most of them have undertaken animal husbandry (cattle, goat and pig rearing and producing dairy products) after joining SHG because of the subsidy available to them in addition to the microfinance at a lower rate of interest. Though most of them sell their products in the local market and have a seasonal demand for their products, a few of them sell even in the regional market and enjoy permanent demand for their products. But none of them have a market beyond the regional level.

The respondents involved in the IGA made more profits than expected. The most important factors contributing to the good profits in the order of importance are good previous experience in the IGA, less rate of interest on the microfinance, favourable household conditions, favourable economic conditions and reinvestment of a part of the income on the IGA.

The reasons mentioned by those respondents who made loss or who did not earn the expected profits from the IGA, in the order of their severity are unfavourable economic conditions which affected the sales of the product, unfavourable household conditions (lack of support from family members), lack of previous experience in the IGA, borrowing of multiple loans to meet the expenditure of the IGA and high rate of interest on the microfinance borrowed for the purpose of IGA.

6. SUGGESTIONS

1. Joining the SHGs has helped the respondents to improve their monthly income level by undertaking income generating activities with the help of microfinance. However, the number of members involved in income generating activities is very less. So, CODP is required to organize some practical training programmes to educate the members about the income generating activities and encourage more and more members to involve in the same so that they are able to improve their income earning capacity.

2. Most of members involved in the income generating activities sell their products only in the local market and have a seasonal demand for their products. Very few have access to regional markets and none of them go beyond this level. SHGs may take up the responsibility of pooling together the products of their members and help them to sell their products beyond the local market by establishing MOUs with the regional vendors.

3. It is observed that CODP has not established a separate marketing agency for marketing the products of the members. This poses marketing problems for the members which in turn will have an adverse impact on the various income generating activities. So, it is advisable to set up a separate marketing agency to market the products of the members which will help the members to get appropriate market for their products.

4. Lack of formal education to take up the responsibilities or IGAs was identified as one of the problems faced by the members of the SHGs. So, it is advisable to the CODP to arrange for 'adult education' in collaboration with some of the school managements so that the members get the benefit of formal education and training.

7. CONCLUSION

The study reveals that undoubtedly, micro finance programme plays a major role in the alleviation of poverty and the empowerment of the weaker sections of the society by giving an impetus to the Income Generating Activities among them. From the study it is evident that CODP is contributing prominently to the promotion of financial inclusion policy of the nation by promoting Self-help Groups and by encouraging the members to undertake Income Generating Activities.

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