Impact Analysis of SHGs in the Urban Milieu : A Case Study

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Abstract

Self-Help Groups (SHGs) are considered important delivery channels for providing group loans under various poverty alleviation programmes by the government and for spreading various awareness programmes by the non-governmental bodies such as NGOs. In India, the National Bank for Agriculture and Rural Development (NABARD) piloted a microfinance programme in the mid-eighties using self-help groups to alleviate rural poverty. This initiative snowballed into a movement, and the government, non-governmental bodies, and microfinance institutions started using self-help groups for implementing various programmes for the poor. Microfinance is generally perceived as a rural phenomenon in India. This study attempts to examine the socioeconomic impact of microfinancial activities of self-help groups on their members in an urban area – Thane city in Maharashtra. The study uses sample survey data of 340 women respondents belonging to self-help groups supported by the Thane Municipal Corporation (TMC), NGOs, and non-affiliated self-help groups. It indicates that microfinancial activities of self-help groups in the urban milieu lead to desirable socioeconomic impact on members. Findings of this study may have implications for agents in the area of microfinance – the Government, the NGOs, microfinance institutions, banks, consumer goods making companies, and members of the self-help groups.

Keywords: **self-help groups, microfinance, poverty, socioeconomic impact, women's empowerment, below poverty line, above poverty line, SJSRY**

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Microfinance has been considered as an effective policy tool to alleviate poverty since the mid-eighties in India. Dr Yunus's (2003) experiments with micro lending with a group of poor women in the seventies leading to the establishment of the Grameen Bank in Bangladesh was emulated by the National Bank for Agriculture and Rural Development (NABARD) in India. NABARD conducted a pilot project in 1992 known as the Self-Help Groups Bank Linkage Programme (SBLP) aimed at financial inclusion of the rural poor and as a measure to alleviate poverty. This experiment snowballed into a movement, and the government, non-government organizations (NGOs), and microfinance institutions (MFIs) have been using self-help groups (SHGs) as an effective delivery channel for microfinancial services and for poverty alleviation programmes. Various empirical studies have documented the socioeconomic impact of SHGs and their microfinancial activities on their members. This study attempts to examine the impact of SHGs and their microfinancial activities in the urban milieu.

Objectives of the Study

The prime objective of this study is to examine the socioeconomic impact of SHGs on their members. The study was carried out in Thane city, Maharashtra from October 2009 to March 2011. There is a considerable number of SHGs functioning in Thane city, but there are hardly any documented studies to throw light on the subject. This fact was the main motivation behind the present study. It is difficult to pinpoint the exact period when the SHG movement started in Thane city as there is lack of documented data about their existence. However, one can say that SHGs came into existence officially from 1998-99 onwards when the Thane Municipal Corporation (TMC henceforth) motivated poor women from below poverty line (BPL)[1] households and above poverty line (APL) households to formulate groups to implement the Central government's Swarna Jayanti Shahari Rozgar Yojana (SJSRY) to alleviate urban poverty. SJSRY was launched by the Central government in 1997-98, but it gained momentum in Thane city from the

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year 2000 with the establishment of the social development department by the TMC. The Thane Municipal Corporation started promoting SHGs from 2002-03 and by August 2011, it had promoted 60 SHGs from BPL households and 2140 SHGs from APL households. The staff of TMC reported that on an average, around 20 SHGs were approaching them daily for registration and the estimated number of SHGs, after updating the SHG registration records, were around 5000 in number.

Research Methodology

To understand the magnitude of SHGs functioning in the city, a pilot survey of 50 respondents - randomly selected from various SHGs in different slum pockets of Thane city - was conducted. A structured questionnaire along with personal interviews and focus group discussions were used to collect the data. Next, a random sample of 340 women respondents from 51 SHGs from APL and BPL households was selected. In the sample, 18 SHGs were affiliated to 3 self-help groups promoting institutions (SHPIs) and 33 were non-affiliated SHGs from various parts of Thane city. The details of the sample survey are presented in the Table 1. The sample survey data was analyzed to study the socioeconomic impact of SHGs on their members.

Table 1. Details of the Sample Survey

Category	No. of Respondents	No. of SHGs	No. of SHPIs
Non-affiliated	200	33	-
REAP	97	9	1
CORP	9	5	1
TMC SJSRY	34	4	1
Total	**340**	**51**	**3**

Source: Sample data, N = 340

Analysis and Results

Socioeconomic Impact of SHG Membership : Membership of a SHG creates externalities that may bring about socioeconomic changes in the society in general and in the lives of SHG members in particular. Decision to join a SHG by a woman is often influenced by either her peers or an institutional body, such as an NGO, who takes the initiative to form a group. At the time of joining a SHG, members may be oblivious to the fact that by making a choice to join the group, they have already empowered themselves, and that it may have a cascading effect upon their lives later. Various empirical studies have established the positive impact of microfinance on poverty eradication (Arun, Imai, & Sinha 2006 ; Hossain, 1988; Puhazendi & Badatya, 2002) and on increasing the income of the poor. However, studies by MkNelly and Stack (1999) and Coleman (1999) on village banking and providing microfinance in Thailand respectively reported that there is no evidence of an impact on income and assets of members or the loans being used for productive purposes. Also, studies by Goetz and Sen Gupta (1996) and Sinha (2010) upheld that microfinance does not benefit poor households.

Studies by Ackerly (1995), Hashemi, Schuler, and Riley (1996), and Kabeer (2000, 2005) explored the impact of credit on a number of empowerment indicators such as magnitude of women's economic contribution, their mobility in the public domain, ability to make small and large purchases, ownership of productive assets, involvement in major decision making such as purchase of land/livestock for income earning purposes, freedom from family domination including freedom to make choices, political awareness, and a composite of all these indicators. They found that women's access to credit was a significant determinant of the magnitude of economic contributions reported by them.

Economic Impact of SHG Membership : The economic impact of joining a SHG is manifested through an increase in income, expenditure on various heads, savings, purchase of assets, better nutrition, and better living conditions. The positive economic impact of SHG membership is illustrated in the Appendix Table 1A. 42.9 % of the respondents reported an increase in income, though 57.1% of the respondents reported that there was no change in their income after joining the SHG. Increase in income was reported by those members who started a micro enterprise after

availing micro credit from their SHG. Those who did not have the risk appetite and did not take up any income generating activity could not augment their monthly income. Around 57% of the respondents reported that could better their homes as they could take small amounts of loans from their SHGs to carry out repairs, painting jobs, and so forth. Internal loans by the SHG members did not show an increase in their assets as these loans were used to meet emergencies arising out of health shocks or funding children's education or were used for house repairs, and so forth. Only 4.7% of the respondents had taken loans to buy assets such as gold chains or household items such as a cupboard or a TV set, and so forth. Majority of the respondents reported that they never borrowed money to buy any assets as they were unable to bear the burden of loan instalments along with the monthly contribution to the SHG, especially when there was no additional source of income. It also implies that SHG loans serve the members best to meet expenses arising out of emergencies as these collateral free loans are available to them at lower rates of interest than they would get from the money lenders. There was a positive impact of the SHGs on the nutritional status of around 23.2% SHG households. These respondents reported that after joining a SHG, they were able to afford better food. These were mostly those respondents who had started some income generating activity with loans from their SHG, which enabled them to afford better food with the additional income.

Loans for educational purposes formed the largest component of internal loans given to the members, which is evident from the sample data displayed in the Appendix Table 1A . Loans acquired from the SHGs to pay the school fees of their children led to an improvement in the educational level of 64.4% of the respondents' children. Such loans serve as a bridge between income and expenditure gap, and in the absence of such loans, it would have been difficult for children of SHG members to continue their education. The ability to take decisions regarding seeking loans for educational purposes could be considered as the most positive and progressive change in the lives of the respondents. Health emergencies were the second major reason to seek internal loans. Even small amount of loans from the SHGs mattered considerably for these poor households, as in the absence of micro credit from the SHG, they would either be at the mercy of the money lenders or would have forgone treatment which could have dangerous repercussions. Data presented in the Appendix Table 1A displays that around 52% of the respondents could afford better health facilities due to membership of a SHG. It is also worth mentioning here that to increase awareness about health problems, which can be prevented by early diagnosis, NGOs acting as SHPIs held various camps and seminars for the benefit of the SHGs under their auspices. SHGs supported by NGO REAP benefitted from such extension activities of their NGO, and it was reflected in the better health profile of its SHG members. Thus, one can conclude from the data presented in the Appendix Table 1A that by joining a SHG, a majority of the members were able to improve their economic status as small amounts of collateral free SHG loans helped them tide over financial difficulties, enabled them to pay for their children's educational expenses, led to the betterment of their dwellings, and led to an increase in income and savings as a cushion to face health shocks. In the absence of a social security net for most of these women working in the informal sector, this is surely an achievement.

The economic impact of SHG membership is perceived in this study as economic empowerment demonstrated by improvement in living conditions of the members due to increase in income, better housing, nutrition, health, and education of their children. To study the interrelationship between the variables, multivariate analysis was done to assess the contributory power of each variable. Poisson regression analysis was used to examine the impact of economic variables on economic empowerment of the respondents. The null hypothesis is that an individual predictor's regression coefficient is zero, given that the rest of the predictors are held constant in the model. The alternate hypothesis is that an individual predictor's regression coefficient is not zero, given that the rest of the predictors are held constant in the model. The alpha level was set at 0.05 for the model.

Economic Empowerment = *f* (Income + House + Loan + Assets + Nutrition + Education + Health + Savings + PAN card + Bank account + Enterprise)

In this model, it is assumed that SHG membership enhances the economic empowerment and that economic empowerment (dependent variable) is determined by predictors (independent variables) – increase in income (X_1), betterment of house (X_2), taking loan for various purposes (X_3), increase in assets (X_4), improvement in nutrition of the family (X_5), better education of children (X_6), betterment of family's health (X_7), increase in household savings (X_8), having a PAN card (X_9), a bank account (X_{10}), and starting an enterprise (X_{11}). Therefore, the regression equation takes the following form:

$$\text{Log}_e(Y) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 ..... + \beta_n X_n. \quad \ldots (1)$$

The relationship between variables is expressed as:

Economic empowerment = *a* + Income + House + Loans + Assets + Nutrition + Education + Health + Savings + Pan card + Bank account + Enterprise.

The multivariate analysis gives the following results:

Table 2. Regression Coefficients for Economic Empowerment

Variables	Estimate	Std. Error	*z* value	*Pr* (>|*z*|)
(Intercept)	0.50281	0.20844	2.412	0.015856*
Income	0.18776	0.06403	2.932	0.003365**
House	0.22576	0.06488	3.480	0.000502***
Loan	0.21239	0.05435	3.908	9.32e-05***
Assets	0.11812	0.09469	1.247	0.212264
Nutrition	0.12668	0.06499	1.949	0.051264.
Education	0.24724	0.07008	3.528	0.000419***
Health	0.18039	0.06533	2.761	0.005760**
Savings	0.19459	21242	0.916	0.359645
Pan card	0.19866	0.05321	3.734	0.000189***
Bank account	0.20220	0.04933	4.099	4.15e-05***
Enterprise	0.18254	0.07643	2.388	0.016919*

Source: Sample data

Significance codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

(Dispersion parameter for Poisson family taken to be 1)

Log of Economic Empowerment = 0.50 + 0.19Income + 0.22House + 0.21Loan + 0.12Assets + 0.13Nutrition + 0.25Education + 0.18Health + 0.19Savings + 0.20Pan card + 0.20Bank account + 0.18Enterprise

The Table 2 presents the results obtained from Poisson's regression analysis. Figures presented in the column 'Estimates' are regression coefficients for the model which can be interpreted as - for one unit change in the predictor variable, the difference in the logs of expected counts is expected to change by the respective regression coefficient, given the other predictor variables in the model are held constant. The intercept is Poisson's regression estimate when all variables in the model are evaluated at zero. It is 0.50 with the standard error 0.21, *z*-value 2.412, and *p*-value, *Pr* (>|*z*|) equal to 0.01, which is significant at the alpha level 0.05 and even at the 0.01 or 1% significance level. This means that the null hypothesis that an individual predictor's regression coefficient is zero given that the rest of the predictors in the model are held constant is significant at 5% and even at 1% level of significance. In other words, there is 5% or 1% likelihood that the null hypothesis is true. Therefore, we reject the null hypothesis and conclude that economic empowerment on predictors - Income, House, Loan, Education, Health, PAN card, Bank account, and Enterprise have been found to be statistically different from zero, given that the predictors in the model are evaluated at zero. From this analysis we can infer that membership of a SHG had a positive impact on the respondents' income, house, education, and so forth, which indicates enhancement in economic empowerment of the SHG members.

↳ **Social Impact of SHG Membership :** Social impact of joining a SHG was a multi-pronged impact, affecting the lives of SHG members in many dimensions, and is even more conspicuous than the economic impact. Data presented in the Appendix Table 2A shows that 99.7% of the SHG members had the support of their spouses, and they were encouraged to participate in SHG activities such as seminars, exhibitions, and social functions. Only 0.3% members reported that their spouses objected to their SHG membership. This may be either due to urbane thinking or due to the fact that SHG membership would bring along some benefits to the household such as cheaper loans for contingencies and freebies doled out by the government and non-government organizations for the SHGs.

Impact on Confidence and Decision Making : Data presented in the Appendix Table 2A shows that SHG membership led to enhancement of self-confidence of its members as was reported by 95.5% of the respondents. Only a small number, that is, 4.5% of the respondents reported no improvement in their self-confidence. The decision making power normally rests with male members in Indian households. Shifting of decision making power to females in the household reflects a change in power equations as is shown in the Appendix Table 2A, with 93.2% respondents reportedly admitting that they were allowed to take financial decisions in their households. However, a small number of respondents (6.8 %) reported that their spouses took the call on financial matters.

Impact on Social Mobility : All 340 (100%) respondents reported that they were empowered to attend SHG meetings. The Appendix Table 2A shows that 93.5% respondents could decide themselves whether to take a loan from the SHG or not, but 6.5% respondents reported that the decision to borrow from the SHG was either taken jointly or by their spouses. For getting registered with a SHG, all members had to visit the TMC office. Sometimes, they had to make many trips to the TMC office and request the officials to expedite the matters related to their registration or receipt of grant. This developed their confidence and contacts with the officials, as reported by 75% respondents. Only 25% respondents said that they felt shy or hesitated in meeting the government officials.

Impact on Self-Employment and Entrepreneurship : A micro enterprise which can be operated from home can generate income for the poor households. As displayed in the Appendix Table 2A, around 92% respondents reported that they wanted to start an enterprise, but due to lack of funds, they were unable to do so. This means that they had the risk bearing capacity, and if they were provided with financial assistance, entrepreneurial training, market support, and some kind of hand holding, it would surely help them start an income generating enterprise. Only 8.2% respondents reported that they did not have the confidence to start any income generating activity on their own. Some of the SHGs from BPL households supported by TMC got subsidized loans under the SJSRY scheme, which enabled their members to start small enterprises to generate income. However, sustainability of their enterprises was questionable as these SHG members lacked business acumen and market support. TMC authorities, due to several administrative and operational problems, were not able to monitor their functioning on a regular basis. Many SHGs from BPL category promoted for SJSRY scheme submitted loan proposals for micro enterprises to banks. However, due to lack of financial guidance to SHG members, either the banks could not disburse loans as the business proposals were unviable, or the loan amount sanctioned by the bank could not be utilized as the SHGs could not decide about a viable business. This calls for creation of a separate dedicated institution to look after the training, marketing, and handholding of SHGs on a continuous basis to make SHGs agents of change in the socioeconomic set-up of our society.

Economic Activity Started by SHGs with Subsidized Loans : The Thane Municipal Corporation is promoting SHGs for fulfilling its obligation of implementing Central government's SJSRY scheme for the benefit of BPL households. The data presented in the Table 3 shows that 2.9% BPL households bought a three wheeler with a subsidized loan and 2.9% BPL households started a kirana (provisions and groceries) shop to generate income, while 10 other beneficiaries of the SJSRY scheme started a business of selling saris on a commission basis. It was observed that the SJSRY scheme benefitted only a small number of BPL households who started some income generating activities with the subsidized loan.

Impact on Decision Regarding the Size of the Family : Women in India generally do not enjoy the prerogative of deciding the number of children they should have in their family. However, interestingly, data in the Appendix Table 2A shows that 50.3% respondents from poor households reported that they could decide the size of their family. Nearly half of the respondents (49.7%) reported that in a metropolitan city, it is not economically viable to have large families, so it was a combined decision (of both partners) to have two or three children.

Impact on Domestic Violence : There were fewer incidences of domestic violence post-SHG membership as is shown in the Appendix Table 2A, as only 2.1% respondents reported a decline in domestic violence. Around 97.9% respondents said that they were not victims of any kind of domestic violence. This is totally in contradiction to the National Family Health Survey data (2005-06) which revealed that around 57% women in urban areas are victims of domestic violence. May be due to social conditioning, the women respondents did not reveal that they were victims of

Table 3. Economic Activities Started with Subsidized Loans

Category	Frequency	Per cent
None	310	91.2
3 Wheeler Tempo	10	2.9
Kirana (groceries) Shop	10	2.9
Sari business	10	2.9
Total	**340**	**100.0**

Source: Sample data, N = 340

domestic violence.

↳ **Impact on Self-Image in Society :** Various studies on the social impact of SHG membership have documented that SHG membership leads to enhancement in social status of their members. The data in the Appendix Table 2A shows similar results as 27.9% respondents reported that their in-laws respected them more after they joined a SHG, 52.1% respondents reported that their neighbours held them in high esteem, and only 0.9 % respondents said that they had better control over their spouse's addiction (presumably alcohol addiction post-SHG membership). This attitudinal change towards SHG members at home and in the society can be attributed to the positive change in their personality. On the contrary, 72.1 % respondents reported that there was no significant change in their in-law's attitude towards them, 47.9% respondents reported no change in their neighbour's attitude towards them, and 99.1 % respondents reported that their spouses were either not having any addiction or there was no change in their addiction behaviour.

To examine the social impact perceived as social empowerment of SHG members in this study, Poisson's regression model is used as the response variable, social empowerment is a count variable, and the predictors are binary variables. It was assumed that the membership of a SHG leads to social empowerment of the members manifested through their participation in meetings, seminars, exhibitions, control over family finances, less domestic violence, control over spouse's addiction, and so forth. The null hypothesis is that an individual predictor's regression coefficient is zero given that the rest of the predictors are held constant in the model. The alternate hypothesis is that an individual predictor's regression coefficient is not zero given that the rest of the predictors are held constant in the model. Using statistical package *'R'* to estimate Poisson's regression coefficient, the regression equation takes the following form:

Social empowerment = *f* (confidence + empowered for financial decision; empowered to attend SHG meetings ; empowered to take loans ; empowered to attend trainings, exhibitions, picnics, etc. ; empowered to meet officials, empowered to start an enterprise).

The Poisson regression coefficient can be interpreted as - for a one unit change in the predictor variable, the difference in the logs of expected counts is expected to change by the respective regression coefficient, given that other predictor variables in the model are held constant. The regression equation to predict social empowerment takes the following form:

$$\text{Log}_e(X) = \beta_0 + \beta_1 Y_1 + \beta_2 Y_2 + \beta_3 Y_3 ..... + \beta_n Y_n \qquad \ldots (2)$$

In the Table 4, the coefficients of variables depicting empowerment are displayed. The coefficient of predictors in the model are - Y_1 - confidence, Y_2 - empowered to take financial decisions, Y_3 - empowered to attend seminars, Y_4 - empowered to take loans, Y_5 - empowered to attend meetings, Y_6 - empowered to meet officials, Y_7 - empowered to start an enterprise, Y_8 - lesser domestic violence, Y_9 - respect by in-laws, Y_{10} - control over finances, and Y_{11} - control over spouse's addiction.

Social Empowerment = 1.081220 + 0.17Y_1 + 0.008164Y_2 + 0.052781Y_3 + 0.190773Y_4 + 0.472078Y_5 + -0.182364Y_6 + 0.18446Y_7 + 0.062395Y_8 + 0.178149Y_9 + 0.146975Y_{10} +0.129955Y_{11}

The intercept is the Poisson regression estimate when all variables in the model are evaluated at zero. It is 1.081220 with the standard error 0.44, z-value 2.453 and p-value, $Pr(>|z|)$ equal to 0.01, which is significant at alpha level 0.05.

Table 4. Regression Coefficients for Social Empowerment

Variable	Estimate	Std. Error	*Z* value	*Pr* (>|*z*|)
(Intercept)	1.081220	0.440796	2.453	0.01417*
Confidence (Y_1)	0.172360	0.121972	1.413	0.15762
Empowered to take financial decisions (Y_2)	0.008164	0.397244	0.021	0.98360
Empowered to attend seminars (Y_3)	0.052781	0.375567	0.141	0.88824
Empowered to take loans (Y_4)	0.190773	0.485363	0.393	0.69428
Empowered to attend meetings (Y_5)	0.472078	0.596333	0.792	0.42857
Empowered to meet officials (Y_6)	-0.182364	0.802598	-0.227	0.82026
Empowered to start an enterprise (Y_7)	0.184446	0.245677	0.751	0.45279
Lesser domestic violence (Y_8)	0.062395	0.141020	0.442	0.65816
Respect by in-laws (Y_9)	0.178149	0.045487	3.916	8.99e-05***
Control over family finances (Y_{10})	0.146975	0.047692	3.082	0.00206**
Control over spouse's addiction (Y_{11})	0.129955	0.270355	0.481	0.63074

Source: Sample data

Significance codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

(Dispersion parameter for Poisson family taken to be 1)

This means that the null hypothesis that an individual predictor's regression coefficient is zero given that the rest of the predictors in the model are held constant is significant at 5% level of significance. Thus, we reject the null hypothesis and accept the alternate hypothesis that social empowerment on predictors - confidence, empowered to take financial decisions, empowered to attend SHG meetings, empowered to take loans, empowered to attend seminars, training, exhibitions, picnics and so forth, empowered to meet officials, and empowered to start an enterprise, have been found to be statistically different from zero, given the predictors in the model are evaluated at zero.

Two of the predictors in the model, that is, respect by in-laws and control over family's finances have coefficient values 0.178 and 0.147 respectively, *z*-values : 3.916 and 3.082, and *p* -values : 8.99e-05 and 0.002 respectively, which are significant at 0.1 % and 0.001% significance level respectively. Therefore, we reject the null hypothesis that social empowerment on these two predictors is zero given other predictors' values held as constant. The coefficient of other predictors in the model, empowered to take financial decisions (Y_2), empowered to attend seminars, and so forth (Y_3), empowered to take loans (Y_4), attend meetings (Y_5), empowered to meet officials (Y_6), empowered to start an enterprise (Y_7), and control over spouse's addiction (Y_{11}) have values 0.008, 0.053, 0.190, 0.472, 0.182, 0.184, 0.062, and 0.129 respectively, which indicates that if these variables increase by one unit, the difference in the logs of expected counts would be expected to increase by 0.008, 0.053, 0.190, 0.472, 0.182, 0.184, 0.062, and 0.129 respectively, given that other variables are held constant while estimating each one of them independently. One of the predictors, 'meeting officials' has a negative value of coefficient equal to -0.182, which means that with one unit increase in this variable, the expected log count of response variable (social empowerment) would decrease by 0.182 (by 18 % approximately).

The *z*-values of predictors Y_1, Y_2, Y_3, Y_4, Y_5, Y_6, Y_7, Y_8, and Y_{11} are 1.413, 0.021, 0.141, 0.393, 0.792, -0.227, 0.751, 0.442, 0.481, and *p*-values are 0.157, 0.983, 0.888, 0.694, 0.428, 0.820, 0.452, 0.658, and 0.630 respectively, which are not significant at alpha level 0.05. Therefore, we accept the null hypothesis and conclude that the Poisson regression coefficients for these variables are not significantly different from zero, given that the other variables are held constant while estimating each one of them in the model. This implies that though there is an improvement in the social empowerment of SHG members determined on the basis of these qualitative variables taken as predictors in the analysis, it does not necessarily bring a significant change in their social status. Thus, the results of Poisson regression on economic empowerment and social empowerment estimated on the basis of economic variables and variables indicating social emancipation of SHG women demonstrate that membership of a SHG leads to both economic and social empowerment.

Research Implications

The findings of this study have implications for the microfinance sector in general and in particular for SHGs, an important agent of microfinancial activities. The study revealed that :

a) SHG membership leads to improvement in social and economic status of members manifested through enhancement in their confidence level, participation in group activities such as SHG meetings, seminars, conferences, exhibitions, meeting officials, applying for grants, taking decisions in the family, controlling family finances, and starting an enterprise to generate income for improving standard of living of their families.

b) There is significant improvement in the social and economic empowerment scores of SHG members supported by different bodies, that is, NGOs, TMC, and SHGs operating without any institutional support. Social impact is more noticeable than economic impact, which is due to the fact that group membership emboldens the poor women who are often very meek due to social conditioning.

c) Economic impact of group membership is lesser pronounced as compared to social impact. Loans from the SHG range between ₹ 2000 to ₹ 20,000, which is hardly enough to start a micro enterprise in an urban area. Moreover, marketing and space constraints and lack of training facilities restrain the micro enterprise ventures (which could have augmented the income of the SHG members).

d) However, monthly contributions to the SHGs led to a considerable increase in the savings of the SHG members. Before joining the group, SHG members hardly saved as majority of them neither held a personal bank account nor did they get any motivation from their peers to save. Post the SHG membership, not only did their savings increased, but also, many of the SHG members opened their bank accounts, got PAN cards, and acquired loans from their SHGs for education, health emergencies, and for house repairs. This depicts the improvement in their social standing and living conditions.

e) The study indicates that SHGs in urban areas helped their members tide over small income-expenditure gaps by providing them emergency loans from their pooled savings at a very low rate of interest. This saves the members from the clutches of the moneylenders and pawn brokers, who generally charge very high rates of interest.

f) The study reveals that risk appetite was present among the SHG members. Given appropriate financial assistance with capacity building, marketing support, and hand-holding till the sustainability stage is reached; SHG members were able to take up entrepreneurial activities.

g) The study suggests that SHGs can be very useful channels for banks to meet their financial inclusion targets, for fast moving consumer goods companies (FMCGs) to market their products, and for government bodies to target their poverty alleviation schemes. SHG-FMCG tie-ups can be mutually beneficial. FMCG producing companies can provide various kinds of trainings to SHG members to fulfil their corporate social responsibility and use SHGs for marketing their products. For example, Hindustan Unilever Limited has been using SHGs to reach out to rural markets through their Project Shakti . These initiatives by corporates can enhance the socioeconomic impact and can bring considerable improvement in the living standard of the urban poor.

h) The Government bodies promote SHGs for implementing poverty alleviation programmes such as SJSRY, by providing subsidized loans for creating self-employment opportunities. But sustainability of their enterprises is questionable as these SHG members lack business acumen and market support. In the absence of a fool proof mechanism to supervise the end use of subsidized loans, loans meant for micro enterprise ventures are often used by the BPL beneficiaries to buy assets such as gold chains (jewellery) or to pay the fees of their wards. This nullifies the government's objective of poverty alleviation by creating self-employment opportunities. This implies that along with financial assistance to the poor, creation of an ecosystem with marketing support, capacity building infrastructure, and a fool proof supervisory framework can bring desirable success to poverty alleviation initiatives of the government.

i) SHGs examined in the present study are not organized into federations. It would improve their bargaining power while negotiating for capacity building and marketing infrastructure if they organize themselves into large federations.

Conclusion

Self-Help Groups in urban areas present a slice of the urban poor. Promoted by various SHPIs, these SHGs display distinct socioeconomic profile of the urban poor. Various studies in literature by Dunford (2006), Mayoux (2001), and Srinivasan (2009) found that microfinance is a good strategy to alleviate poverty, empower women (Hashemi et al., 1996 ; Kabeer, 2000, 2005 ; Pitt & Khandker, 1996, 1998; Rahman, 1988; Schuler, Hashemi, & Riley, 1997), and is a tool to augment economic development (Otero, 1989). This study also endorses findings of previous studies on impact of microfinance and supplements the existing knowledge with the findings of socioeconomic impact of SHGs functioning in an Indian urban town. The socioeconomic impact analysis of SHGs' microfinancial activities indicates significant improvement in the social and economic empowerment score manifested by the SHG members' ability to make choices and have better standards of livelihood after joining the group. The challenges faced by the SHGs are their sustainability, up scaling, and sustaining their income-generating activities. Appropriate policy interventions by the government and other stakeholders such as NGOs and MFIs can help in nurturing these SHGs to achieve wide-ranging objectives such as poverty alleviation, social and financial inclusion, and spreading literacy in India.

Notes

[1] On the basis of census survey conducted in December 1997 by the Thane Municipal Corporation (TMC) to determine below poverty line (BPL) households in urban Thane, the poverty line was fixed at ₹ 419.98 per person per month for implementation of the SJSRY scheme. From April 2011 onwards, the BPL status was revised to ₹ 591.75 per person per month for determining the BPL households on the basis of a survey conducted in 2005-06 by the TMC.

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APPENDICES

Appendix Table 1A: Economic Impact of SHG Membership on Members

Attribute	Response	Frequency	Per cent
Increase in income	Yes	146	42.9
	No	194	57.1
Increase in savings	Yes	321	94.41
	No	19	5.59
Better house	Yes	193	56.8
	No	147	43.2
Purchase of assets	Yes	16	4.7
	No	324	95.3
Better nutrition	Yes	79	23.2
	No	261	76.8
Children's education	Yes	219	64.4
	No	121	35.6
Better health	Yes	176	51.8
	No	164	48.2
Control on finances	Yes	237	69.7
	No	103	30.3

Source: Sample data, N = 340

Appendix Table 2A. Social Impact of SHG Membership on Members

Attribute	Response	Frequency	Per cent
Better confidence	Yes	323	95.5
	No	17	4.5
Empowered for making financial decisions	Yes	317	93.2
	No	23	6.8
Empowered to attend meetings	Yes	340	100.0
	No	0	0.0
Empowered to take loans	Yes	318	93.5
	No	22	6.5
Empowered to attend seminars	Yes	339	99.7
	No	1	0.3
Empowered to meet officials	Yes	255	75.0
	No	85	25.0
Empowered to start an enterprise	Yes	312	91.8
	No	28	8.2
Empowered to decide family size	Yes	171	50.3
	No	169	48.7
Lesser domestic violence	Yes	7	2.1
	Not applicable	333	97.9
Enhanced Respect by in-laws	Yes	95	27.9
	No change	245	72.1
Enhanced Respect by neighbours	Yes	177	52.1
	No change	163	47.9
Control on spouse's addiction	Yes	3	0.9
	Not applicable	337	99.1

Source: Sample data, N = 340