# Self-Help Groups: A Strategy for Poverty Alleviation in Rural Nagaland, India

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## Abstract

*Empowerment is an ambiguous and controversial term. Ambiguity arises from the fact that different people hold and promote different ideas or significations of the term, while controversy results from the over-ambitious claims made about the empowering ability of NGO programmes, including micro-finance. It is truly difficult to imagine how such tiny loan programmes operated by private individuals could bring about fundamental changes in the economic and social structures responsible for the disempowerment of women in developing countries. This paper is about examining the impact of Self help groups (SHGs) micro-financing on poverty alleviation and well-being of the rural poor women in Nagaland, a North-East State in India, where credit infrastructure development is still inadequate. Using primary data, the study analyzed the factors determining income generation and productive efficiency of the SHG credit among poor women in rural Nagaland during February-March 2011. The results revealed the credit to have significantly improved their economic status and household wellbeing. It also led to their empowerment, independence and social participation. The study recommended training them for better competitiveness and employment activities, besides assisting with marketing facilities. Universities can assume a significant rule in this effort.*

**Keywords:** Women empowerment, poverty alleviation, self Help Groups (SHGs), micro-entrepreneurship, productive efficiency.

## Introduction

Enhancing financial access of the poor by encouraging micro-enterprises through provisions of investment facilities, training and business service support is a strategy widely being adopted by developing countries to overcome the problems of poverty, unemployment, inequality and deteriorating welfare. According to van Maanen (2004)[1], "Microcredit or microfinance is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks in most cases because they are unable to offer sufficient collateral". It is a development approach, which provides small loans (micro credit) directly to the unemployed or poor, to help them start productive activities or expand an existing business (Eller 2009)[2]. It mainly involves small, non-collateralized loans to the low-income, unemployed or self-employed workers who do not have access to traditional financial lending services (GBPHB 2012)[3]. It caters to the financial needs of the unemployed or poor by providing them with more opportunities and choices at reduced risk. It is an innovative poverty alleviation strategy that assumes an important role in fighting the multi-dimensional aspects of poverty. In developing countries, it also includes a broader range of services, like savings, consumption assistance, skill development and insurance.

The microfinance institutions remain the most successful ones in terms of outreach and performance in delivering credit services to the poorest of the poor women, and small artisans in the rural and urban areas. It offers a cost effective approach to formal institutions, reduction in adverse selection of borrowers and development of collateral substitutions[4, 5]. Microfinance has successfully enabled several poor to start their own business and generate or sustain income that helps to exit poverty and accumulate wealth. It enables the poor to change their living standards through the income they earn, become business owners and reduce their vulnerability to external shocks, like illness and weather[6]. Besides being a means of self-empowerment, the increase in household income has led to attendant benefits, such as increased food security, the building of assets, better access to health facilties and increased likelihood of children's education[7, 8].

At global level, several studies have been conducted on microcredit, its performance and benefits[9-17], which have yielded varied results. A review of related studies on SHGs in India[4,5,18-28] clearly indicates that micro-financing, particularly through the concept of SHG, has been gaining momentum and contributing to the improvement in the status of poor in general and women in particular.

The Indian government initiated micro-entrepreneurship as an important strategy to help poor households cope with the economic changes, and to improve their well-being and achieve financial inclusion. Self-Help Groups (SHGs) programme was one of the new 1991 policies on Small Scale Industries initiated

with an emphasis on development of entrepreneurship among the poor[29]. As a result, the number of SHGs financed by banks in the country has grown annually ten times and the annual loan disbursal by about thirty-seven times over the last decade[30]. As on thirty-first March 2011, there are seventy-four lakh SHGs, covering ten crores households, of which more than ninety per cent are women dominated. About 66.22 per cent of the SHGs had accessed bank credit, with the group members having an outstanding credit of over Rs. 31,000 crores and a saving of over Rs. 7,000 crores through the formal banking system. National Bank for Agricultural and Rural Development (NABARD) finds SHG-BLP to be the most preferred and viable model of financial inclusion of the unreached poor[31]. A study by NABARD[32] revealed that the SHG has turned out to be a channel for social mobilization, women empowerment, and new business with quality clients and significantly increased well-being.

However, although poverty ratio in India is declining, its persistence and the deterioration in quality of employment in terms of increased casualisation of labour and rising inequality since the initiation of 1991 reforms policy have resulted in a rise in human deprivation in the country[33]. Women being the most affected under such circumstances, the Self-Help Groups (SHGs) programme has laid special emphasis on the development of entrepreneurship among women through training[29]. Hence, the present paper attempts to examine the impact of SHGs micro-financing on poverty alleviation and well-being of the rural poor women in Nagaland, a North-East State in India, where credit infrastructure development is still inadequate. The latter fact further necessitates research to gauge productive efficiency and economic performance of SHG micro-financing for women in the State, their repayment behaviour, benefits and constraints. In the light of these issues, the main objectives of the paper are: i. to study the socio-economic background and financial access among the poor sample women in rural Nagaland, ii. to analyse the factors determining income generation through SHG microcredit employment activity; and iii. to examine the productive efficiency of SHG credit, its benefits and constraints among the sample respondents.

## Methodology

The Self-Help Group (SHG) has been defined by National Bank for Agricultural and Rural Development (NABARD 1992)[29] as a group of about fifteen to twenty members from a homogeneous class, who come together for addressing their common problems. They are encouraged to make voluntary thrift on a regular basis. They use their pooled resource to make small interest-bearing loans to their members. The process helps them imbibe the prioritization of needs, setting terms and conditions and accounts keeping. The bank loans are given to them without any collateral and at market interest rates. The Self-Help Group is considered as a voluntary association of poor people. They mostly have the same socio-economic

background, and are involved in solving their common problems through self-help and mutual help. It creates small saving among the members and the amounts are kept with any bank.

Nagaland is mainly an agriculture-based State in the North Eastern region in India. About 60 per cent of its rural population are self-employed in agriculture, with only 12.6 per cent persons engaged in non-agriculture sector in 2006. Rural unemployment rate in the State rose to 14.9 per cent in 2004-05, with female unemployment at 9.5 per cent and male unemployment as high as 20.8 per cent[33]. Population below poverty line in 2009-10 shows the combined figure to be 20.9 per cent and rural poverty to be 19.3 per cent. Despite having one of the lowest Credit-Deposit Ratio in the country, the State has initiated the micro-finance movement through Self Help Groups (SHGs) linked to the few banks spread in the rural areas, covering only twenty-one out of fifty-two Rural Development (RD) Blocks. Presently, the NEPED project, through which the Village Development Boards (VDBs) operate credit mechanism, provide easy access to credit to the SHGs, along with assistance from the Planning Commission and other financial institutions, particularly NABARD, with the objective of improving their livelihood, especially in rural areas[34]. As on thirty-first March 2011, there are 9,866 SHGs in the State, with a savings of Rs. 36.3 million. Women comprise about one-third of the total SHGs. Only about 40 per cent of the total SHGs had accessed bank credit. Average loan outstanding per SHG was Rs. 41,597, and the average savings per SHG Rs. 3,679[35].

The present study is based on primary data collected from a random sample of 100 rural SHG female respondents, functioning under Non-Government Organisations (NGOs) but funded by banks in two villages, viz., Signal Angami and Suhoi in Dimapur district of Nagaland, India. Personal interviews using pre-tested schedule were conducted during February – March 2011 among economically and socially homogenous micro-credit beneficiaries, who have been in SHGs for atleast three years continuously. The latter is a condition necessary for analysing the productive efficiency of the SHG loan. All sample respondents come from poor households and belong to Christian religion and Scheduled Tribe category.

The objectives of the paper have been analysed using simple averages, ratios, percentages, Ordinary Least Squares (OLS) regression and Garret Ranking Technique (1969)[36]. The productive efficiency of SHG credit (Kaushik 1993)[37] has been analysed as follows:

a) Income generation (YGN) = $(Y_t - Y_{t-1})$ where, Y= income per annum;
t = post-SHG credit period; and t-1 = pre-SHG credit period.
b) Income generation rate (YGNR) = $[(Y_t - Y_{t-1})/Y_{t-1}] * 100$
c) Capital-output ratio = $[K/(Y_t - Y_{t-1})]$ where, K = SHG credit.
d) Rate of return/productivity of SHG credit (RRET) = $[(Y_t - Y_{t-1})/K] * 100$
e) Poverty alleviation rate = $[B_t/B_{t-1}] * 100$
where, B = number of SHG respondents below poverty line.

f) Repayment rate (per annum) = [Amount repaid/(Credit + Interest)] * 100

The factors influencing SHG credit income generation has been analyzed using OLS multiple regression in log form. The estimated equation is of the following form:

log AYGN = $b_0$ + $b_1$ log AGER + $b_2$ log EDUR + $b_3$ log EXPR + $b_4$ log DEPR +

$b_5$ log MRKT + $b_6$ log TRNG + $b_7$ log CRDT + $b_8$ log LABS + $b_9$ log LAND + $b_{10}$ log ICTU + $b_{11}$ log GPMT + U

where,

AYGN = annual income generation of the SHG respondent in Rupees;

AGER = age of respondent in years;

EDUR = education of respondent in years;

EXPR = experience of respondent in years;

DEPR = dependency ratio, computed as the proportion of non-working members to working members in the household;

MRKT = market distance in kilometer;

TRNG = training dummy, taking value one if undergone any and zero otherwise;

CRDT = amount of SHG credit loan invested in Rupees;

LABS = annual number of days worked;

LAND = land ownership dummy, taking value one if owning land and zero otherwise;

ICTU = information and communication technology used for business purpose dummy, taking value one if using and zero otherwise;

GPMT = frequency of group meeting in number per annum; and

U = error term.

Garret ranking technique (1969)[36] has been adopted to rank the benefits and constraints of the SHG activity on a priority basis. The percentage position of each item was computed using the given formula:-

Per cent position = $100 [(R_{ij} - 0.5)/N_j ]$

Where: $R_j$ = rank given to the $i^{th}$ item by the $j^{th}$ respondent; and $N_j$ = total number of items ranked by the $j^{th}$ respondent.

The ranks assigned to each item by the sample respondents have been converted into percentage scores using the Garret table. The total scores of each item thus obtained have been then converted into mean scores by dividing the former by the number of respondents who had responded to each item. These mean scores were arranged in a descending order and ranks assigned.

## Results and Discussion

The Nagaland State aspires to revolutionize and commercialize agriculture and allied sectors, and create self-employment opportunities in these sectors, handloom and handicraft, agriculture processing and other small scale industries, by promoting entrepreneurship. The results of the study are discussed in this section. Table - 1 shows the socio-economic background of the sample respondents during the survey.

The mean age of the sample respondent during the interview was around thirty-eight years. On an average, they are educated upto almost secondary school level. Majority of the sample respondents (eighty-one percent) are married. A large percentage of them live in nuclear households (eighty-seven percent), and have an average family size of about three members. The mean dependency ratio is as high as about six members per household. Land ownership is as low as eighteen per cent among the respondents, while the average land value during the survey was only Rs. 21,944/-, reflecting low asset holding among them.

Table - 2 illustrates SHG work related information.

**Table-1**
**Socio-Economic Background of the Sample Respondents**

| Sl. No. | Particulars | Mean | Standard Deviation |
|---|---|---|---|
| 1 | Age in years (AGER) | 37.95 | 8.35 |
| 2 | Education in years (EDUR) | 11.85 | 1.56 |
| 3 | Marital status dummy, taking value one if married and zero for single, divorced, widowed or separated (MARG) | 0.81 | 0.47 |
| 4 | Nature of family dummy, taking value one if nuclear and zero for joint | 0.87 | 0.34 |
| 5 | Family size in number (FSIZ) | 2.98 | 1.07 |
| 6 | Dependency ratio (DEPR) | 6.38 | 3.46 |
| 7 | Land ownership dummy, taking value one for yes and zero otherwise (LAND) | 0.18 | 0.38 |
| 8 | Value of land assets in Rs. | 21944.00 | 10451.41 |

**Table-2**
**Descriptive statistics: SHG work related details**

| Sl. No. | Particulars | Mean | Standard Deviation |
|---|---|---|---|
| 1 | Experience under SHG employment in years (EXPR) | 6.09 | 5.70 |
| 2 | Skill/Training dummy, taking value one if skilled and zero otherwise (TRNG) | 0.11 | 0.31 |
| 3 | Amount of credit assistance received in Rs. (CRDT) | 118350.00 | 195431.00 |
| 4 | Rate of interest per annum | 6.25 | 1.52 |
| 5 | Frequency of group meeting per annum (GPMT) | 24.00 | 0.49 |
| 6 | Non-cooperation of group members dummy, taking value one if yes and zero otherwise | 6.09 | 5.70 |
| 7 | Market distance in kilometer (MRKT) | 9.07 | 0.69 |
| 8 | ICT use for business dummy, taking value one if using any and zero otherwise (ICTU) | 0.48 | 0.37 |
| 9 | Beneficiary's income per month (BYGN) | 1269.00 | 1251.64 |

The table shows the average experience of the sample respondents under SHG to be about six years. Only eleven per cent of them had some training for skill development in the selected production activity (i.e., candle and artificial flower making), as the majority are engaged in traditional employment activities of the women in the region, which is also encouraged by the government.

The average SHG credit received was is high as Rs. 1,18,350, at a low mean interest rate of 6.25 per cent per annum. The group meetings are regular, with a frequency of twenty-four, i.e., fortnightly per annum. A negligible per cent of the total members (6.09 percent) reported non-cooperation of group members.

The average distance of the nearest market place is 9.07 kilometers from the village, where the products are sold directly to the consumers. Majority of the respondents go there by auto rickshaw (seventy-six) and the rest by lorry. About forty-eight per cent of them make use of mobile phones for business purposes (i.e., to place order for purchase of raw materials or sale of products). The average income of the respondent is Rs. 1269/- per month, which is a little higher than the State's rural per capita poverty line amount of Rs. 1016.8/- (Government of India 2012) [38]. Table-3 gives information on SHG loan received by the sample respondents.

All the 100 respondents had received loan under the SHG-Bank Linked Programme from State Bank of India and Nagaland State Cooperative Bank. Recommendation for loan was made for all the 100 beneficiaries by their own group members.

As regards the period of loan, it is one-two years for around half the sample respondents (fifty-four), and four-five years for nearly one-third of them (thirty-one). Whereas, fifteen respondents have to repay their loan within two-three years. The rate of interest charged by the bank ranges between five-ten per cent in the study areas. About forty-five respondents pay six per

cent interest, thirty-five pay five percent, and ten each pay eight and ten per cent interest respectively. The mode of repayment is annual for all the 100 respondents. Thus, the SHG programme provides easy access to credit without collaterals to the rural poor women, with easy repayment facility, at interest rates lower than the market rates.

**Table-3**
**Details of Loan Received**

| Sl. No. | Details | No. |
|---|---|---|
| A. | Source of Loan: | |
| 1 | SHG-Linked Bank | 100 |
| 2 | NGOs | - |
| | Total | 100 |
| B. | Recommendation for Loan?: | |
| 1 | Yes (group member) | 100 |
| 2 | No | - |
| | Total | 100 |
| C. | Period of Loan (in Years): | |
| 1 | 1-2 | 54 |
| 2 | 2-3 | 15 |
| 3 | 3-4 | - |
| 4 | 4-5 | 31 |
| | Total | 100 |
| D. | Rate of Interest (in Percent): | |
| 1 | 5 | 35 |
| 2 | 6 | 45 |
| 3 | 7 | - |
| 4 | 8 | 10 |
| 5 | 9 | - |
| 6 | 10 | 10 |
| | Total | 100 |
| E. | Mode of Repayment: | |
| 1 | Annual | 100 |

Table-4 shows the SHG credit production activity and monthly income range of the sample respondents.

**Table-4**
**Employment Activity and its Monthly Income Range**

| Sl. No. | Activity | Number | Minimum (Rs.) | Maximum (Rs.) | Mean (Rs.) | Standard Deviation |
|---|---|---|---|---|---|---|
| 1. | Candles and Artificial Flowers Making | 11 | 500 | 800 | 531.82 | 90.20 |
| 2. | Soya Bean and Meat Pickle Making | 38 | 500 | 800 | 740.00 | 134.16 |
| 3. | Piggery Farm | 27 | 350 | 900 | 624.07 | 170.62 |
| 4. | Weaving | 5 | 500 | 900 | 581.58 | 135.78 |
| 5. | Flower Nursery | 19 | 500 | 800 | 547.37 | 112.39 |

Note: 1 US $ = Rs. 50 during the survey.

The table reveals all the sample SHG members to be engaged in traditional and less remunerative production activities. More than one-third of the respondents (thirty-eight) are engaged in soya bean and meat pickles making, followed by twenty-seven involved in piggery farming and nineteen in flower nursery activity. About eleven respondents are engaged in candles and artificial flowers making, while the rest five do weaving.

Piggery farm owners, and soya bean and meat pickle makers earn the maximum monthly income of Rs. 900, while the maximum earnings from all the other activities are Rs. 800. However, the least minimum income is also earned by piggery farm owners (Rs. 350), whereas all the other activities yield a minimum income of Rs. 500 per month.

The mean income of soya bean and meat pickle makers is the highest, amounting to Rs. 740 per month. This is followed by piggery farmers (Rs. 624), weavers (Rs. 581.58), flower nursery owners (Rs. 547.37), and candles and artificial flowers makers (Rs. 531.82).

Table-5 records details relating to choice of and assistance in SHG employment activities of the sample respondents.

**Table-5**
**Details Employment Choice and Assistance**

| Sl. No. | Details | No. |
|---|---|---|
| A. | Choice of Production Activities: | |
| 1 | Leader | 100 |
| 2 | Self | - |
| 3 | Husband/Parents | - |
| 4 | Relatives/Friends | - |
| | Total | 100 |
| B. | Who Assists in SHG Activity?: | |
| 1 | Group member | 100 |
| 2 | Self | - |
| 3 | Family members | - |
| | Total | 100 |

All SHG activities in the study area are observed to be independently conducted by the group leader and its members themselves. The choice of employment activity had been made by the group leader, based on each member's production capabilities. Further, they are helped in SHG their activities by

their own group members. This reflects the strength of cohesion among the members as a group. Table - 6 presents the OLS regression results of income generation function run in log form.

**Table-6**
**Regression Result: Income Generation Function**

| Sl. No. | Variables | Coefficient | t-value |
|---|---|---|---|
| 1. | Constant | -2.295 | 1.75[***] |
| 2. | AGER | 0.579 | 1.98[**] |
| 3. | EDUR | 1.347 | 1.65[***] |
| 4. | EXPR | 0.075 | 1.01 |
| 5. | DEPR | 0.796 | 4.27[*] |
| 6. | LAND | -0.080 | 1.18 |
| 7. | TRNG | -0.028 | 0.38 |
| 8. | CRDT | 0.009 | 0.14 |
| 9. | LABS | 0.786 | 2.13[**] |
| 10. | MRKT | -1.135 | 4.47[*] |
| 11. | ICTU | 0.009 | 0.98 |
| 12. | GPMT | 0.056 | 1.42 |
| | Adjusted $R^2$ | 0.623 | - |
| | F-Value | 13.19* | - |

Note: *, ** and *** indicate statistical significance at 1%, 5% and 10% levels.

The table shows age and education of the respondents to be significantly increasing income generation of the sample respondents. This is because with increase in age, experience also increases, which in turn improves their production efficiency and hence the income. Meanwhile, higher levels of education reflect greater awareness, which leads to better work efficiency and earnings. Work experience of the respondent also has a positive, but insignificant effect on SHG income generation.

More number of dependents in the household is found to significantly enhance income generation. This could be due to the fact that larger number of dependents in the families induces the respondents to earn more to provide for their needs. Whereas, the impact of increased land ownership is negative, implying that more land ownership would encourage the respondents to work in their own land rather than take up other occupations. However, the influence of the variable emerges statistically insignificant.

The effect of training for skill development on income generation is negative but insignificant, as very few sample respondents have undergone it in the production activity undertaken by them. On the other hand, the influence of larger SHG credit investment is positive but insignificant on the earnings of the respondents, which is attributable to the nature of production activity they are invested on.

More the number of days worked per annum, higher the income generation among the sample respondents. This indicates that higher labour supply significantly increases their earnings.

Longer distances of market from the production site and income generation are observed to be negatively and significantly associated. This is because longer distance to the market place, involves higher transport cost, resulting in lower income.

The influence of ICT used for business purpose also emerges positive, but insignificant on income generation. This is attributable to the fact that the use of ICT is limited only to the use of mobile phones to place business orders for raw materials purchase or to sell the finished products, which also involves cost.

The effect of regular group meetings, which leads to stronger cohesion among the members is also positive, but insignificant on income generation.

The adjusted $R^2$ value shows that the included independent variables explain about sixty-two percent of the variations in the dependent variable. Further the overall model fitted also emerges highly significant.

Table–7 shows details of productive efficiency of SHG credit during the survey.

The capital-output ratio works out to be 23.91, while credit productivity is only 10.59 per cent. This is attributable to the types of employment activities the respondents are engaged in, which are less remunerative in nature. The gainful days of employment per annum (286) in post-SHG period is observed to be significantly greater than the pre-SHG employment (160). This is due to the fact that the SHG production activities are more regular compared to their pre-SHG credit agricultural employment.

The post-SHG credit annual family income is Rs. 60,000, which is significantly higher than the pre-SHG credit income of Rs. 52,980. This has led to an income generation of Rs. 7,020/- per annum, resulting in an income generation rate as high as 80.05 per cent. Further, the credit has led poverty alleviation of 39.63 per cent among the sample households. The reported average savings of the respondents is Rs. 452.27 per month, while the loan repayment rate is 38.29 per cent, which is quite remarkable due to the peer group pressure. In sum, the SHG credit has resulted in improved work conditions and economic status of the sample respondents. The ranked benefit of having joined SHGs is shown in table-8.

**Table-7**
**Productive Efficiency of SHG Credit**

| Sl. No. | Particulars | Calculated Value |
|---------|-------------|------------------|
| A. | Productive Efficiency: | |
| | a) Capital-output ratio (Rs.) | 23.91 |
| | b) Annual rate of return or productivity of credit (%) | 10.59 |
| B. | Gainful Days of Employment per Annum: | |
| | a) Pre-SHG credit employment | 160.00 |
| | b) Post-SHG credit employment | 286.00 |
| | t-test | 16.91* |
| C. | Income per Annum (Rs.): | |
| | a) Income generation | 7,020.00 |
| | b) Pre-SHG credit family income | 52,980.00 |
| | c) Post-SHG credit family income | 60,000.00 |
| | t-test | 43.30* |
| | d) Income Generation rate (%) | 80.05 |
| | e) Poverty alleviation rate (%) | 39.63 |
| D. | Savings and Repayment: | |
| | a) Average savings per month (Rs.) | 452.27 |
| | b) Repayment rate (%) | 38.29 |

Note: *indicates significance at 1% level.

Reduced work load has been ranked first by all the 100 respondents, as under the SHG production activity they need to work regularly but for less number of hours per day. The second rank is assigned to increased income by all, followed by better status and decision making power, better access to credit facility under SHG programme, and participation in social service and organized action.

Purchased more assets is given the sixth and repaid loans the seventh ranks. Better housing, better education for children and received new skills/training are assigned the subsequent ranks. Thus, the table clearly indicates that the SHG beneficiaries have gained social and economic empowerment, besides being benefitted from improved well-being of their household.

Table-9 reports the problems experienced by the SHGs respondents during the production activity.

The respondents reported market distance as the major problem, due to the long distance they have to travel by incurring transport cost. Low price is quoted as the second problem, which is due to the less remunerative products they produce. Loan not received in time, insufficient loan amount and high rate of interest are assigned the third, fourth and fifth ranks respectively.

The sixth rank is given to competition from mechanised/better quality products, followed by low profit, labour problems and work not regular respectively. The subsequent ranks are assigned to non-availability of common work shed, lack of transport facility, non-cooperation of group members/leaders and difficulty in getting raw materials respectively. In this context, providing necessary infrastructure support by NGOs and government to overcome particularly the latter problems would help the respondents benefit better under the SHG programme. Further, training the beneficiaries in more remunerative employment activities would go a long way in overcoming the economic problems.

**Table-8**
**Benefits under Shgs**

| Sl. No. | Benefits | Total Score | Mean Score | Rank |
|---|---|---|---|---|
| 1 | Reduced work load | 7688 | 76.88 | 1 |
| 2 | Increased income | 7556 | 75.56 | 2 |
| 3 | Better status and decision making power | 6224 | 62.24 | 3 |
| 4 | Better access to credit facility | 6120 | 61.20 | 4 |
| 5 | Participation in social service and organized action | 5495 | 54.95 | 5 |
| 6 | Purchased more assets | 4922 | 49.22 | 6 |
| 7 | Repaid loans | 4460 | 44.60 | 7 |
| 8 | Better housing | 3962 | 39.62 | 8 |
| 9 | Better education for children | 3551 | 35.51 | 9 |
| 10 | Received new skills/training | 1872 | 18.72 | 11 |

**Table-9**
**Problems of SHGS Respondents**

| Sl. No. | Problems | Total score | Mean score | Rank |
|---|---|---|---|---|
| 1 | Market distance | 9124 | 91.24 | 1 |
| 2 | Low price | 8168 | 81.68 | 2 |
| 3 | Loan not received in time | 7442 | 74.42 | 3 |
| 4 | Insufficient loan amount | 6934 | 69.34 | 4 |
| 5 | High rate of interest | 6720 | 67.20 | 5 |
| 6 | Competition from mechanised/better quality products | 5930 | 59.30 | 6 |
| 7 | Low profit | 5154 | 51.54 | 7 |
| 8 | Labour problems | 4088 | 40.88 | 8 |
| 9 | Work not regular | 3757 | 37.57 | 9 |
| 10 | Non-availability of common work shed | 3717 | 37.17 | 10 |
| 11 | Lack of transport facility | 3062 | 30.62 | 11 |
| 12 | Non-cooperation of group members/leaders | 2558 | 25.58 | 12 |
| 13 | Difficulty in getting raw materials | 1712 | 17.12 | 13 |

## Conclusion

The study examined the productive efficiency of SHG credit, its benefits and constraints among poor women in Signal Angami and Suhoi villages in Dimapur district of Nagaland during February-March 2011. The study also analysed the factors determining income generation through the micro-credit production activity by the sample beneficiaries. Simple averages, percentages, ratios, OLS multiple regression and Garret ranking technique were adopted for examining the objectives.

The study revealed the socio-economic background of the sample respondents to be quite low, with very few of them owning land assets of low monetary value. But, the dependency ratio per household was quite high. The average SHG credit was quite high and the mean interest rate relatively much lower than its market rate, both of which were repaid annually. Their average experience under SHGs was about six years, and very few had training in the selected production activity. However, the production activities they were engaged in were traditional and less remunerative. The average monthly income from SHG production activity was a little more than the per capita rural poverty line income per month (Government of India 2012)[39].

The SHGs functioned well, as the group meetings were regular, and group cohesion among the leader and its members strong. Further, nearly half the members used mobile phones for their business deals.

The factors influencing income generation revealed increase in age, education, dependency ratio and number of hours worked per month to be significantly increasing their earnings. While age increases experience and education the awareness, dependency ratio increases the economic pressure on household inducing the respondents to earn more. Meanwhile, working more number of hours enhances their income. On the other hand, longer market distance significantly reduced income, due to the increased transport cost.

The productive efficiency of SHG credit revealed the credit productivity per annum to be very low, which is attributable to the traditional and less remunerative production activities the sample beneficiaries are engaged in. However, the gainful days of employment per annum and annual family income significantly increased in the post SHG-credit period. Income generation rate and poverty alleviation rate were also substantial. As a result, the repayment rate was more than one-third and the monthly savings was also reported to have increased.

The main benefits of the SHG credit quoted were reduced work load, increased income, better status and decision-making power, better access to credit, and participation in social service and organised action, besides improved economic conditions and household well-being. Whereas, the major constraints encountered by the sample respondents were long distance of market, followed by low price, credit not received in time and its high interest, competition from better quality products and low profits.

The study clearly indicates that SHG credit has contributed to the empowerment of the rural poor women in Nagaland. However, the productive efficiency of the credit needs to be improved by training the rural poor women for better employment opportunities, which would yield them higher income. They may also be assisted through market development and support in distribution and sale of finished products to centers of demand. On their part, the banks may also constantly monitor the financial utilization and performance of their clients. Further, financial literacy may also be imparted to the poor women through active participation of Universities, in providing vocational training and consultancy on better investment in viable and feasible production activities. These measures would make the beneficiaries competent enough to face the challenges of mechanized competitors in the global market and sustain themselves. This may be achieved through integrated actions of the NGOs, Universities and the government.

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