

# INCLUSIVE GROWTH THROUGH MICROFINANCE AND ENTREPRENEURIAL TRAINING

---

## Baseline Report

**A Study Undertaken by CMF, IFMR under the guidance of  
Prof. Santosh Kumar and Prof. Mir Salim**

6/1/2013

Self-Help-Groups, today, are more than just a conduit for credit; in fact they also act as a delivery mechanism for various other services, ranging from entrepreneurial training to savings deposits. Despite the scale and potential of SHGs to improve the lives of some of India's poorest households, surprisingly little rigorous evidence has been produced on the impact of SHGs. This study attempts to evaluate the impact of a self-help group program on the livelihoods of rural households in Tamil Nadu. The report presents the findings from the baseline survey conducted among 5442 rural households in three districts of Tamil Nadu. Post baseline survey, Hand in Hand (NGO) provides three fold intervention among rural households, namely: group formation, training and loan disbursement. An endline survey will be conducted at a later stage of this project, to assess the impact of this program.

## ACKNOWLEDGEMENTS

This report would not have been possible without contributions from many individuals working with Centre for Microfinance and Hand in Hand, India. We would first like to acknowledge the continuous support from Camille Boudot at IFMR Research who has been extremely patient through out the whole process of preparing this report. Her inputs on data analysis and management were extremely helpful in improving the quality of this report. We would also like to thank Parul Agarwal, the program head for this study for her valuable feedback on the minutest of details of the report and the principal investigators of this project, Prof. Santosh Kumar and Prof. Mir Salim for their guidance and motivation to make this report a success.

This report depended on a wide range of data collection at the pre-intervention stage. Primary data was collected through a baseline survey, administered among a number of households in three districts of Tamil Nadu. Lastly, this report benefited greatly from inputs at multiple stages from Hand in Hand, our project partner for this study.

## Contents

ACKNOWLEDGEMENTS.....	1
2. INTRODUCTION TO THE STUDY .....	4
2.1 Study Design.....	4
3. BASELINE DESCRIPTIVE STATISTICS.....	8
3.1 Household Survey.....	8
3.1A Household Characteristics .....	8
3.1B Asset Index.....	10
3.1C Income and Expenditure.....	10
3.1D Financial Inclusion: Access to Savings and Loans .....	12
3.1E Women Empowerment.....	14
3.2 Business Survey .....	15
3.2A Types of Business.....	15
4. TREATMENT AND CONTROL BALANCE CHECK.....	17
5. INTERVENTION IMPLEMENTATION MONITORING .....	19
6. CHARACTERISTICS OF HIH SHG MEMBER .....	20
7. CONCLUSION.....	20

## Figures and Tables

Figure 1: Sample Distribution .....	5
Figure 2: Project Timeline.....	6
Figure 3: Intervention Design .....	7
Figure 4: Age Distribution of Sample Size.....	9
Figure 5: Literacy and Education Levels.....	9
Figure 6: Asset Index.....	10
Figure 7: Household Income Distribution.....	11
Figure 8: Average Monthly Expenditure.....	11
Figure 9: Average Expenditure per Income Category .....	12
Figure 10: Average Loans per Loan Type .....	13
Figure 11: Purpose of Acquiring Loans .....	13
Figure 12: Average Savings per Savings Type .....	14
Figure 13: Empowerment Index .....	15
Figure 14: Business Type-Agriculture vs. Non-Agriculture .....	15
Figure 15: Type of Non-Agricultural Business Activity.....	16
Figure 16: Financing Business.....	16
Figure 17: Factors Influencing Business Growth.....	17
Table 1: Panchayat Level Characteristics.....	18
Table 2: Household Level Characteristics .....	18
Table 3: HIH Intervention Status .....	19
Table 4: Characteristics of HIH-SHG Members .....	20

## 1. EXECUTIVE SUMMARY

The self-help group (SHG) program, which began as a women's empowerment initiative in the 1980's added a significant financial component in 1992, when a NABARD initiative linked a small number of SHGs with banks. In India today, there are over 7 million savings-linked SHGs, covering approximately 2% of the total households. SHGs are more than just a conduit for credit – they also act as a delivery mechanism for various other services, ranging from entrepreneurial training to savings deposits. Despite the scale and potential of SHGs to improve the lives of some of India's poorest citizens, surprisingly little rigorous evidence has been produced on the impact of SHGs.

The present study investigates the impact of an SHG-based microfinance and entrepreneurship training program provided by Tamil Nadu-based NGO, Hand In Hand. While the objective of the study is to broadly test whether microfinance improves well-being, researchers will also analyse the impact of microfinance and business training on the following outcomes: consumption, savings and borrowing, business creation and profits, access to water and electricity, vulnerability to shocks, education, health and sanitation, domestic violence, and intra-household decision making. This study is unique in two ways: a) it is the first randomized control trial impact evaluation of the self-help group model and b) it measures the combined impact of microfinance and entrepreneurial training on well-being.

This study uses a randomized control trial approach to investigate the impact of microfinance and business training on the sample population. A total of 315 Panchayats in 3 districts of southern Tamil Nadu have been selected for the study. After researchers conducted a baseline survey, they randomly assigned panchayats to a treatment or control group (researchers randomized at the panchayat level rather than on the household level). The treatment group is further sub-divided into two groups; some panchayats received financial access and business training (treatment 1) while others received financial access with much more intensive business training (treatment 2).

Out of the 315 Panchayats, 32%, 46% and 22% of the sample form the control group, treatment 1 and treatment 2 respectively. Hand in Hand then formed self-help-groups in these panchayats and provided them with microfinance and business training interventions. At the end of the study, researchers will conduct an endline survey which will help them analyze the impact of the intervention on various social and economic outcomes.

The study is currently approaching the mid-way mark and researchers are in the process of starting a midline survey. The project is scheduled to complete by late 2014.

## 2. INTRODUCTION TO THE STUDY

This study will evaluate the impact of a Self Help Group (SHG) program in India, implemented by the Tamil Nadu based NGO Hand in Hand (HIH). Under this program, women form savings groups; borrow internally and externally; and receive entrepreneurial training. Using a randomized design, the project will study the impacts of combined access to financial services and business training in three districts of Tamil Nadu on a wide set of socio-economic outcomes such as consumption, savings and borrowings, business creation and profits, access to water and electricity, vulnerability to shocks, education, health and sanitation, domestic violence, and intra-household decision making.

The randomized design of this impact evaluation will enable this project to contribute to the development debate on the role of microfinance in poverty alleviation, by answering the following questions:

- 1) Is micro-credit combined with entrepreneurial training effective? Does it help poor households increase their well-being, consumption and profits, and does it have positive impacts on education, health, and women empowerment?
- 2) To what extent is the program effective and how do impacts differ for different segments of the population, in particular the poorest, the least educated, and those without a business?
- 3) What are households' characteristics that explain why some take-up micro-credit, while others don't?

Several recent studies on SHG's have recognized the importance of self-help groups as a medium of mobilizing savings and fostering social empowerment. One such study<sup>1</sup> used a large household survey to assess the economic and social impacts of formation of self-help groups in India. The authors find positive impact on empowerment and nutritional intake. In the long-term, they also find an increase in income, consumption smoothing, asset accumulation, etc. (Liu and Deininger, 2009).

Similarly, the HIH-CMF study aims to measure the impact of self-help groups on a range of outcomes such as: income, expenditure patterns, assets, access to financial products (savings, loans, insurance), women empowerment, business creation, etc.

### 2.1 Study Design

The experimental design of this study is inspired by the randomised evaluation of microcredit in selected slums of Hyderabad (*Banerjee, Duflo, et al. 2009*)<sup>2</sup>. A Randomized Evaluation is a methodology used for Impact Evaluation of specific interventions. It uses random assignment to allocate intervention resources to one group of the population, while keeping another "control" group which receives no resources for the duration of the study. Impact evaluations are able to attribute changes in outcomes to the program effectiveness by comparing outcomes of those (individuals, communities, etc.) who received the program against those who did not.

Literature on impact evaluation of microfinance programs is filled with several methods of evaluating the impact of an intervention. Some of the commonly used methodologies are: Pre-Post analysis,

---

<sup>1</sup> Economic and Social Impacts of Self-Help Groups in India

<sup>2</sup> The Miracle of Microfinance? evidence from a randomised evaluation

Simple-Difference, Difference in Difference method, Multivariate regression analysis and Instrumental variables analysis. However, Randomized Control Trial<sup>3</sup> is considered to be the most rigorous and scientific methods of evaluating an impact of a given program. What distinguishes randomized evaluations from other non-randomized impact evaluations is that participation (treatment group) and non-participation (control group) is determined randomly-before the program begins. Because members of the groups (treatment and control) do not differ systematically at the outset of the experiment, any difference that subsequently arises between them can be attributed to the intervention rather than to other factors. Therefore, randomization helps in isolating the impact of the program and leads us to causal analysis by minimizing bias.

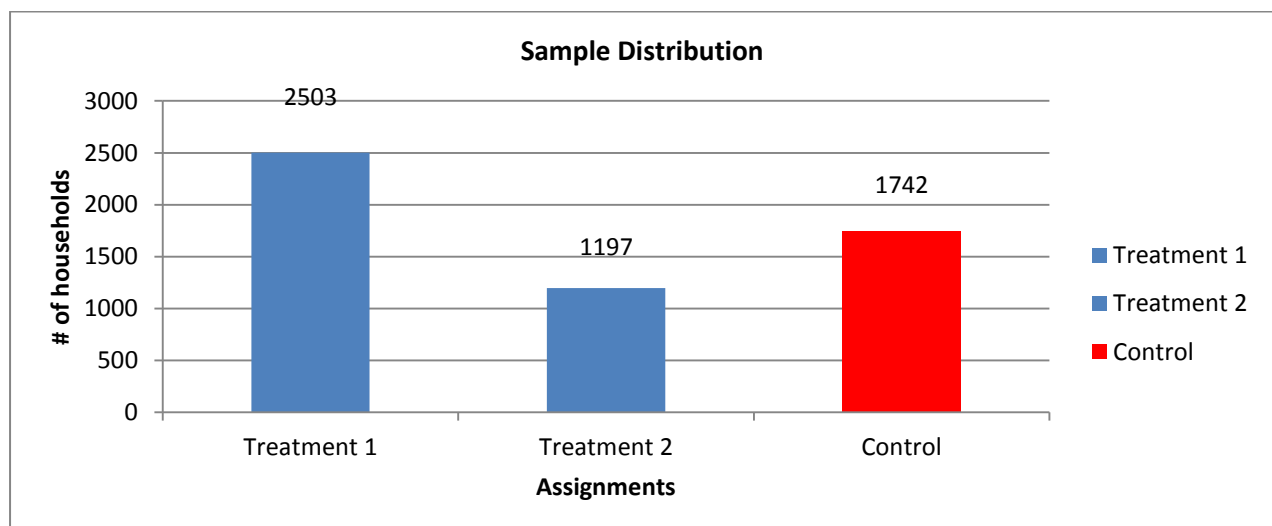
In this study, villages were randomly selected to receive two different types of intervention in terms of group formation, training and loans. This allows us to determine not only the impact of the intervention (treatment versus control), but also the differential impact from receiving more entrepreneurial training (treatment 1 versus treatment 2).

### *ELIGIBILITY CRITERIA FOR RESPONDENTS*

Respondents were deemed eligible for the study if they met the Hand in Hand Organization’s eligibility criterion in the three study districts within Tamil Nadu. In specific, this required the respondent to be a married woman, over the age of 18, with a permanent residence within the study area and is willing to join an SHG program.

From this body of clientele, villages are randomized into treatment and control areas following the baseline survey such that 68% of the villages receive treatment and the remaining 32% are classified as control villages.

**Figure 1: Sample Distribution**

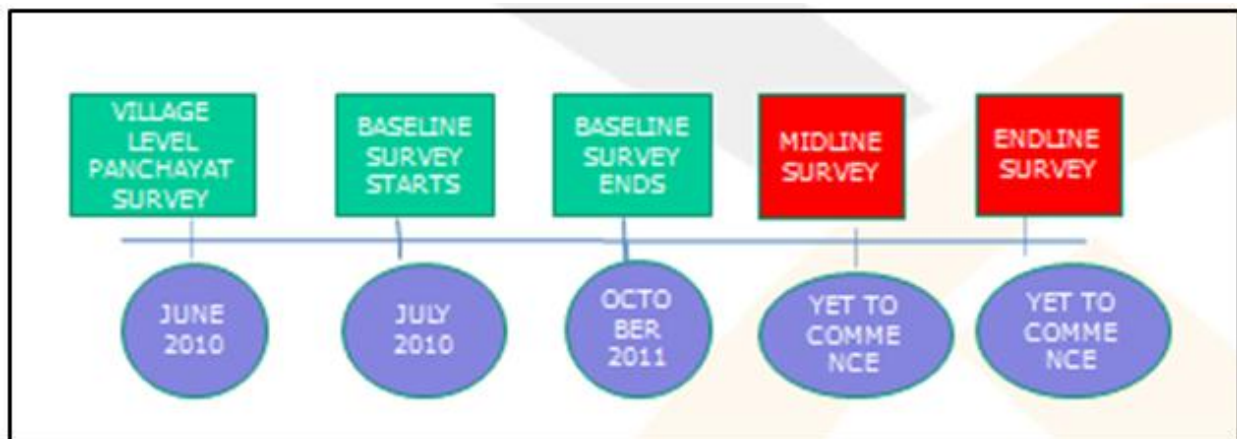


In the control villages, Hand in Hand has delayed their expansion, and does not provide access to their self-help group program, for the duration of the study period. Once a household is eligible for the both receiving Hand in Hand’s services and has been randomly selected for participation within the study,

<sup>3</sup> <http://www.povertyactionlab.org/methodology/what-randomization>

these households are then administered the baseline. A randomly selected subsample of the treatment and control areas will also be administered a midline questionnaire following the intervention, and a final endline questionnaire at the end of the project period will be administered to the full sample.

Figure 2: Project Timeline



#### *BASELINE SURVEY<sup>4</sup>*

Following the above methodology, a baseline survey was administered among 5442 households in three districts of Tamil Nadu, namely: Virudhunagar, Tuticorin and Sivagangai. The baseline survey covered a range of topics:

- Poverty level indicators such as income, consumption, expenditures, and assets
- Education, skills, employment, and enterprises
- Savings, credit burden, credit-worth
- Quality of life indicators such as standard of living/housing, toilet, access to water and electricity, cooking fuel, transport, etc.
- Vulnerability to risk and shocks
- Social factors such as the prevalence of child labor, domestic violence, etc.
- Empowerment of SHG women in terms of household decision-making or participation in community-level issues.

#### *INTERVENTION*

The implementation partner for this study is Hand in Hand. Hand in Hand was founded with the objective of alleviating poverty through job creation and integrated community development. What began as a small effort in Kancheepuram to empower the lives of women and thus society has now evolved into being one of the most reputed NGO's in India. HIH has so far created 839,491 jobs and is moving steadily towards its goal of 1.3 million jobs by 2013-14.

<sup>4</sup> Along with the baseline survey, a village level panchayat survey (VPS) was also conducted in each control and treatment village to identify the key social and economic characteristics of the study villages. The results from the VPS have been circulated to the stakeholders.

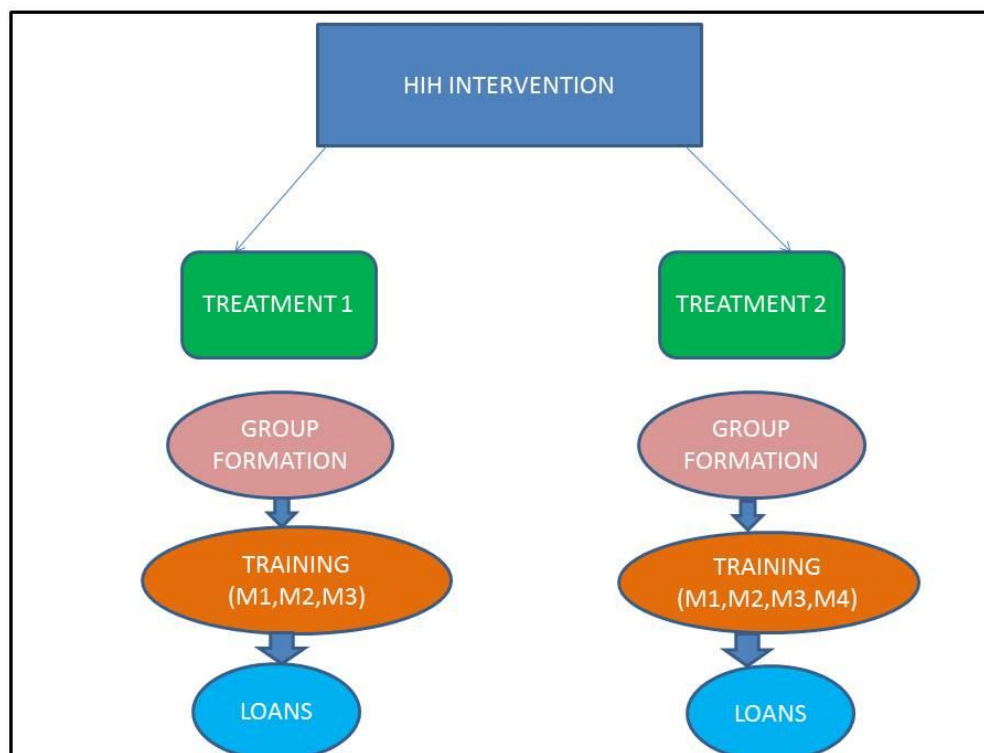
HIH strives to make sustainable impact on the lives of deprived and those who are at the base of the pyramid through the following five pillar programme:

- Providing access to education
- Providing access to information
- Healthcare services
- Clean environment to the poor
- Access to jobs

One of the outstanding achievements of HIH has been in the field of growth of SHG programme. So far, HIH has been able to form approximately 50,000 SHG's, all over India. Even more impressive is the number of small enterprises that have been added or expanded, leading to a total of about 539,094 enterprises. The HIH- SHG programme is unique in the sense that it not just provides loans to SHG's, but also provides business training to these groups, in order to make efficient and profitable use of these loans.

As our implementation partner, HIH is directly responsible for administering the intervention within the study districts. The intervention was initiated after the baseline survey was completed in October 2011. The intervention provided by HIH is divided in two categories- Treatment 1 and Treatment 2 and is spread across three dimensions, i.e. group formation, training and loans.

Figure 3: Intervention Design





A brief linear summary of each step of the intervention is as follows:

- SHG group formation in each treatment village.
- Module 1 Training: Given immediately following group formation, this module focuses on the basics of SHG membership and initiates the mandatory savings period. It is administered over a 2-day period.
- Module 2 Training: Given 2 months after group formation, this module focuses on enterprise development, opportunity identification, entrepreneurial competencies, viability of the enterprise, financial analysis and grameen loan. It is administered over a 2-day period.
- Module 3 Training: Given 3 months after group formation, this module focuses on business training. This component includes training on maintaining books of accounts, basics of operating a business, etc. It is administered over a 2-day period. Completion to this level is a requirement for eligibility to the first loan cycle.
- Module 4 Training (Treatment 2 Only): Given 5 months after group formation, this module is effectively a repeat of Module 3, providing more intensive training on the same topic. This module is administered over a 2-day period.
- Loan Cycle<sup>5</sup> 1: Given 6 months after group formation, first loan cycle consists of Rs. 10,000 loan with a 12-month repayment term
- Loan Cycle 2 and 3: Subsequent loans are given if and when required by the SHG member, provided the first loan cycle has been paid off.
- Skill Training: Provided 4-5 months after group formation, this module is administered only for SHG members with an expressed interest in a specific trade for which HIH has available trainers (e.g. tailoring, animal husbandry, etc.)

### 3. BASELINE DESCRIPTIVE STATISTICS

In this chapter, we will discuss some of the results from the baseline survey. As previously mentioned, the total sample size for the baseline survey was 5442 women.

#### 3.1 Household Survey

##### 3.1A Household Characteristics

Figure 4 graph shows the age distribution for different age groups and the proportion of male to female among the total household population of 23,630 members. The average size of a sample household in the study villages is 4, with each household typically consisting of 2 adults and 2 children. As observed, approximately 38% of the total household members lie between the age group of 0 to 20 years. The child sex ratio<sup>6</sup> for the sample population is 122 male per 100 female. This reflects a skewed sex ratio towards female and is generally attributed to sex-selective abortion during pregnancy or violent treatment meted out to girl child at the time of the birth<sup>7</sup>.

---

<sup>5</sup> The loans follow a monthly repayment schedule with an interest rate of 26%.

<sup>6</sup> Child Sex Ratio was calculated by dividing the total male child population by the total female child population and normalized to 100 (5368/4372\*100).

<sup>7</sup> <http://www.census2011.co.in/sexratio.php>

Figure 4: Age Distribution of Sample Size

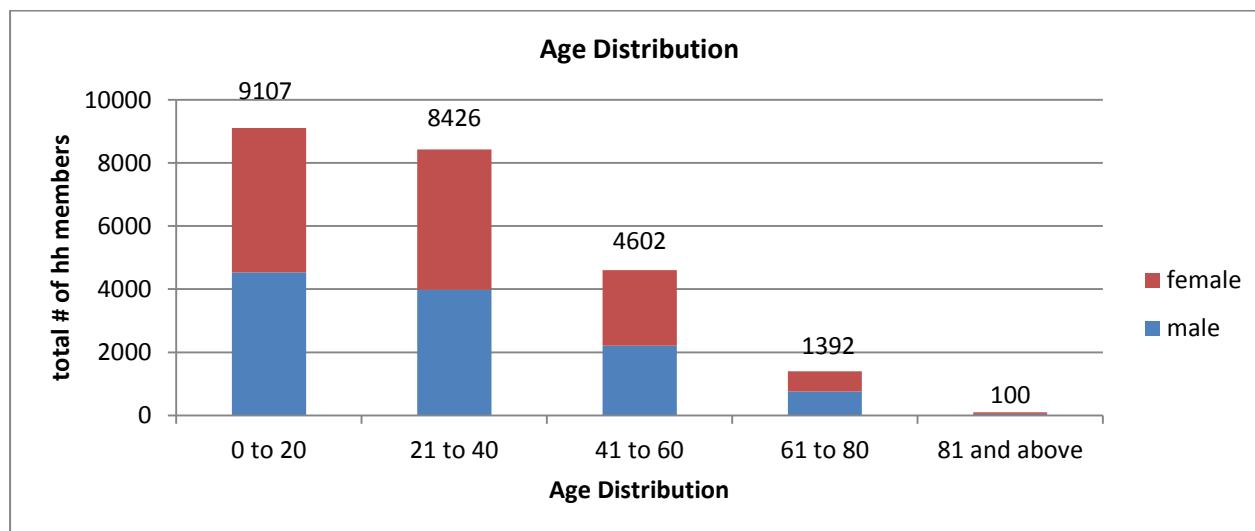


Figure 5: Literacy and Education Levels

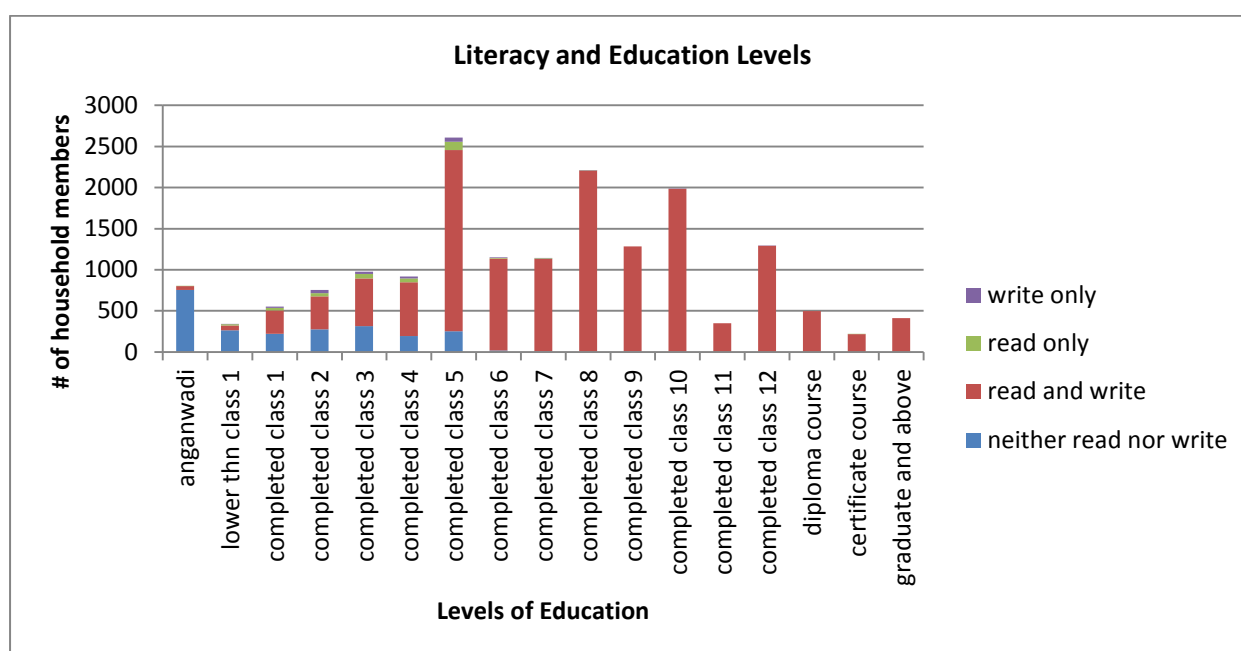


Figure 5 represents the literacy and education level of the total sample size of 5442 households. However, this graph represents literacy levels of only those who have attended schooling. Approximately, 25% of total study households have never attended schooling and cannot read or write. Here, literacy levels are divided in four broad categories: write only, read only, read and write, neither read nor write. Most of those who have attended schooling beyond 5<sup>th</sup> grade, can both read and write<sup>8</sup>. Similarly, education levels are divided based on years of completion of schooling. Based on this data, it can be said that anganwadi schools are not the best channel for providing education, as 93% of those who have attended only anganwadi schools can neither read nor write. The reason for this could be

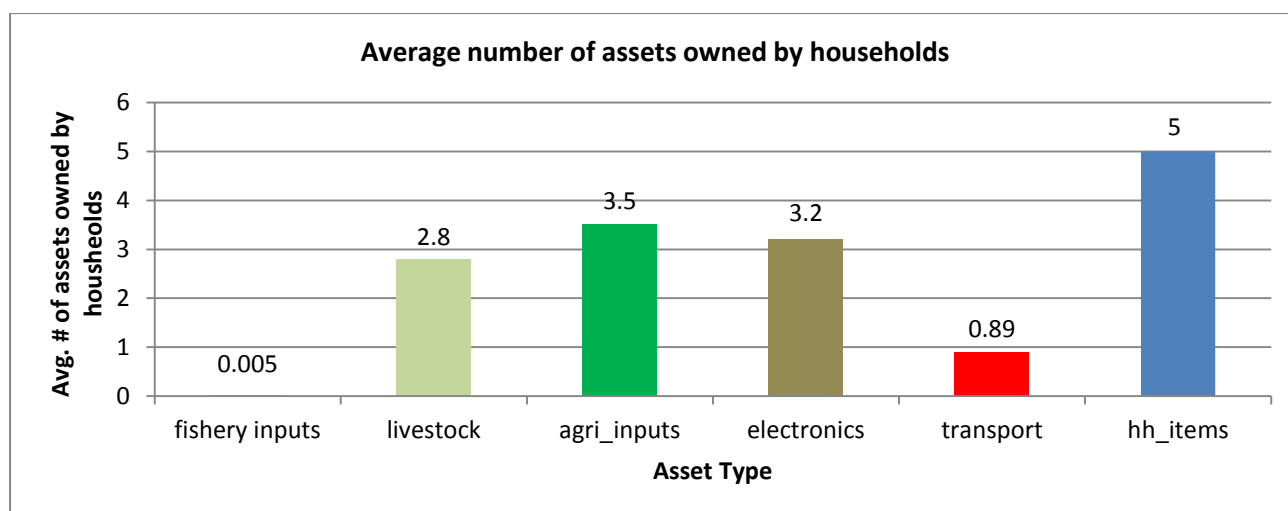
<sup>8</sup> These are self-reported values and could be over-estimated.

attributed to the fact that the primary focus of anganwadi schools is to provide basic health care facilities and pre-schooling activities.

### 3.1B Asset Index

Figure 6 represents the different types of assets each household has on an average. The baseline survey included a detailed section on assets which asks respondents about the different assets they own. Using this raw information, we created an asset index calculated by first totaling the number of assets each household has and then calculating the average number of assets each household owns under different categories<sup>9</sup>. Evidently, household items top the chart. The top five recurring assets in this category were TV, Fan, Grinder-Mixer, DVD and Fridge. No surprises that TV comes first in this category as free TV's have been supplied to rural habitations under Tamil Nadu Chief Minister Jayalalitha's regime. The primary source of occupation in our study villages is agriculture, which explains the second highest bar in the asset category for agriculture inputs followed by electronics, livestock and transport.

Figure 6: Asset Index



### 3.1C Income and Expenditure

The income section administers questions on household income from various sources such as: salaried employment, business, pensions, social security welfare schemes, inheritance, remittances from household and non-household members, etc. The average annual income of households from all the above mentioned sources is 35,519 Rs. However, 100% income for most of the households constitutes of daily wages from casual labor in agricultural and non-agricultural activities.

<sup>9</sup> For example, if we want to calculate the average number of electronic items each household has, we first calculate the total number of electronic items each 5442 households have and then sum it up which is 17920. To get an average, we divide this by 5442 ( $17920/5442=3.2$ )

Figure 7: Household Income Distribution

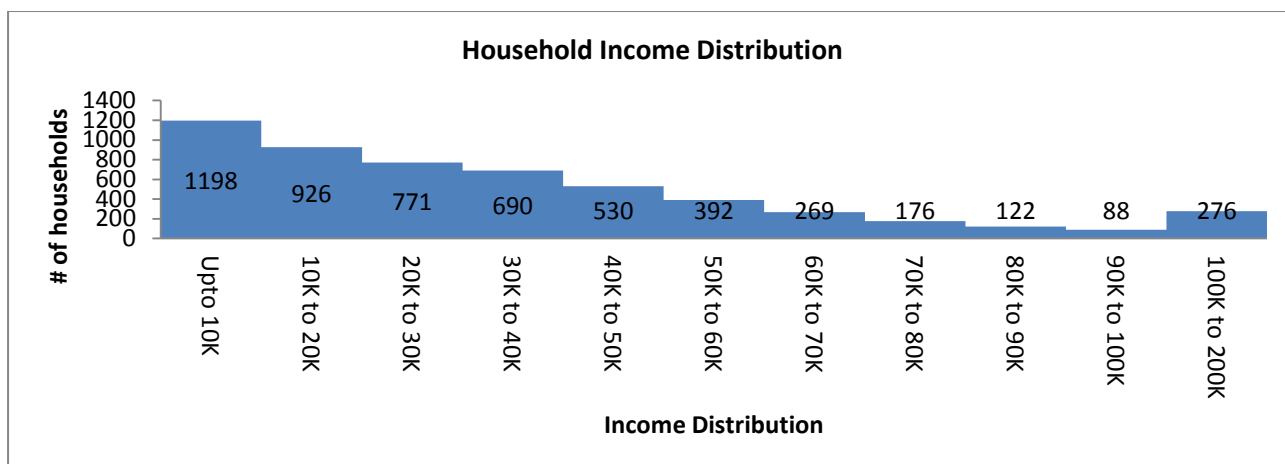
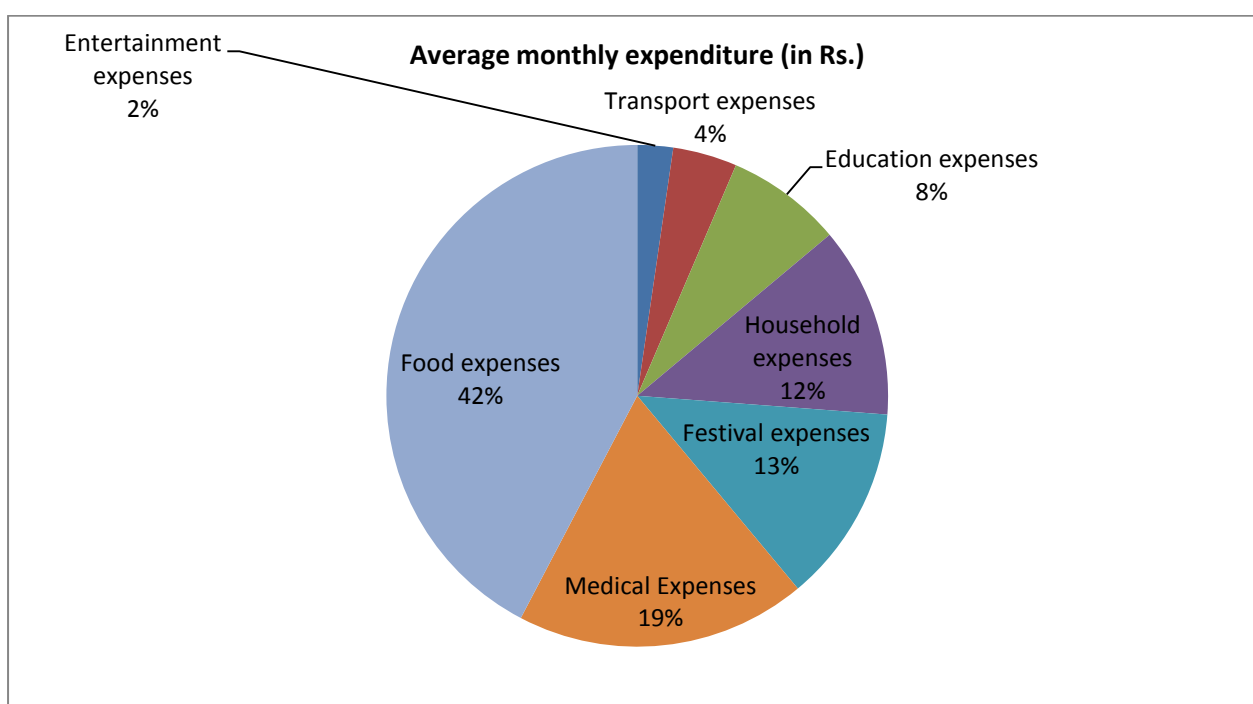


Figure 7 provides income distribution for the total sample size, giving a more detailed breakdown of the population and a better understanding of where our average income stands. Here the total income is calculated for each household and is classified under the appropriate category. X axis represents the different income categories and Y axis represents the total number of households. As observed, 22% of the households earn less than or equal to 10,000. As we move along the X axis, we see fewer households under the higher income categories. Only 5% of the total sample size earns more than 1,00,000 per annum. This shows that our average income is slightly skewed by very high income levels from a few individuals. In fact, the median income for our sample is 27,865 Rs. This is clearly lesser than the mean income and gives a better picture about the average income since the median is less affected by the presence of an outlier.

Figure 8: Average Monthly Expenditure



The expenditure section of the baseline survey administers a range of questions on the different types of household expenditure (food, medical, entertainment, education, household expenses) to analyze the household's expenditure patterns. The above figure shows that on an average, 42% of the total expenditure (4738 Rs.) is accounted for by food expenses. This result supports the commonly established theory that low income households spend a larger share of their income on food than do higher income households (Blisard and Stewart, 2007). Interestingly, 13% of the monthly expenditure goes towards festival, compared to only 8% towards education. Again, this is related to recent studies on the financial lives of the poor, which finds that consumption of "temptation goods" for low-income households is higher than necessary investment goods.

Figure 9: Average Expenditure per Income Category

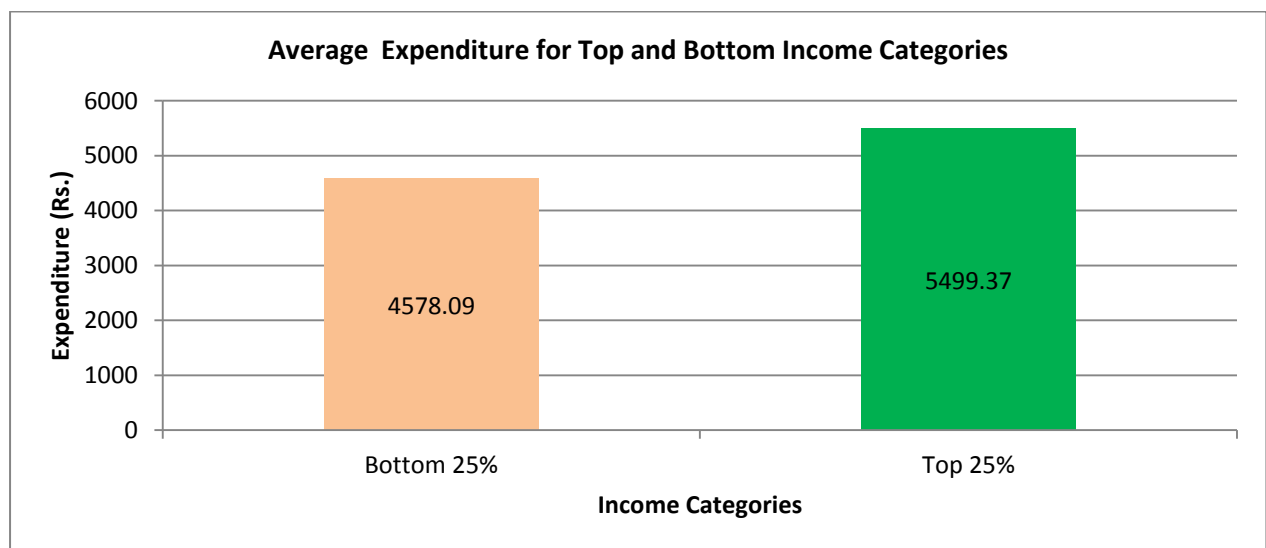


Figure 9 summarizes the average expenditure based on the different income levels. As observed, the difference between the average expenditure of the top and bottom 25% of income category is substantial (921 Rs.).

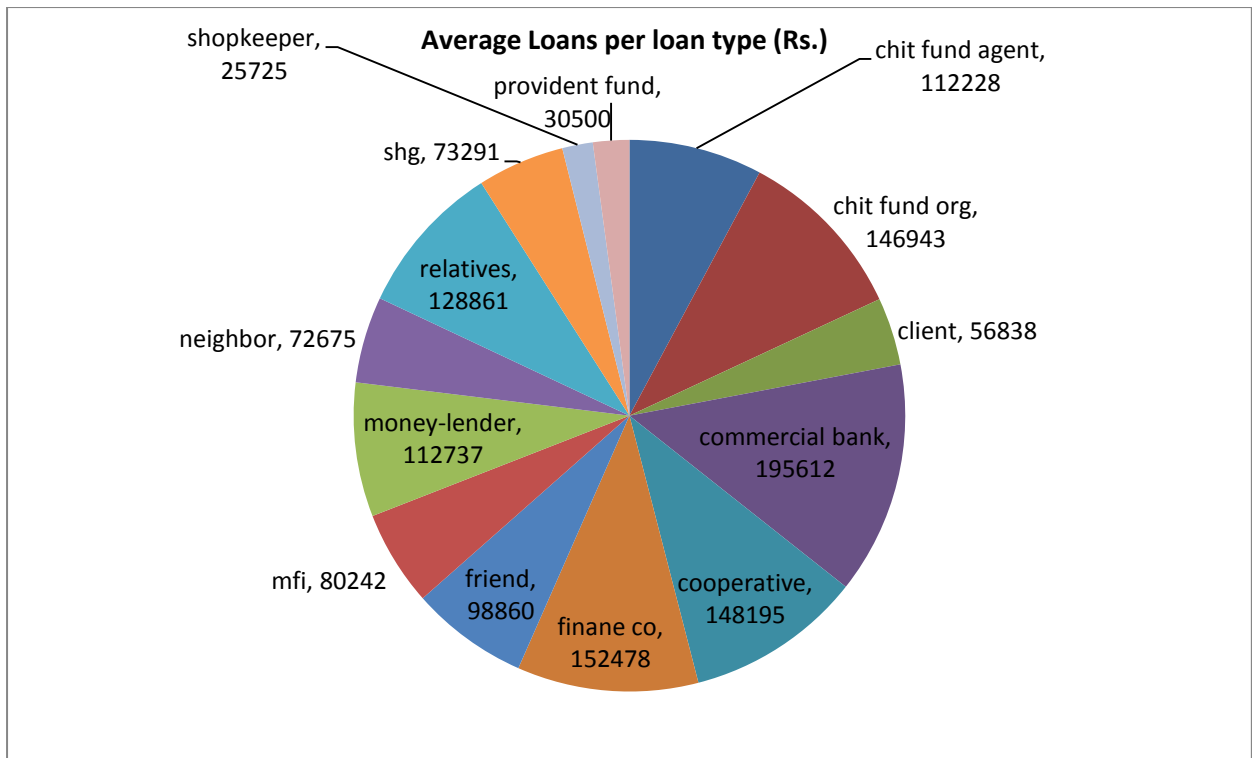
### 3.1D Financial Inclusion: Access to Savings and Loans

A large part of the baseline survey concentrates on mapping access to finance for the sample population in question. Under this study, access to finance is studied in two broad categories namely- Loans and Savings.

Among a total of 5442 households that were surveyed on whether or not they have any outstanding loans, 4625 households (85%) replied positively to having loans.

Figure 10 represents the average amount of loans and the proportion of population acquiring loans from each category. Commercial banks remain the most popular source of acquiring credit constituting 13% of the pie followed by chit fund organizations & agents (18%), NBFC's (11%) and cooperatives (10%). Within the informal sector, private money lenders or pawn brokers constitute a substantial part (8% of the total). The informal sector of finance has a huge footprint, especially in rural areas. There are several reasons why informal sector is hugely popular in these segments. Some of the reasons are: quicker disbursement of loans, simple and easy procedures for acquiring loans, presence of informal sources of finance in rural and remote areas thereby catering to the untapped market, etc.

Figure 10: Average Loans per Loan Type



Households take loan for various reasons ranging from business expenses, marriage, health expenses, etc. However, one of the most common reasons for acquiring credit is to smooth household cash flow problems. Low income households are often in need of money to sustain their daily needs, as they do not have a source for regular income. Among those who borrow for consumption smoothing purpose, approximately 60% of them borrow from informal sources and only 40% from formal sources. Figure 11 illustrates the various purposes for which household acquire loans.

Figure 11: Purpose of Acquiring Loans

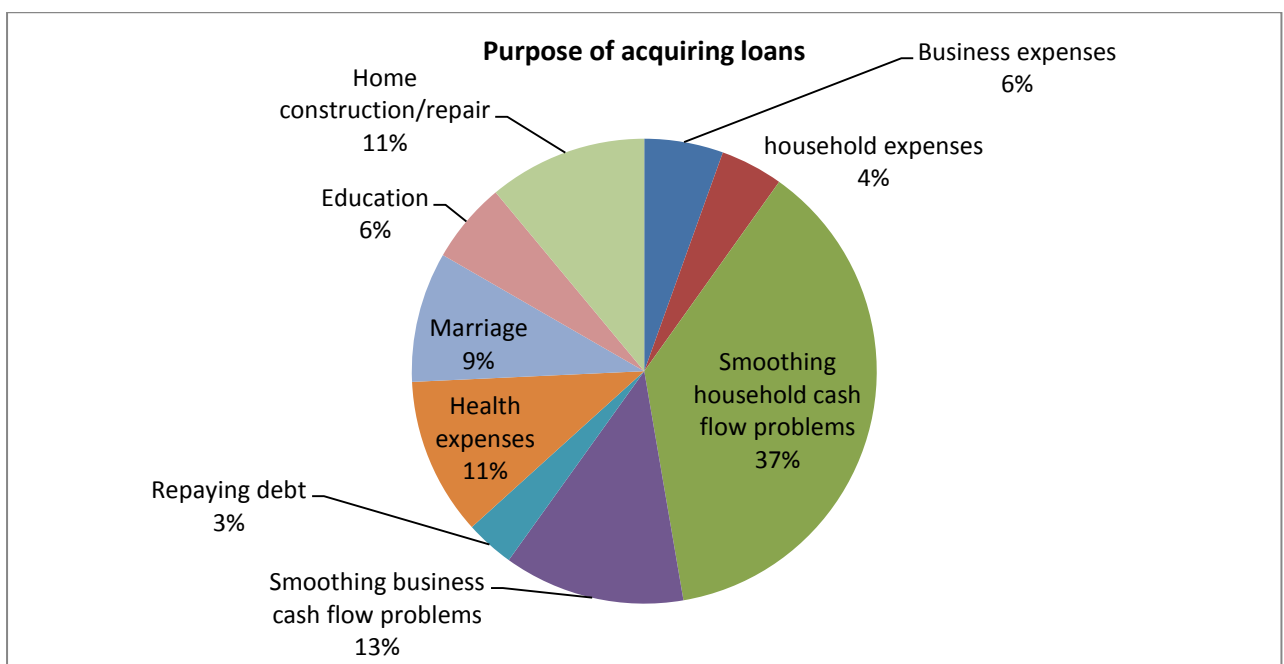


Figure 12: Average Savings per Savings Type

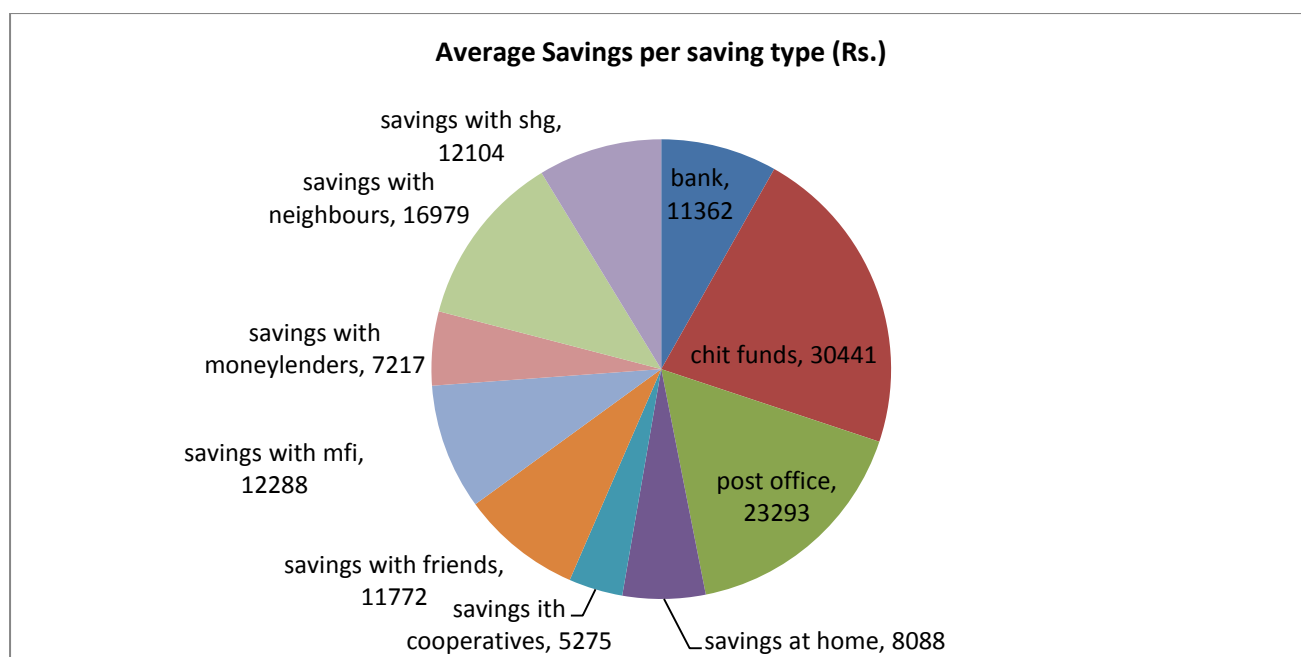


Figure 12 represents average savings among the total sample size and proportion of savings across different categories. Savings in chit funds organizations (21%) and post office (16%) seem to be the most popular mode of savings followed by savings with MFI (9%), Savings with bank (8%), Savings at home (5%) and others. Savings in formal institutions are generally popular due to safety and security reasons. Interestingly, savings with self-help groups constitute 9% of the total savings (12104 Rs.) which imply that several SHG's (apart from HIH) already existed at the pre-intervention stage. However, it must be noted the average size of savings with SHG are quite high, reflecting the emphasis on savings by SHG's.

### 3.1E Women Empowerment

Figure 13 provides a snapshot of the level of empowerment among women in the study households. Empowerment index scores range from 0 to 7, 0 being the minimum and 7 being the maximum. These scores were calculated based on 7 yes-no type questions. The questions were related to their participation in community activities, meeting, whether or not they cast their vote during general elections, panchayat elections, etc. All 'yes' were coded as 1 and all 'no' were coded as 0. Therefore the maximum score that any women in the household can get is 7. Following graph indicates that 47% of women in the study households have a median score of 3. However 10% of households have a score of 0 and none of the households have a full score of 7.

The empowerment section of the baseline survey also administered questions on household decision making. Most of the respondents regarded the male member of the family to be the highest authority of the household. With the intervention of SHG program, we expect the empowerment index to shift rightwards with more women having a higher empowerment score and demonstrating greater power and participation in household decision making.

Figure 13: Empowerment Index



### 3.2 Business Survey

The baseline survey also included a business component which was administered among households that owned businesses. The business section contained several questions on the nature and profitability of business, business ownership, business competitors etc. Among a total sample size of 5542 households, 2814 households ran a business and on an average owned 1 business each.

The primary source of livelihood in the study districts (Sivagangai, Virudhunagar and Tuticorin) is agriculture and approximately 83% of households are engaged in agriculture related business activities. Most of the households who are involved in non-agriculture type of business activities, run a petty shop or kirana store.

#### 3.2A Types of Business

Figure 14: Business Type-Agriculture vs. Non-Agriculture

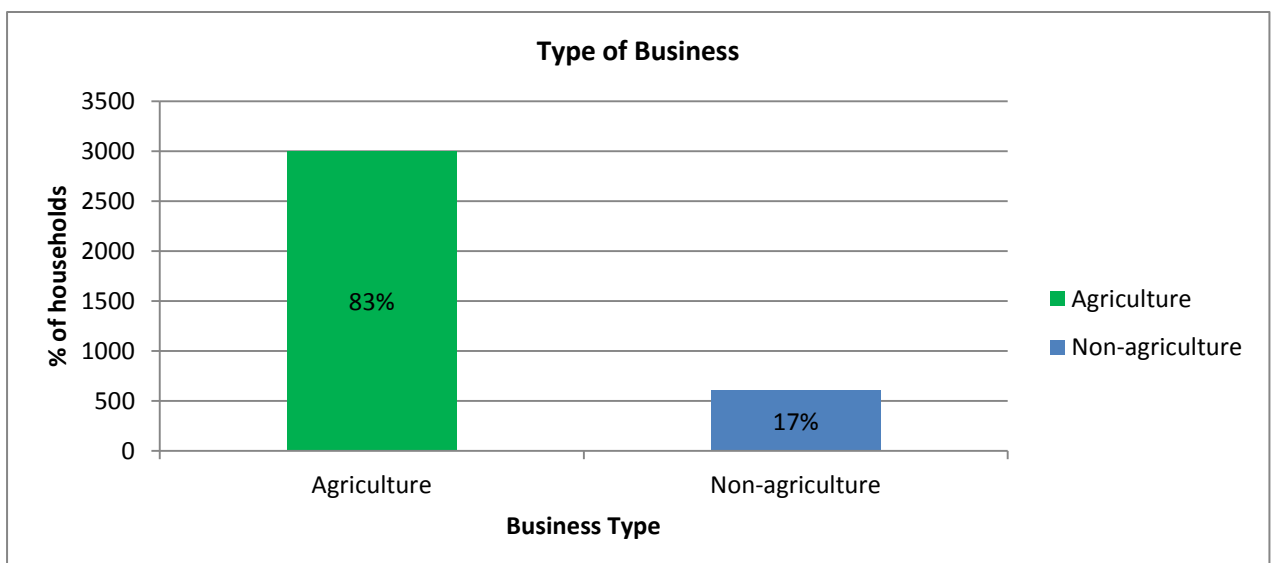




Figure 15: Type of Non-Agricultural Business Activity

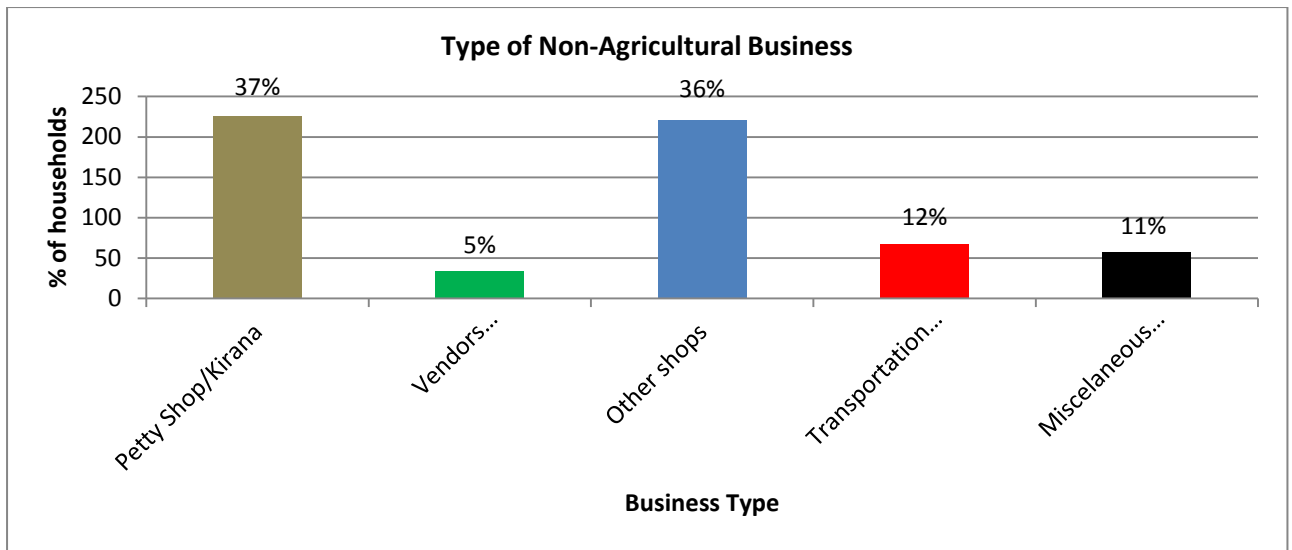


Figure 16 represents financing options for households' business. Loans from formal and informal institutions are the norm when it comes to investing in business. The average amount of loans acquired for business purposes (starting a business, business investment, repaying business debt) is 28,167 Rs. Approximately, 35% of households use their savings as well to run their business operations. These figures highlight the importance of HIH, as HIH-SHG program provides both loans for business enterprise and encourages households to save regularly.

Figure 16: Financing Business

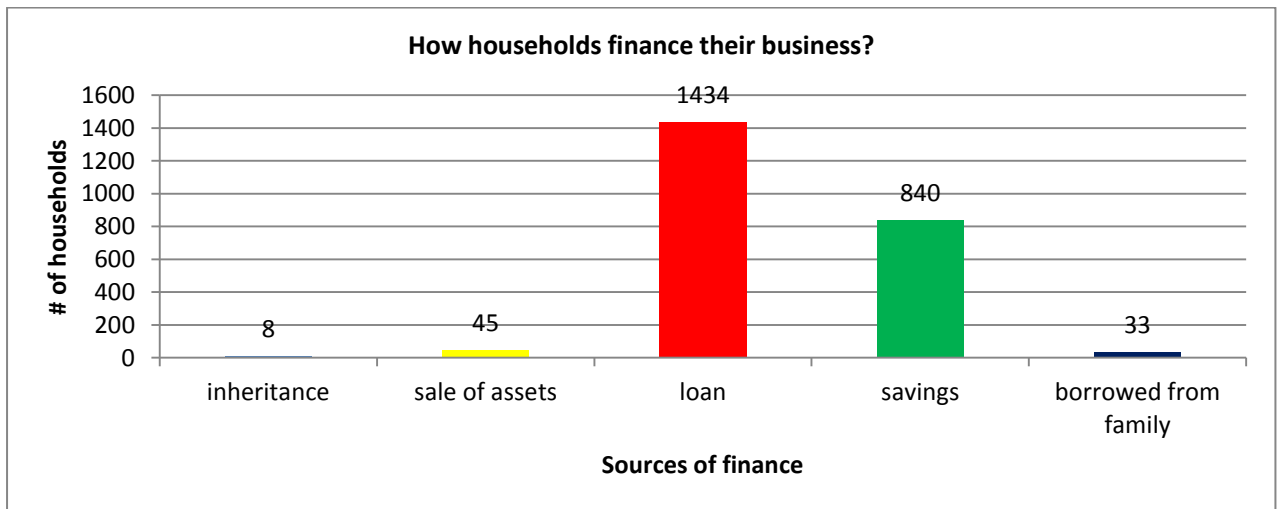


Figure 17: Factors Influencing Business Growth

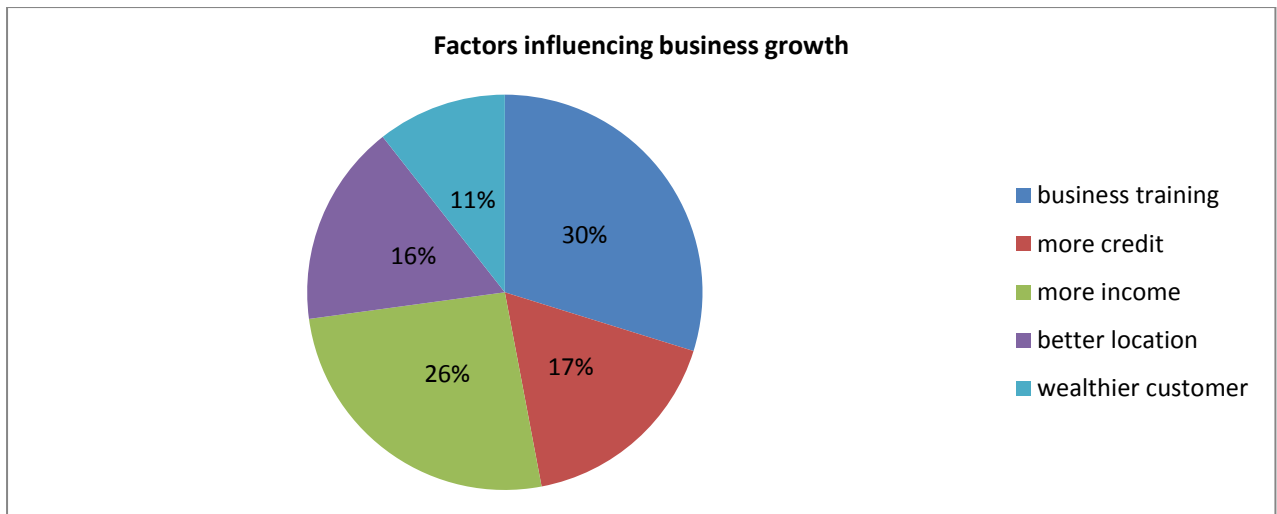


Figure 17 illustrates the responses to the question ‘What are the factors that influence business growth’. Most of the respondents consider business training to be the most important factor for business growth, followed by higher income and credit. The above two figures reinforce HIH’s role in the study districts, as there is high demand for business training and loans required for business creation. HIH adopts a holistic approach towards self-help groups as it not just provides credit but also delivers them appropriate training in order to run their business efficiently.

#### 4. TREATMENT AND CONTROL BALANCE CHECK

A treatment and control balance check is conducted to establish that there is no difference between the two groups: treatment and control. This is an important step in the randomised control trial approach so as to avoid bias in the study. The two groups must be similar in terms of socio-economic characteristics in order to be comparable.

Following regression analysis is conducted to check the difference between the two groups, Treatment (T1, T2) and Control (C).

$$Y = \alpha + \beta T + \epsilon$$

where,

Y=outcome variable

$\alpha$ =constant (average of Y for the control group)

$\beta$ =co-efficient for Treatment (T=1, if the panchayat has been assigned as T; T=0 if it is not a T panchayat)

$\epsilon$ = error term

$\alpha + \beta$ = average of Y for treatment group.

**Null Hypothesis: The difference between treatment and control is not significantly different from zero. In other words, T-C=0**

The coefficients in the below table represent the mean difference of T from C. The means under the control columns simply gives us the averages for each variable.

**Table 1: Panchayat Level Characteristics**

Panchayat Level Characteristics	Treatment co-efficient	Treatment S.D	Control mean	Control S.D	N
Population	-1.802	172.35	1508.97	142.39	315
Avg debt outstanding (rs)	-3363.173	4183.93	54111.5	3463.43	316
Avg debt outstanding (no outliers) (rs)	-3176.827	3489.67	52623.2	2914.765	316
Business per capita	-0.013	0.03	1.29	0.027	316
Per capita expenditure (rs)	261.97	267.186	5726.92	208.95	316
Literacy	0.667	1.82	72.23	1.43	311

**Table 2: Household Level Characteristics**

Household Level Characteristics	Treatment co-efficient	Treatment std. error	Control mean	Control S.D	N
Head is literate	0.04	0.014**	0.57	0.012	5372
Education Level for head of household	0.005	0.011	0.195	0.009	5372
Spouse is literate	0.017	0.014	0.44	0.012	5372
Spouse works for a wage	-0.014	0.014	0.47	0.012	5372
Adult equivalents	0.003	0.04	3.5	0.033	5372
Prime-aged women (18-45)	-0.032	0.019	1.11	0.016	5372
Any teen (13-18) in household	0.028	0.019	0.36	0.016	5372
Old business owned	0.006	0.014	0.51	0.122	5372
Own land in village	0.232	0.014	0.44	0.012	5372

\*\* Statistically significant at 5% and 10%

Table 1 shows the panchayat level characteristics of Treatment and Control groups. The regression results indicate that the treatment and control areas do not differ in their levels of literacy rate, population, business per capita, expenditure per capita and average debt outstanding.

Table 2 shows the household level characteristics of Treatment and Control groups. The regression results indicate that the treatment and control areas do not differ in their levels of literacy rate excluding literacy rate of head of household, adult equivalents, land and business ownership, prime-aged women or teenagers. Although the difference between literacy of head of household is significant (which can be controlled for in the regression) between treatment and control groups, the other characteristics on an average remain the same. T

**We thus accept our null hypothesis that the difference between treatment and control is statistically insignificant.**

## 5. INTERVENTION IMPLEMENTATION MONITORING

In order to monitor the intervention provided by HIH, CMF tracks the status of study across three dimensions- group formation, training and loan disbursement. HIH aims at providing the three fold SHG program to 1400 rural women. Following table provides a summary of the number of women who have formed groups, received training and loans.

Table 3: HIH Intervention Status

Block	Total Members	Target longlist #	Current longlist #	# of women who received M1 training	# of women who received M2 training	# of women who received M3 training	# of women who received M4 training	# of women who received L1 loans	# of women who received L2 loans
<b>SIVAGANGA</b>									
Kalaiyarkoil	237	76	86	80	79	73	27	42	0
Kallal	250	80	95	93	86	69	29	53	6
Sakkottai	258	83	108	107	102	74	0	47	0
Singampunari	200	64	70	65	64	51	20	53	4
Sivangai	232	74	81	61	59	44	5	42	0
Thiruppathur	224	72	76	68	52	42	15	26	13
	1401	448	516	474	442	353	96	263	23
<b>VIRUDHUNAGAR</b>									
Arupukottai	161	52	40	25	26	26	0	0	0
Rajapalayam	218	70	69	56	43	20	0	12	6
Sattur	291	93	97	91	85	71	0	27	0
Sivakasi	401	128	137	114	107	0	0	8	0
Vembakottai	271	87	85	61	34	13	0	1	0
Virudhunagar	330	106	109	78	52	9	0	27	0
	1672	535	537	425	347	139	0	75	6
<b>TUTICORIN</b>									
Kayatharu	151	48	68	67	66	62	8	28	5
Kovilpatti	216	69	83	83	82	60	23	33	0
Manoor	247	79	70	59	58	43	0	17	0
Ottapidaram	349	112	51	39	38	31	6	18	0
Pudur	129	41	27	27	26	18	4	13	0
Vilathikulam	210	67	65	65	65	48	9	39	0
	1302	417	364	340	335	262	50	148	5
<b>TOTAL</b>	<b>4375</b>	<b>1400</b>	<b>1417</b>	<b>1239</b>	<b>1124</b>	<b>754</b>	<b>146</b>	<b>486</b>	<b>24</b>

Table 3 represents the status of HIH intervention as on June 2013. As mentioned earlier, the intervention is divided in three parts: group formation, training and loan disbursement.

- Group Formation- HIH has been successful in achieving its target of forming 1400 women into different self-help groups.
- Training- HIH provides four modules of training. Although, there has been a significant progress in providing the first two modules of training (M1-1239) (M2-1124), there is a significant backlog in the third and fourth module of training.
- Loan Disbursement- HIH has faced numerous challenges in providing timely loans to SHG's. One of the prime reasons for this has been the fact that women favour government programs more than private NGO programs and therefore opt out of taking loans. The total number of women

who are yet to receive loans are 916 members for loan cycle one and 1376 members for loan cycle two.

## 6. CHARACTERISTICS OF HIH SHG MEMBER

Following table summarizes the characteristics of selected households who are currently a part of HIH-SHG. Following the baseline survey, HIH started bringing together groups of women to form self-help groups in treatment villages and also provided them with four modules of training and loans. Table 4 presents descriptive statistics for some of the important variables, such as: income, expenditure, savings, loans, etc. As observed, the average values of these variables are quite high. For example, the empowerment score for women who are currently a part of SHG is 3.04. This is substantial, as 19% of women who are not part of HIH-SHG have a score of less than 3. While conducting a simple t-test to compare the mean empowerment scores of women who are in SHG versus those who are not, we find that the average empowerment score for women who are in SHG is higher and significant. Similarly, the mean annual income of a current HIH-SHG member is higher compared to the average income of a study household. These factors could be potentially linked to certain characteristics of women who chose to take up the SHG program.

Table 4: Characteristics of HIH-SHG Members

Variable	HIH SHG Members				
	Obs.	Mean	Std. Deviation	Min	Max
Average Size of Household	1284	4.3	1.68	1	14
Total Annual Income	1284	35260.54	31374.62	500	359000
Total Expenditure	1284	4779.42	3380.609	557	56491
Total Outstanding Loan	1284	56955.4	67302.88	0	620000
Total Savings	1284	2637.54	6099.348	0	76140
Women Empowerment Score	1284	3.04	1.311	0	6

## 7. CONCLUSION

The report has presented descriptive findings derived from the baseline survey conducted in three districts of Tamil Nadu among 5442 rural households. This is the first large scale survey in Tamil Nadu that focuses on the livelihoods of potential self-help groups members. The baseline survey covers a range of questions on the social and economic indicators of the respondents. In specific, the baseline survey administers questions on quality of life indicators, consumption and expenditure patterns, access to finance in terms of savings and loans, women empowerment and a set of detailed questions on businesses owned by the households.

The baseline results lay a good foundation for further analysis of the impact of the SHG program. We intend to conduct a midline and an endline survey in the next one year. A midline survey will aim at providing a snapshot of the various dynamics involved within a SHG. It seeks to have a qualitative focus on understanding several factors related to the functioning of a SHG. Administrative data (books of accounts of SHG) will also be collected to understand the SHG auditing process. The purpose of an

endline survey will be to evaluate the difference in the economic and social parameters of the sample by comparing it with the baseline levels in the most accurate and unbiased way. Through these future analyses, the evaluation will provide a complex assessment of how the SHG program is reaching its objective and affecting its targeted outcomes.