Library Progress International
Vol.44 No.3, Jul-Dec 2024: P. 26417-26425

Print version ISSN 0970 1052
Online version ISSN 2320 317X

Original Article

Available online at www.bpasjournals.com

Assessing the Impact of Microfinance on Socio-Economic Vulnerability in India

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How to cite this article: PARUL MITTAL (2024) Assessing the Impact of Microfinance on Socio-Economic Vulnerability in India. Library Progress International, 44(3), 26417-26425

ABSTRACT

Self-help groups microfinance has improved the group's social conditions. The rural sector has been essential to Indian economic development. The country has 6.40 lakh villages and 72.2% of its people live in rural areas. Financial and credit facilities provided by self-help groups (SHGs) have given disadvantaged groups hope. This study allows us to accurately assess self-help groups (SHGs) and their impact in rural and impoverished areas. This study examined SHGs' ability to address household risk factors.

Keywords: Microfinance, Self-Help-Groups, Risk, Vulnerability, Income Generating Activities.

INTRODUCTION

Globally, microfinance initiatives have gained traction as a game-changing strategy for providing financial services to underprivileged groups, with a particular emphasis on women and the destitute and rural populations. This cutting-edge financial tool is intended to help people without access to traditional banking systems by offering small loans, savings accounts, insurance, and other financial services. The origins of contemporary microfinance can be found in the ground-breaking work of Muhammad Yunus's Grameen Bank in Bangladesh, which proved that giving small, no-collateral loans to the underprivileged might result in meaningful socioeconomic gains. The microfinance industry in India has experienced significant expansion and diversification, especially after the 1992 National Bank for Agricultural and Rural Development (NABARD) program. The Self-Help Group (SHG)-Bank Linkage Programme (SBLP), introduced by NABARD, modified the Grameen Bank model for the Indian environment. Through this scheme, women can create Self-Help Groups (SHGs), which pool their resources and can borrow money from banks at favorable terms by using the savings of the group as collateral. By giving the rural poor the financial resources, they need to better their standard of living, the SHG-Bank linkage strategy seeks to increase financial inclusion and economic empowerment among them. Given the socioeconomic conditions in India, where over 30 crore people live below the poverty line (BPL) (NABARD, 2005), the need for microfinance becomes even more apparent. Microfinance has played a crucial role in poverty alleviation and socio-economic development by focusing on the most disadvantaged groups, such as women, tribal people, and dalits, using SHGs and other mechanisms. SHGs have been shown to be useful tools for social empowerment as well as financial inclusion. These organizations, which promote a feeling of community and group action, are frequently founded in response to shared social or economic difficulties experienced by the rural poor.

In India, SHGs, Microfinance Institutions (MFIs), and other informal methods are the three main avenues through which microfinance is typically provided. SHGs have drawn special attention for their capacity to enable a variety of revenue-generating activities by enabling members to access financing and deploy savings. According to research by Nanda (2002), SHGs had frequent, well-attended meetings and focused their actions on needs. Puhazendhi and Badaty (2002) conducted a second study that demonstrated the noteworthy socio-economic gains made by SHG members under the SBLP. India's microfinance industry makes use of a wide range of financial

institutions, such as MFIs, cooperative banks, commercial banks in the public and private sectors, and regional rural banks. Together, these organizations work to provide financial services to underserved and rural communities, catering to their various financial requirements. Many impact assessment studies have been carried out worldwide to analyze the efficacy of microfinance programs in several nations, including Ghana, Bolivia, Eritrea, Nigeria, Ethiopia, Bangladesh, India, Pakistan, Nepal, Thailand, and Sub-Saharan Africa. These studies, which typically concentrate on the effects of microfinance on individuals and households, look at a variety of factors, including income levels, employment rates, access to healthcare and education, food security, clean water, involvement in decision-making, and social networking. These studies' findings paint a conflicting picture. Numerous research concludes that microfinance significantly lowers poverty among participating households by raising income levels and self-employment prospects. For example, millions of people in Bangladesh have been lifted out of poverty by the microfinance program, which gives them the capital they need to launch or grow small companies. Like this, SHGs have been effective in India in empowering women socially and economically, which has increased household income and improved access to healthcare and education. Nevertheless, some research suggests that microfinance might not be enough on its own to end poverty and create long-term jobs. Opponents point out that the advantages of microfinance may be restricted in the absence of additional initiatives like infrastructure development, healthcare, and education. Furthermore, questions have been raised concerning the long-term viability of microfinance programs due to factors including the high interest rates that certain MFIs charge and the possibility of borrowers becoming overly indebted. In summary, although microfinance has demonstrated potential as a useful instrument for financial inclusion and poverty reduction, its effectiveness hinges on a comprehensive strategy that tackles the wider socio-economic obstacles encountered by the impoverished. Microfinance models must be continuously evaluated and adjusted if their beneficial effects are to be maximized and the most disadvantaged members of society are to benefit from them.

1. REVIEW OF LITERATURE

There have been numerous studies conducted in a variety of nations to investigate the effects of microfinance programs, which has resulted in a complex picture of the effectiveness of these programs. Numerous studies have emphasized the positive benefits, with Mishra (2001) indicating that there has been a considerable reduction in poverty and an improvement in living standards in Bangladesh because to the program. Beneficiaries of microfinance programs were shown to have improved quality of life and financial stability, according to Khan and Rahaman (2007), Bansal (2010), and Batra (2012). Group loans through microfinance were shown to lessen reliance on moneylenders in India, according to research conducted by Mishra et al. (2001), Prajapati and Patel (2015), and Puhazhendh and Badatya (2002). This allowed households to better handle financial crises through the utilization of savings and loans. Through the alleviation of poverty, the management of infectious diseases, and the empowerment of women, Chatterjee (2014) highlighted the role that microfinance plays in the accomplishment of the Millennium Development Goals. Additionally, Khandker et al. (1998), the World Bank (1999), and Singh and Mittal (2016) observed that participants in microfinance programs frequently migrated to self-employment in activities that were not related to farming, which contributed to an increase in economic certainty. Nevertheless, several research highlighted some drawbacks. After doing research in Bangladesh and Thailand, Morduch (1998) and Coleman (1999) discovered that microfinance did not have a substantial impact on the generation of income or the decrease of poverty. This finding suggests that microfinance alone may not be sufficient to address all aspects of poverty. In addition, research conducted in Bangladesh and Madhya Pradesh concluded that microfinance programs frequently do not include the poor, which limits the total influence that these programs have on the alleviation of poverty. In contrast, Pitt and Khandker (1998) in Bangladesh and Montgomery (2005) in Pakistan discovered that microfinance was able to effectively reach the poorest individuals, resulting in a significant improvement in their socio-economic position respectively. Overall, the literature gives a mixed but generally favorable view, stressing the success of microfinance in reducing poverty and empowering women, but also identifying the need for more inclusive ways to serve the most vulnerable groups. In other words, literature presents a mixed but usually good view. It is possible for microfinance to continue to play an important part in the socioeconomic development of communities that are disadvantaged if these issues are addressed.

2. STATEMENT OF THE PROBLEM

Several studies have been conducted in Southern region of India but there is a dearth of studies in Northern region. The present study has undertaken in the state of Haryana (North India). As no comprehensive study by any researcher or government organization is available which has assessed the impact of SHGs and their performance

in Mewat district of Haryana state through MDA and SGSY programmes. So, the study in hand is a modest attempt to assess the impact of microfinance programme on poor people.It is a natural area to study the Impact and performance of SHGs because mostly people are illiterate, belongs to Muslim community and BPL families. It is an open society for the study of SHGs. The SHGs were started nearby 1998 in Haryana. Now there is a greater amount of socio-economic emancipation among the members of the SHGs. Hence there is a need for evaluating the socioeconomic impact of the SHGs on their members. The most rural areas in Haryana are in its southern region. Among the various districts of Haryana, Mewat District occupies a predominant position in the starting of the SHGs. In Mewat district, the urban centers have more rural bias, and the economic activities are more agro-based. Hence the SHGs have been formed for meeting the needs of industrial and agricultural activities[1]. This district is selected because it can give its own the clear picture regarding the success and performance of Microfinance and impact of SHGs in Haryana. This district has been chosen, as it had the history of SHG movement being started in a small way in the district in the year 1998. Mewat is a well-qualified district to measure the performance of SHGs. In Mewat, many programmes and schemes are going onby different agencies and organizations for the socio-economic development of rural poor such as NABARD's SBLP, and NRLM by DRDA, NGOs, and MDA etc. Through this study we can accurately measure the performance or success of SHGs and their contribution in the development of rural and backward regions. The study examined the ability of SHGs to deal with the risky factors faced by households.

Objective of the study

- To analyze the ability of SHGs to deal with risky situations faced by the households.

Hypothesis of the study

H_0: The SHGs do not play a significant role in dealing with the risky situations faced by households.

H_1: SHGs play a major role in reducing the vulnerability of households.

3. RESEARCH METHODOLOGY

A multistage random sampling method was used for this study. In the first stage, the state was divided into four divisions for administrative purposes. Out of four divisions, Gurgaon division was selected. Mewat was a partof Gurgaon district and Faridabad district of Haryana until 2004. It became a separate district in 2005. It is predominantly rural with a few small towns. To present the study, one district i.e. Mewat district was selected from Gurgaon Region. The availability of the programmes was also identified in the sampled district. The scheme of MDA and SGSY/NRLM is being implemented across all the blocks of Mewat district. So, two programmes i.e. MDA and SGSY/NRLM were selected for the survey. At the second stage, five blocks from Mewat district were selected. In this way, Nuh, Nagina, FirojpurJhirka, Tauru and Punhana blocks were selected from Mewat district. Before 2010, Hathin block was covered under Mewat district but after the formation of Palwal as separate district, Hathin was covered under Palwal district. Now Mewat has five blocks. After selecting blocks, the list of villages was prepared with comparatively high numbers as well as matured SHGs. Through geographical clustering exercise, villages were randomly selected. The study is empirical in nature mainly based on primary data collected through survey method. The study used primary data as well as secondary data. The primary data was collected through field surveys from participants sample household. The process of data collection involved preparation of structured interview schedules, pre-testing of the schedule during preliminary survey, sample selection and interviews with the respondents.The collected data was also analyzed with the help of Logistic Regression Model (Logit Model) to analyze the role of microfinance in reducing risk of the HH.

4.1 Impact of microfinance on vulnerability (the empirical model)

In the study, 80 SHGs were selected in total. These groups are promoted by two major schemes implemented in Mewat district i.e. MDA and SGSY/NRLM. Out of total 80 groups, 60 groups were selected of MDA and 20 of SGSY from all the blocks of Mewat district. MDA is a funding agency which forms groups for the growth of women. It works through SHG federations. It also includes minorities. SGSY/NRLM is a government scheme which is regulated by DRDA. It gives main emphasis on the growth of BPL families. DRDA officials concentrate on formation of groups, their nurturing and capacity building. MDA and SGSY both are working for the development of rural poor especially for women in all the blocks of Mewat district.

[1] http://globalbizresearch.org/files/irrem_k-prabhakar-raj-kumar_r-leelavathi-45814.pdf

In case of MDA, there were females in all the groups because MDA is an agency mainly for women development. In SGSY, there were also some male members groups, but we selected only female members group because women groups are more efficient and sincere towards their work in comparison of male member groups. There were 100% female groups under MDA and SGSY.Generally, SHGs are included either all women or all men. There are rare groups in which both men and women are members. In Mewat, there was no mixed members group was found.

4.2 The ability of Self-Help Groups (SHGs) to deal with the risky situations faced by households.

The microfinance programme is not only for the employment and income generation for rural poor but it also play a protective role for their members. It helps participants to cope with the financial shocks and risky situations faced by them or their HH. With the help of this section, risks faced by the HH were explored and it also analyzed the role of microfinance to deal with risky situations faced by members. It studied how SHGs can build the capacity of their members to manage risk and make them less vulnerable. This is done through hypothesis testing with the help of econometric analysis and model specification.

- Risk Perceived by Respondents

Each HH faces a large variety of risks in their life which results in financial and physical loss like illness, loss to life, agriculture loss, business failure, natural calamities etc. In some cases, there is the needfor immediate cash but in another cases if the main earner is affected then it results in loss of income. Some risks are predictable, but some are unpredictable which cause mental and physical harm to members. Table 1 shows that out of total 320 respondents, 75.63% of members stated that they faced risky and uncertain situations while 24.37% submitted no such situation. In the control group, the percentage was 88.75% and 11.25%. Programme wise, in MDA, 72.08% of members registered that they faced the risk while in SGSY, it was 86.25%. The chi-square test shows that the degree of vulnerability[2] is same under both programmes. It means the risk perceived by the members is dependent on both programmes (Table 1).

It is observed form the table data that 53.72% of members stated the general illness as the main risk factor followed by Alcoholism/Gambling (46.28%), Agriculture Loss (36.36%), Livestock related Loss (30.17%), Business Failure/Loss (28.10%), Loss by Fire/Theft (16.52%), Repay to Old Debt (14.05), Property Damage (4.55%), Large Operation (4.13%) and Natural Calamities (0.83%). In the control group, most members (80.28%) claimed Alcoholism/Gambling as the major risk faced by them. It was followed by General Illness (76.06%), Agriculture Loss (45.07%), Livestock related Loss (35.21%), Repay to Old Debt (26.76%), Fire/Theft (18.31%), Business Failure/Loss (11.27%), Property Damage (5.63%) and Large Operation (5.63%).

In case of MDA, 49.71% of the respondents submitted general illness as a major risk, followed by Agriculture Loss (39.88%), Business Failure/Loss (36.99%), Alcoholism/Gambling (36.99%), Livestock related Loss (29.48%), Loss by Fire/Theft (18.50%), Repay to Old Debt (7.51%), Large Operation (4.62%), Property Damage (3.47%) and Natural Calamities (1.16%). In SGSY, Alcoholism/Gambling was perceived as major risk by 71.01% of members. This was followed by General Illness (49.71%), Livestock related Loss (31.88%), Repay of Old debt (30.43%), Agriculture Loss (27.54%), Fire/Theft (11.59%), Property damage (7.25%), Business Failure/Loss (5.80%) and Large Operation (2.90%).

Table 1 Risk Perceived by Respondents

Particulars	MDA	SGSY	Total	Control
Vulnerability				
Yes	173(72.08)	69(86.25)	242(75.63)	71(88.75)
No	67(27.92)	11(13.75)	78(24.37)	9(11.25)
H_o = Risk Perceived by Respondents is independent of Programmes. χ^2 = 6.532, significant at 5% significance level. Hence, Null Hypothesis cannot be accepted.				

[2] It means the ability of HH and its members to deal with risks, shocks, and proneness to food security and hence their attitude towards undertaking risks. It may be idiosyncratic risk (Micro level) and covariant risk (Meso and Macro level).

Reason for Vulnerability				
Health Related (General Illness)	86(49.71)	44(63.77)	130(53.72)	54(76.06)
Large Operation	8(4.62)	2(2.90)	10(4.13)	4(5.63)
Natural Calamities	2(1.16)	0(0.00)	2(0.83)	0(0.00)
Livestock Related	51(29.48)	22(31.88)	73(30.17)	25(35.21)
Repay to Old Debt	13(7.51)	21(30.43)	34(14.05)	19(26.76)
Property Damage	6(3.47)	5(7.25)	11(4.55)	4(5.63)
Fire/Theft	32(18.50)	8(11.59)	40(16.52)	13(18.31)
Alcoholism/Gambling	63(36.42)	49(71.01)	112(46.28)	57(80.28)
Business Failure/Loss	64(36.99)	4(5.80)	68(28.10)	8(11.27)
Agriculture Loss	69(39.88)	19(27.54)	88(36.36)	32(45.07)

Source: Computed from Survey Data.
Note: Figures given in parenthesis show percentage.

- Impact of Vulnerability on Households

The study found that the major impact of vulnerability was on mental health of HH (Stress/Mental Pressure) as stated by 100% of the respondents. This was followed by increased expenditure (95.87%), loss of income (75.62%), unable to work (39.26%), Food Insecurity/Shortage (31.82%), Reduced Employment Opportunities (23.14%), Children Out of School (8.68%), Loss of Assets (4.55%) and Loss of Life (3.72%). In control group followed the same pattern with minor variation among values (Table 2).

In MDA, all the members (100%) submitted that vulnerability caused stress and mental pressure followed by the increased expenditure (94.22%), loss of income (72.25%), unable to work (38.73%), Food insecurity/Shortage (31.21%), reduced employment opportunities (22.54%), children out of school (7.51%), loss of assets (3.47%) and loss of life (2.89%). In SGSY, all the respondents stated that vulnerability increased the expenditure and mental stress. This was followed by loss of income (84.06%), unable to work (40.58%), food insecurity/shortage (33.33%), reduced employment opportunities (22.54%), children out of school (11.59%), loss of assets (7.25%) and loss of life (5.80%). (Table 2)

Table: 2 Impact of Vulnerability on Households

Particulars	MDA	SGSY	Total	Control
Impact of Risk on HH Condition				
Unable to Work	67(38.73)	28(40.58)	95(39.26)	33(46.48)
Loss of Life	5(2.89)	4(5.80)	9(3.72)	6(8.45)
Increased Expenditure	163(94.22)	69(100.00)	232(95.87)	69(97.18)
Reduced Employment Opportunities	39(22.54)	17(24.63)	56(23.14)	28(39.44)
Food Insecurity/Shortage	54(31.21)	23(33.33)	77(31.82)	43(60.56)
Loss of Assets	6(3.47)	5(7.25)	11(4.55)	8(11.27)
Children Out of School	13(7.51)	8(11.59)	21(8.68)	11(15.49)
Stress/Mental Pressure	173(100.00)	69(100.00)	242(100.00)	71(100.00)
Loss of Income	125(72.25)	58(84.06)	183(75.62)	65(91.55)

Source: Computed from Survey Data.
Note: Figures given in parenthesis show percentage.

- Strategies Adopted by Respondents to Get through Risky Situation

Members of SHGs have adopted some strategies to deal with risky situations faced by them such as cut in consumption expenditure, sold livestock, extra work hours, and more borrowings from groups, banks, and money

lenders etc. the study reveals measures employed by the respondents to strength their ability to cope up with the risky situations, shocks and stress faced by them. About 62.80% of members submitted borrowings from the SHG followed by borrowings from family and friends (46.28%), extra hours of work (30.58%), sold assets/livestock (30.17%), borrowing from money lenders (24.79%), other strategies like borrow from milk barber etc. (23.97%), bank loan (12.40%) and cut in consumption expenditure (4.54%). In the control group, respondents borrowed from family and friends, milk barber, other sources etc.

In MDA groups, 60.69% of members borrowed from group followed by borrow from family and friends (51.45%), sold assets/livestock (29.48%), borrow from money lenders (27.75%), worked for extra hours (24.86%), bank loan (12.72%) and cut in consumption expenditure (2.31%). In the case of SGSY, 68.11% of members registered borrowings from SHG. This was followed by borrow from milk barber (52.17%), putting in extra work (44.93%), borrow from family and friends (33.33%), sold assets/livestock (31.88%), borrow from money lenders (17.39%), bank loan (14.49%) and cut in consumption expenditure (10.14%). (Table 3)

Table: 3 Strategies Adopted by Respondents to Get through Risky Situation

Particulars	MDA	SGSY	Total	Control
Actions Taken by Respondent				
Cut in Consumption Expenditure	4(2.31)	7(10.14)	11(4.54)	15(21.13)
Sell Assets/Livestock	51(29.48)	22(31.88)	73(30.17)	42(59.15)
Extra Hours of Work	43(24.86)	31(44.93)	74(30.58)	39(54.93)
Borrow From Family/Friends	89(51.45)	23(33.33)	112(46.28)	45(63.38)
Borrow More From Group	105(60.69)	47(68.11)	152(62.80)	N.A
Bank Loan	20(11.56)	10(14.49)	30(12.40)	23(32.39)
Borrow From Money Lenders	48(27.75)	12(17.39)	60(24.79)	19(26.76)
Any Other	22(12.72)[3]	36(52.17)[4]	58(23.97)	44(61.97)

Source: Computed from Survey Data.

Note: Figures given in parenthesis show percentage.

- Role of SHGs in Facing Risk

Out of all respondents, 95.45% of members claimed that SHG helped them to reduce the vulnerability. The highest result for microfinance playing the role in reducing HH vulnerability was found in SGSY (100%) followed by MDA (93.64%). The percentage of Members who were benefited by SHGs through group loan, bank loan and both loans are 3.46%, 11.26% and 85.28% respectively. In MDA, most members (83.33%) borrowed from bank and group both. While in SGSY, its percentage was 89.86%. On the issue of role of microfinance programme to cope up with risky situations, 96.54% of respondents claimed that microfinance provided cash to them in tough conditions. This was followed by the money management techniques (56.71%), increasing HH income (39.83%), to smooth consumption (39.83%) and promoted self-assurance with savings (34.63%).

Programme-wise shows that in MDA, 95.06% of members stated that microfinance programme reduced their vulnerability through providing money in tough conditions. This was followed by better money management techniques (64.20%), promoted self-assurance with savings (37.65%), smoothen the consumption (36.42%) and increased HH income (35.19%). In case of SGSY, 100% of respondents claimed that microfinance played a significant role in providing money in a tough situation. This was followed by increased HH income (50.72%), consumption smoothening (47.83%), and money management techniques (39.13%) and promoted self-assurance with savings (27.54%). SHGs played a significant role in reducing the vulnerability of HH. More than 50% of members received help from the group in the form of loans in emergency and risky situations. But the focus of members was on getting loans instead of IGAs (Table 4).

[3] In case of MDA, member received minority's funds to face risky situations.

[4] In this case, members borrow money from milk barber.

Table: 4 Role of SHGs in Facing Risk

Particulars	MDA	SGSY	Total
Role of Microfinance in Reducing Risk			
Yes	162(93.64)	69(100.00)	231(95.45)
No	11(6.36)	0(0.00)	11(4.55)
H_o = Role of Microfinance is independent of Programmes. χ^2 = 4.6038, significant at 5% significance level. Hence, Null Hypothesis is rejected.			
How Did Group Help			
Group Loan	8(4.94)	0(0.00)	8(3.46)
Bank Loan	19(11.73)	7(10.14)	26(11.26)
Both	135(83.33)	62(89.86)	197(85.28)
How SHGs Helped			
Provided Cash in Tough Condition	154(95.06)	69(100.00)	223(96.54)
Increased Income of HH	57(35.19)	35(50.72)	92(39.83)
Promotes Self Assurance With Savings	61(37.65)	19(27.54)	80(34.63)
Better Money Management	104(64.20)	27(39.13)	131(56.71)
Consumption Smoothening	59(36.42)	33(47.83)	92(39.83)

Source: Computed from Survey Data.

Note: Figures given in parenthesis show percentage.

The Logistic Regression model (Logit) was used to analyze the role of microfinance in reducing risk of the HH. The model was used to understand the impact of explanatory variables like loan taken, income from IGAs and productive use of loan on reducing the vulnerability of HH. These variables were selected after measuring the correlation among them. With the help of microfinance through SHGs, members have been able to earn their livelihood by income generating activities and managed their risky situations by the money earned after joining SHGs. So, Microfinance programme helped them to reduce vulnerability. It has a significant impact on vulnerability of HH.

$GRPRISK = \beta_0 + \beta_1 (InLOAN) + \beta_2 (IGAINC) + \beta_3 (PRODUSE) + \beta_4 (PMDA) + \beta_5 (PSGSY) + U.$

Where, InLoan = Log value of total loan taken from bank as well as from the group.

IGAINC = Income earned from IGAs.

PRODUSE = Productive use of loan amount.

Table 5: Likelihood of Reducing the Vulnerability: Logit Model

Explanatory Variables	Coef.	Z	P>|Z|
InLOAN	3.223	5.96*	0.000
IGAINC	2.164	2.15	0.207
PRODUSE	1.289	2.48	0.148
PMDA (dummy)	2.231	2.79	0.006
PSGSY (dummy)	2.976	4.97*	0.000
CONSTANT	1.072	6.28*	0.000
Number of Observations = 242, LR chi^2 (5) = 109.27, Pseudo R^2 = 0.64, Log likelihood = 103.3487, Prob.>chi^2 = 0.000			

Source: Computed from field survey

Table 5 shows that the loan amount plays a very significant role in reducing the risk faced by participants as higher the loan amount disbursed, the higher the possibility of reducing risk. The use of loans for productive purposes and income earned from IGAs also helped members to deal with risky situations up to a limited extent. Programme-wise analysis shows that both MDA and SGSY members benefitedfrom the microfinance programme. But SGSY has far better performance than MDA.There is no doubt that the microfinanceprogramme helped members to cope with risky situations. But mostly members were able to deal with risky situations through the loan amount from SHG and bank, financial help by group in emergency etc. instead of income earned by them as members borrow money for consumption purposes not for productive use. Overall, SHGs played a significant role in helping members and their HH to deal with risky situations.

- Analysis of the Program as a Whole and Its Overall Impact

The findings of the investigation highlight the very important impact that loan amounts play in minimizing the risks that microfinance participants are exposed to. It is important to emphasize the significance of proper financial support because there is a correlation between larger loan disbursements and a higher possibility of lowering vulnerability.

On the other hand, the statistical significance of the income obtained from activities that generate income and the productive use of loans is relatively low. our shows that although these factors do contribute to reducing susceptibility, the impact of these factors may be more nuanced and influenced by other variables that are not included in our model. As far as the programs themselves are concerned, both the PMDA and PSGSY programs are beneficial to their participants; nevertheless, the PSGSY program showcases a substantially more impressive result. Because of the superior program design, implementation tactics, and support mechanisms that are offered under PSGSY in comparison to PMDA, this superior performance could be attributable to one of these factors.
Especially through self-help groups (SHGs), microfinance programs have been shown to be beneficial in assisting participants in coping with potentially dangerous circumstances. To manage financial crises, members frequently rely on loan amounts from SHGs and banks, in addition to receiving financial assistance from other members of the group during times of emergency. It should be highlighted, however, that a significant number of members borrow money for the purpose of consumption rather than for the purpose of making productive investments, which may restrict the long-term economic benefits. Self-help groups (SHGs) play a significant part in lowering the level of vulnerability among their members by supplying them with financial resources and encouraging community support. Even though there are some limits, the research suggests that adequately executed microfinance programs have the potential to greatly improve the financial resilience of households that are experiencing financial hardship. To address the identified gaps and ensure that the most vulnerable populations are covered in a more comprehensive and efficient manner, additional research and program adjustments could be taken into consideration.

4. CONCLUSION

There is no doubt that the microfinance programme helped members to cope with risky situations. But mostly members were able to deal with risky situations through the loan amount from SHG and bank, financial help by group in emergency etc. instead of income earned by them as members borrow money for consumption purposes not for productive use. Overall, SHGs played a significant role in helping members and their HH to deal with risky situations. Through SHGs, members became able to deal with risky situations faced by them and their HH. Overall, SHGs helped members to reduce vulnerability of their HH.

COMPETING INTEREST
The author declares that there is no competing interest.
FUNDING
There is no funding.
CONFLICT OF INTEREST
The author declares that there is no conflict of interest.
DATA AVAILABILITY
Not applicable.

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