Review of Literature
CHAPTER II
REVIEW OF LITERATURE

The literature pertaining to the study on “IMPACT OF MICRO FINANCE THROUGH SHG – BANK LINKAGE PROGRAMME ON RURAL WOMEN IN COIMBATORE DISTRICT” are reviewed under the following headings:

2.1 Status of Rural Women
2.2 Role of Women in Poverty Alleviation Programme
2.3 Role of Micro Finance Institutions in Poverty Alleviation
2.4 Impact of Micro Finance and Self Help Group (SHG)-Bank Linkage Programme on Rural Women
   2.4.1 Socio-Economic Status of SHGs
   2.4.2 Functions and Performance of SHGs
   2.4.3 Empowerment of Women through SHGs

2.1 STATUS OF RURAL WOMEN

India has been a land of diverse cultures and traditions. The customs, norms and values affecting women of today have their roots in the past and they have crucial influence on the shaping of the feminine identity.

Kalpagam (1986) in her study on the “Status of Rural Women” found that women, particularly the rural women are subjected to wrong discrimination between male and female in matters of wages. It has already been pointed out that a large part of women’s work, family labour which has received no value in economic analysis is unpaid. A number of explanations have been given in various studies for the existence of male-female wage differences and low economic status to which women labours in general are subjected to. The absence of collective initiative is sometimes advanced as the main reason for discrimination in terms of access to employment and wages of women in the labour market, and such a lack of organisation is universally present in informal sectors like agriculture and unorganised agricultural sector. Their family responsibilities and obligations, the attitude and reactions of other family members
towards them and the prevalent socio-cultural atmosphere, negatively affect the organised effort of women workers and hence they face wage discrimination. Moreover, in family labour-based household and agricultural households, division of labour is solely based on patriarchy and this largely affects the status of rural women in the agrarian economy.

Singh and Singh (1987) in their study “Impact of Rural Development Programme on Economic Status of Women in Uttar Pradesh” stated that the economic status of more than 50 percent of women with regard to standard of living, food and employment has increased. The study also showed that women enjoyed an important role in decision-making in matters related to household activities, selection of crops, technology, credit and marketing arrangements.

Rao (1991) in his study on “Promotion of Entrepreneurship in Andhra Pradesh” reported that poor financial status of women was found to be very critical in the promotion of entrepreneurship among women. Want of co-operation from family, ignorance about the programmes like Development of Women and Children in Rural Areas (DWCRA), Integrated Rural Development Programme (IRDP), Training for Rural Youth for Self Employment (TRYSEM), insufficient managerial skills, apathy, sense of fear and high degree of illiteracy, outdated customs and traditions were some of the hindrances to female entrepreneurship. He also found that a vast majority of women in the state are interested in organising SHGs. Women have opted for schemes like fishponds, vegetable cultivation, horticulture, garment shop, petty trade, weaving and breeding mythos to be taken up through SHGs. Financial assistance from the government is required to implement these schemes on an experimental basis. This would go a long way to improve the socio-economic status of women.

Chikara (1993) studied the “Impact of Institutional Credit on the Weaker Section” and has found that there existed a wide gap between the credit requirements and the credit supplied by the financial institutions which had led to repeated borrowing from private agencies. This had created a problem of indebtedness and had brought these people under the clutches of private money lenders.
Rao (1995) in his study on “Dimensions of Rural Non-Farm Employment of Women” examined the intra district trends in share, growth and composition of Rural Non-Farm Employment (RNFE) of women in west Godavari District for the period 1971-91. The share of RNFE of women increased in delta taluk from 1971 to 1991 whereas it declined in the upland taluk and the agency taluk. At taluk level, Narsapur, Tanuku and Tadepalli Guden occupied the first three positions among themselves. The growth of RNFE of women in delta and upland taluks was attributed to initial support and vast change in agriculture during 1980s and the establishment of female-based agro industries like cashew kernel processing, tobacco handling and fruit juice manufacturing industries. Female employment in delta area was high in household and non-household manufacturing units, transport, storage and communication whereas in upland area, the female employment was high in construction, trade and commerce. RNFE of women in the district level showed rising trends in all the regions with some discerning differences in growth levels, due to agro economic conditions. Implementation of employment generation programmes by the government and adoption of agro climatic regional planning approach are the suggestions offered for the removal of disparities in women’s earnings.

Devadas (1998) examined “Economic Development of Indian Women” and stated that women’s participation in SHGs is believed to increase their status and decision-making power. Employed women do not remain as just objects of social change but become agents of it.

Kohili (1998) examined “Women Entrepreneurs in India” and stated that a majority (73 percent) of the members did not attend any entrepreneurial training programme or got any financial support from outside. Twenty seven percent are getting financial support from outside and thirty eight percent faced discrimination in business. But the majority (63 percent) of them are aware of Government programmes for self-employment.

Rani (1998) in her study “Towards Empowerment of Women : Organisational and Managerial Perspectives of Women Co-operatives” suggested that women form an important segment of the labour force and that the economic role played by them
cannot be isolated from the total framework of development, as the role and degree of integration of women in economic development had always been an indicator of economic independence and social status.

Sahay (1998) in her study on, “Women and Empowerment : Approaches and Strategies” highlighted that “Women represent fifty percent of population, make up thirty percent of the official labour force, perform sixty percent of all working hours, but receive ten percent of the world’s income and own less than one percent of the world’s property”. They share multiple responsibilities and perform important roles as producers of food, managers of natural resources, earners of income and caretakers of household affairs. Moreover, they are the active agents of change, the dynamic promoters of social transformation and play a vital role in shaping the destiny of future generations. Yet, in the gendered social formations, they are placed below the hierarchy of men.

Rajeswari and Sumangala (1999) in their research on “Women Entrepreneurs a Scan on their Problems and Prospects in Women Entrepreneurship” explored the problems and prospects in women entrepreneurship and stated that women entrepreneurship enabled the pooling of small capital resources and skills available with women. It paved the way for fuller utilisation of capital and also mobilised the female human potential.

Hill (2001) had undertaken a study to evaluate the “Women in the Indian Informal Economy : Collective Strategies for Work Life Improvement and Development” and found that informal sector workers in developing countries are currently dominated by resource-based approaches like the micro credit movement. This policy framework is predicated upon certain liberal assumptions about individual human action and the relationship between human behaviour and economic development. This article concludes that these assumptions are inappropriate when they are applied to informal sector workers and their economic activities.

Reddi and Reddi (2003) conducted a research on “Women in Agriculture : A Sociological Study in Southern India” in Andhra Pradesh by taking a sample of
276 agricultural women from villages, where agriculture has been the main source of livelihood.

The major findings of the study were (i) nearly half of the respondents ranged between the age of 20 and 40 (ii) as the social class and economic status go hand in hand, generally lower caste women’s participation has been greater than upper caste women, because caste system plays a prominent role in rural India. Despite working together on the same fields for years together, discrimination among castes still exists in rural areas and (iii) women have very little access to education particularly in rural areas and hence most of them suffer from illiteracy. This may probably be due to the fact that there has been no sincere attempt to raise the position and status of rural women and a social stigma continues to exist towards their education. The study concluded that the socio-economic conditions under which these women live are traditional and exploitative which in turn impede their development and go on lowering their socio-economic status day by day.

Women are the most vulnerable group affected by the poverty and thus paved the way for the emergence of various poverty alleviation programmes.

2.2 ROLE OF WOMEN IN POVERTY ALLEVIATION PROGRAMMES

Over the years a plethora of poverty alleviation programmes in various forms has been implemented in the country and huge amounts on social and financial investments have been made available to achieve the sole aim of poverty alleviation.

Mohiuddin (1987) in his comparative study on “Integrated Rural Development Programme (IRDP) and Development of Women and Children in Rural Areas (DWCRA)” stated as follows : a significant percentage of women beneficiaries are in agriculture sector, both in the IRDP and DWCRA programmes and higher percentage of IRDP beneficiaries belongs to the middle income group and the lower income group, but in DWCRA, a higher percentage of women are from the lower income group, followed by middle income group. As these women have selected the schemes which have an assured market, marketing has not turned out to be a problem to them
and the status of the IRDP beneficiaries have greatly increased compared to the respondents of DWCRA.

Alosyus (1991) in his study on “DWCRA – Working Wonders for Kashmiri Women” assessed the impact of DWCRA on the Kashmiri women. Women workers have been trained in various schemes of ready-made garments, shawls, knitting and related work. The DWCRA programme extended its supportive services such as education, health, nutrition, immunisation, family welfare and balwadis in addition to their economic betterment of rural women. The programme proved to be a success as it has generated and infused a sense of confidence into the womenfolk.

Mukherjee (1993) in her paper on “Women’s Participation and Jawahar Rozgar Yojana” studied two selective objectives of Jawahar Rozgar Yojana, one creating assets in favour of the rural poor for their direct and continuing benefit and the other improving the overall quality of life in rural areas. The major findings of the study were as follows: the effectiveness of such programme depends on who decides on how a programme is going to benefit the rural women and the role played by the rural women in such a programme. The author concluded that if the rural women are able to participate in planning, decision-making and implementing of different programmes, they will get an opportunity to express themselves and to exercise their choice in deciding upon their priorities and even influencing male dominated decisions.

Sithalakshmi and Jothimani (1994) in their article “Organisational Behaviour as a Means of Empowerment” presented an analysis of organisational behaviour exhibited by women in the DWCRA programme. According to them, if permanent changes are to take place in the status of women, they must be given intervention programmes (income-generating projects) or they must engage in income-generating activities / run institutions individually or collectively, in an organised way. But they should be backed by structural and institutional changes that give them economic independence and allow them to develop their skills, leadership qualities and decision-making authority. They arrived at the conclusion that organisational behaviour of DWCRA groups directly influenced the active status of the groups
concerned. In other words, organisational behaviour of the women acted as a means of empowerment.

Ray and Vasundhara (1996) in their study “Like My Mother’s House: Women’s Thrift and Credit Co-operatives in South India” attempted to assess Co-operative Development Foundation’s efforts to empower women economically, socially and politically. They showed how the Co-operative Development Foundation, an NGO established in 1982 by the Paddy Farmers’ Co-operative Society helped local women (who were excluded from the Co-operative because they did not have title to own land) to establish their own thrift and credit groups. The study has shown that there was a spectacular growth in membership of the women’s group and how women had benefited economically through access to loans to set up small enterprises and gained economic independence combined with self-confidence. It has undoubtedly resulted in an increase in the well being of the women themselves and of their communities in general.

Apparao (1999) in an article, “Rural Women and Poverty Alleviation” explored the various developmental and poverty alleviation programmes launched by the Central Government since independence to help the rural masses for the improvement of the socio-economic conditions and standard of living through elimination of poverty, inequality in income, inadequate infrastructure, small and scattered unorganised rural enterprises. Apparao found that the achievements of the various programmes did not cover all the rural women. In his opinion, the rural women are to be associated with poverty alleviation programmes right from the planning stage to make the programmes need-based. Awareness should be created among rural women on various activities of different poverty alleviation programmes of Central and State Governments. Women-oriented projects need to be given priority even under limited budget for the development of rural women and to make women part and parcel of development.

Sreelakshanamma (2000) conducted a study on “Empowerment of Rural Women in Rural Non-Farm Activities through the DWCRA Programme” in the Chrial Mandal of Prakasam district of Andhra Pradesh and found that after joining the
DWCRA, half of the beneficiaries were sensitised about their level of rights and village politics. Apart from this, one-fourth of the beneficiaries had reported that they have realised the importance of health and nutrition only after becoming members of DWCRA. There is a substantial increase in the family income of the sample beneficiaries after they have joined in the activity. Majority of the respondents have found that the DWCRA programme is highly beneficial in a number of ways.

Varma and Nath (2004) in their study on “Women in Development Programmes under Different Five Year Plans : A Critical Approach” concluded that the First five year plan was mainly welfare oriented as far as women’s issues were concerned, the Second five year plan concentrated on organising Mahila Mandals (Women’s Groups) at grass root levels to ensure better implementation of welfare schemes. The Third, Fourth and other Interim plans accorded high priority to women’s education. In the Fifth plan there was a shift in the approach from welfare to development. An exclusive scheme for the social and economic upliftment of women belonging to families below the poverty line DWCRA was launched in 1982 as a sub-component of IRDP.

In the Seventh plan beneficiary oriented programmes, which extended direct benefits to women were introduced and in the Eighth plan, there was a shift from development to empowerment of women. By pointing out these, they concluded that the policy directives issued by the Government of India for the increased share for women in the development programmes and the promotion of participatory approach, do not provide for corresponding development in the infrastructure, extension, training information, support and strong monitoring system which is particularly lacking at the state level.

The failure of the earlier poverty alleviation schemes of the Government and the approach of the financial institutions to reach the really needy, found the path for the introduction of the micro finance and SHGs.
2.3 ROLE OF MICRO FINANCE INSTITUTIONS IN POVERTY ALLEVIATION

To meet the gaps in the implementation of the erstwhile self-employment programme called Integrated Rural Development Programme, the Central Government announced a holistic programme called Swarnajayanti Gram Swarojgar Yojana. This programme was based on a group approach to rural development where the rural poor were organised into SHGs, provided micro credit and took up viable economic activities on their own. SHGs were also formed under Swayam Siddha, Mission Shakti, Rashtriya Mahila Kosh (RMK), SHG-Bank Linkage scheme of NABARD and Small Industries Development Bank of India (SIDBI) etc.

Yaron (1994) in his study on “What Makes Rural Financial Institutions Successful” concluded that the micro finance 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, reduction in adverse selection of borrowers, development of collateral substitutions and offering cost effective approaches to formal institutions.

Bankers Institute for Rural Development (1996) has analysed “The Bank Performance Improvement study under the Maharashtra Rural Credit Project (MRCP)” and observed that with the SHG intermediation, the transaction and the risk costs of the advances of the rural branches could be brought down and that could help to turn around many loss-making rural branches into profit-making ones.

Wydick (1999b) in his article “Can Social Cohesion be Harnessed to Repair Market Failures : Evidence from Group Lending in Guatemala” observed that many institutions prefer to lend traditional loans to SHG groups instead of individuals, due to the reduction in collection costs. His study revealed that the repayment rate for Fund Development of Port Activities (FUNDAP’s) group loan had been around 97 percent, which has several times higher than the rate of recovery of individual loans.

Kallur and Biradar (2000) in their micro level study based on secondary data aimed at examining “The New Paradigm of Micro Finance and the Role of
Non-Governmental Voluntary Agencies in its Promotion: A Few Reflections” and to comment on their sustainability in the years to come. The study had thrown light on the origin and the nature of micro credit organisation and its superiority over macro one in catering to the needs of farmers. It also revealed that as a result of continuous efforts of NABARD, 255 groups linked together as on 31st March 1998 had been increased to 14,317 groups covering 30 commercial banks, 260 NGOs in 19 states and two Union Territories involving bank loan of Rs. 23.62 crore and NABARD refinance of Rs. 21.38 crore. The study also discussed the role of micro credit organisations with particular reference to the Indo-Swiss project and their sustainability and concluded that the NGOs have succeeded in promoting SHGs.

Bansal (2003) in his article “SHG-Bank Linkage Programme in India: An Overview” stated that the formal financial institutions in India have ventured into micro finance in a massive way by adopting the SHG-Bank Linkage mode. The paper had reviewed the performance of the programme in different states of India, across three major institutions – Commercial Banks, Co-operatives and the Regional Rural Banks (RRBs). The author stated that since its initiation, the programme had shown severe spatial preferences, predominating in certain states, namely Andhra Pradesh, Uttar Pradesh, Tamil Nadu and Karnataka, in particular had accounted for 40 percent of the programme’s outreach. The author had identified the following reasons for the programme’s success in Andhra Pradesh: (i) special project sponsored by UNDP called South Asia Poverty Alleviation Programme had promoted 2,700 groups in the state (ii) credit movement in South India led to the evolution of community based development finance institutions, comprising of SHGs promoted by NGOs and by district rural development agencies (iii) district collectors, NABARD district development managers and lead bank managers had supported the SHG-Bank Linkage Programme in the state (iv) leading NGOs in the micro finance sector in India had also worked in Andhra Pradesh and (v) 40 percent of the SHGs that have been credit linked under DWCRA were concentrated in Andhra Pradesh alone. The author also made the following observations on institutional involvement in the linkage programme: (i) commercial banks have been predominant in relatively better off states (ii) RRBs have been more dominant in poorer states and are more successful
while acting as Self Help Group Promoting Institutions (SHPIs) and (iii) co-operatives in India have not yet ventured into SHG financing in a significant manner.

Mujumdar (2004) viewed in his article “Resurrection of Rural Credit” that the rural credit should take a new avatar in terms of the credit delivery mechanism. He also pointed out that the two core causes for the present sickness of the rural credit institutions had been the high transaction cost and the poor recovery performance. He stated that the experiment of micro finance through the conduit of SHGs had shown that transaction costs could be reduced drastically and repayment rates could be as high as 90 percent. The RBI and NABARD had been the leading force in the promotion and linkage of SHGs to the banking system through refinance support and other pro-active policies. The programme initiated in 1992 has covered, 31,000 rural households linking with 500 banks, with a loan amount of Rs. 2,000 crore (31st March 2003). Thus the programme had enabled the formal banking system to reach 11.6 million poor households through the conduit of 7.17 lakh SHGs. Therefore micro credit would be the most appropriate and economically feasible alternative in attaining the objectives of growth and poverty alleviation.

Kunjukunju (2005) in his study on “Role of Institutional Finance in Rural Development of Kerala” analysed the role of Commercial Banks, Primary Agriculture Credit Societies and Primary Co-operative Agriculture and Rural Development Banks in rural upliftment of Kerala state. He had analysed the extent of credit requirements, credit disbursement and the prevailing credit gap. The study had given an insight into the hurdles encountered by borrowers in obtaining credit, viz., cost of borrowings and delay in getting the credit. The problems related to utilisation of loan, repayment performance and impact of credit on borrowers income, employment, asset position and standard of living had also been dealt within the study. To measure the impact, “The before and after” approach had been employed. Paired ‘t’ test and chi-square test had been used to analyse the data. The findings of the study revealed that there had been an increase in rural credit, but the requirements of the borrowers had not been fully met. Borrowers had incurred 1.60 percent of the amount of loan as ‘borrowing cost’ and the average time taken by banks to disburse the loans worked out to be
33 days. Regarding the impact of credit, the average total income and the average annual employment of the borrowers had increased compared to that of the pre-loan period. The study had concluded that the loans advanced by financial institutions to the rural poor for productive purposes and its proper utilisation by them had a positive impact on their economic and social conditions.

Venkatesh and Rao (2007) conducted a study on “Micro Finance Institutions and Credit Accessibility to the poor in Karnataka” and found that the organisations like Bharat Sevak Samaj (BSS), Sangamithra, Grameena Koota and Janodaya Foundation had proved beyond doubt that the micro finance helped the poor not only to increase their income level but also acts as a viable business model. There is a huge potential for micro finance to emerge as a successful model to address the problems of unemployment, women backwardness and poverty in India.

Kumar and Sharma (2007) in their study “Micro Finance on Mountainous States (Disparities in Outreach)” analysed the disparities in growth and outreach of micro finance of the states with an emphasis on Himachal Pradesh, based on secondary data for the period 2002-04. They had found that there is an increase in the share of the number of SHGs linked to the banks and the Bank Linkage Groups were more active in districts with low poverty. This shows that micro credit institutions are indeed effective weapons in the war against rural poverty.

2.4 IMPACT OF MICRO FINANCE

Micro credit and SHG-Bank Linkage Programme have brought positive changes in the lives of SHG members. SHGs are the powerful community based institutions that could enable the community to realise several benefits. The impact of micro credit and SHG-Bank Linkage Programme have been reviewed under the following headings:

2.4.1 Socio-Economic Status of SHGs
2.4.2 Functions and Performance of SHGs
2.4.3 Empowerment of Women through SHGs
2.4.1 Socio-Economic Status of SHGs

Major impact among the SHG members could easily be said to be the general awareness and awakening to various aspects of their lives. Right from developing the habit of savings, understanding various environmental and social problems, developing communication skills, the prompt repayment of debts, the tendency to help others and the like had brought about vast changes among the individuals.

Khandker (1998) in his study “Fighting Poverty with Micro Credit Experience in Bangladesh” had analysed the household data collected in 1991-92 and 1997-98 in Bangladesh to find out the long-term impact of micro finance on household consumption and poverty. The study addressed the following issues: (i) whether the poor who lack both physical (such as land) and human capital (such as education) actually participate more in micro finance programmes (ii) whether the long-term poverty impact of micro finance are due to sustained income impact or simple income redistribution and (iii) whether the aggregate impact of micro finance is actually affecting the poor beyond programme participation. The results had confirmed that micro finance matters a lot for the very poor borrowers and also for the local economy, because it had led to a rise in the per capita consumption, mainly non-food and household non-land assets. In particular, this paper had revealed that: (i) the probability that the participants of the programmes might be able to lift themselves out of poverty had increased (ii) the welfare impact of micro finance had also been positive for non-participant households, indicating that micro finance programmes had helped the poor beyond income redistribution with a contribution to local income growth (iii) micro finance programmes have spilt over effects in local economies, thereby increased local village welfare and (iv) micro finance had also helped in reducing extreme poverty more than moderate poverty at the village level. Finally, he suggested that in order to have a stronger impact on poverty reduction, micro finance institution should find ways to develop the skills of their poor borrowers, improve their productivity and income and assist them in marketing and improving the quality of their products.
Puhazhendi and Jayaraman (1999) analysed the “Increasing Women’s Participation and Employment Generation Among Rural Poor: An Approach through Informal Groups”. He observed that SHGs in Tamil Nadu had been performing well towards social change and transformation. The emerging trends were leading to positive direction of empowerment of members and promotion of micro finance.

Dahiya et al. (1999) made an attempt to study the “Socio-Economic Upliftment through Self Help Groups in Solan District at Himachal Pradesh”. The objective of the study was to evaluate the socio-economic conditions of the SHGs. The study concluded that the social impact was deep in empowering women folk, educational development of children and emancipation from social evils.

Ahmad (1999) through a case study on “Women Empowerment: Self Help Groups” highlighted that women were coming to the administration directly for their just rights and to address their grievances boldly. It proved that SHGs were successful in North East India even in the midst of insurgency.

Bhatia and Bhatia (2000) through a few case studies on “Women and Micro Credit” highlighted that recovery of SHGs was higher than other credit sanctioned to borrowers. Moreover, involvement of SHGs had helped the bank branches in the recovery of old dues. They observed that there had been perceptible changes in the living standards of the SHG members, in terms of ownership of assets, increase in savings and borrowing capacity, income-generating activities and income levels as well.

Nedumaran et al. (2001) undertook a study with a specific objective of analysing the “A Study on the Performance and Socio-Economic Impact of the Self Help Groups”. A total of 30 SHGs and 150 members in Erode and Tiruchirappalli districts under two NGOs, namely, MYRADA and LEAD had constituted the sample for the study. The results revealed that about eighty seven percent of the groups were exclusively women groups and thirteen percent were of men and mixed groups. The size of the group ranged from 10 to 25 members. The agricultural labourers accounted for seventy percent, followed by fifteen percent of labourers engaged in
non-farm activities, ten percent rural artisans and five percent of marginal farmers. The average annual savings per member had been Rs. 550 in 2-3 year old groups and had almost doubled after a period of four years. The average annual loan amount per member had been Rs. 5,317 in 2-3 year old groups, Rs. 5,620 in 3-4 years and Rs. 10,900 in four years and above age groups. Nearly 70.47 percent members availed loans for production purposes and 29.53 percent for consumption purposes. The scoring technique results indicated that sixty percent of the groups were rated as good performers and the rate of savings and share of productive loan to total loan had been the major factors which in turn influenced the good performance of the groups. The average net income per household of SHG members had increased from Rs. 15,146 to Rs. 18,658. The study had concluded stating that the informal groups with active intervention of NGOs had significantly improved the participation of the poor people in group activities and they had an easy access to formal credit through SHGs. The group activities had a positive impact on income, assets position and social conditions of the members.

Caroline (2002) in her study on “Assessing the Household Impact of Micro Finance on Rural Nigerian Women” had indicated that the micro credit had positively changed the clients’ self-esteem, confidence, leadership qualities and decision-making power; had contributed to their household’s well-being and increasingly sought solutions to their own problems and those of the community.

Misra et al. (2001) made an attempt to study the “Socio-Economic Analysis of Rural SHG’s Scheme”. The objectives of the study were to examine the socio-economic characteristics of SHGs, the functions and impact on generation of income and employment, to identify the major constraints and problems of the groups. The study concluded that the major problems faced by the members of SHGs were lack of training, inadequate credit and marketing facilities, lack of entrepreneurial qualities, social evils and high rate of interest. It is suggested that the banks and credit societies should come forward to help the rural poor through the SHGs and provide liberalised credit facilities at cheaper rate of interest.
Singh et al. (2004) conducted “A Study on Working and Impact of Rural SHGs in Hisar District of Haryana”. The objective of the study was to improve the standard of living of rural SHG members through micro credit. The study concluded that the members did not mind paying a high rate of interest of twenty four percent per annum to the groups which borrowed from the banks at twelve percent rate of interest. Earnings from the members were deposited in the bank at a higher interest rate or distributed among the members of the group on repayment of bank loan.

Chandrakavate (2006) in her study on “The SHG Model of Micro Finance : A Silent Movement towards Empowering Women” had analysed the SHG model of micro finance and found that the linkage of SHGs with bank had brought many changes such as increased savings, access to credit, regular repayment of loans, commercialisation of economic link and change in attitude and the life styles of poor women. But the impact of micro financing on the income, employment and standard of living of their members was marginal.

Gangaiah et al. (2006) conducted a primary study on 17 SHG groups at Karkambadi Village, in Renigunta Mandal of Chittoor District during the month of December 2005, focusing on the "Impact of Self Help Groups on Income and Employment in Rural Areas". The study observed that the number of SHGs is substantially increasing and that they were able to mobilise and manage thrift. The groups also generated awareness in rural women about government development programmes, transformation of social outlook, sense of equality of status of women as participants in decision-making and becoming beneficiaries in the democratic, economic and social spheres of life.

Gupta and Gupta (2006) attempted to study the functioning of three SHGs formed under a project started at Chandigarh by Punjab Engineering College to analyse the “Economic Empowerment of Women Through Self Help Groups”. The study had revealed that the organised working of the women through these SHGs had increased the income of the families involved. Most of them had been able to repay their old debts and started asset building. The enterprises run by the SHGs had been better managed. These SHGs had not only improved the economic status of the
women but there had also been a drastic change in their social status. Positive changes in the socio-economic status would be the crux for better financial performance.

### 2.4.2 Functions and Performance of SHGs

Thrift and credit activities had emerged as driving force to mobilise the members in groups. The below studies proved that linking the SHGs with the banks would become financially self-sustainable.

Puhazhendi (1995) in his study on “Transaction Cost of Lending to the Rural Poor” analysed 19 SHGs and five bank branches in Karnataka and Tamil Nadu and had concluded that the intermediation of SHGs reduced the time spent by bank personnel in identification of borrowers, documentation, follow up and recoveries effecting forty percent reduction in the transaction cost of banks as compared to direct lending to individual borrowers. The transaction cost of borrowers was reduced by eighty five percent.

Indian Bank (1995) had conducted a study on “Performance of Indian Bank Branches in SHG Lending” in Tamil Nadu, covering 45 branches of their bank and 101 SHGs. The study examined only the transaction cost of the branches under different models for credit delivered for medium term loans upto Rs. 25,000. It concluded that lending to SHGs, with NGOs acting as non-financial intermediary, resulted in saving of transaction cost to the extent of forty five percent as compared to lending under government sponsored programmes and other direct lending projects.

Girija and Satish (1999) in their study on the “Impact of SHG Lending on the Profitability of Branches” found that the SHG lending constituted more than five percent of the loan portfolio. They concluded that lending to SHGs and NGOs carried the least cost when compared with other models of lending. Lending to the SHGs reduced the cost by eighty five percent and through a federation, reduced the cost by ninety five percent as compared to direct lending. The default risk was negligible in the case of lending to SHGs and NGOs/Federations.
Shylendra (1999) in his study on “Micro Finance and Self Help Groups”, made an attempt to explore and understand the functioning and performance of the SHGs promoted by two leading NGOs namely, Self-Employed Women’s Association (SEWA) and Agha Khan Rural Support Programme (AKRSP) in Gujarat. Both the NGOs had implemented the concept of SHGs in a fairly successful manner. The study had revealed that SHGs were capable of playing an effective role as financial intermediaries for the poor. Besides helping members in mobilising funds, SHGs had also been able to tap external funds to meet the credit requirements of their members. The members opined that their SHGs had been much superior to other sources of credit both for formal and informal. The SHGs of both SEWA and AKRSP had attained higher loan recovery rates. In general, the study had proved that the SHGs could serve as an alternative instrument of financial intermediation for the poor and NGOs can certainly play a major role in making their promotion successful by ensuring the presence of elements critical to the success of SHGs.

Modekey (1999) in his article “SHGs and Micro Credit : Sustaining Rural Women” observed that (i) the SHGs usually generated a common fund out of small savings from persons or groups collected on a regular basis by curtailing unproductive expenditure. The internal savings thus generated were supplemented by external resources or donated by voluntary agencies involved in promoting and strengthening the SHGs (ii) the credit needs of the members were usually assessed at monthly meetings and (iii) the SHGs collectively ensured repayment of bank loans. Thus, the SHGs had been a tool for providing access to credit for the poor and the transaction cost was also low for the banks.

The National Bank For Agriculture and Rural Development (NABARD, 2000) conducted a study on the “Impact of Micro Finance on the Living Standards of SHG members”. The study aimed at finding out how far the SHG-Bank Linkage Programme had lightened the life burden for the average member of SHG and to analyse the betterment of household by gaining access to micro finance. The study covered 560 SHG member households from 223 SHGs spread over 11 states and showed positive results. There were perceptible and wholesome changes in the living standards of the SHG members, in terms of ownership of assets, increase in savings
and borrowing capacity, income-generating activities and income levels. The study revealed that almost all the members developed saving habits in the post-SHG situation as against twenty three percent of households who had this habit earlier and the average borrowings per year of the household increased from Rs. 4,282 to Rs. 8,341. The study concluded that the involvement in the group significantly contributed in improving the self-confidence of the members. The feelings of self-worth and communication with others improved after their association with the SHGs and the members were relatively more assertive in confronting social evils and problematic situations. As a result, there was a fall in incidence of family violence.

Jain (2000) in his study on “Empowerment of Women through NGOs - The SEWA Bank Experience” observed that the bank (SEWA) had been providing banking services to the poor, illiterate, self-employed women and had become a viable financial venture. The case study revealed that there were 67,113 women depositors with a working capital of Rs. 1,916.72 lakh in 1966. It further observed that the banks helped the women to acquire skills to make new products and identify work opportunities. It was also found that the repayment rate had been excellent, which was between ninety three and ninety six percent due to close monitoring by the bank and the link between the bank and the village groups. The conclusion was that from the women’s point of view, their involvement in group activities and ownership of a successful institution enhanced their collective strength and empowerment that came with organisation. From a wider perspective, member-owned controlled micro credit institution could help to strengthen the country’s democratic system.

Manimekalai (2000) in her study on “NGO’s Intervention through Micro Credit for Self Help Women Groups in Rural Tamil Nadu” had attempted to analyse the working of the Society for Education, Village Action and Improvement (SEVAI) in empowering women and the rural poor through micro credit. The objectives of the study were to find out the characteristics and working of the micro credit institution namely, Villuthukal. This was a bank established for the benefit of SHGs to assist them by extending micro credit and to highlight the strategies adopted to mobilise the women to form SHGs. The study was based on primary and secondary data. The secondary data were collected from 70 women who were the members and who
had availed credit from the bank. The analysis of the study revealed that the women in rural areas were really longing for supplementary income and the intervention through micro credit was a boon to them. The study also proved that, after the micro credit and intervention of SEVAI, the education of the children had been better cared for and the women beneficiary households were able to manage the budget without deficit. The study concluded with the suggestion that micro credit strategies could be followed by other institutions working for the upliftment of women and could prove that micro credit would be instrumental in realising the proposed objectives.

Nagayya (2000) in his article “An Informal Arrangement for Credit Supply to the Poor through SHGs” has expressed that an informal arrangement for credit supply to the poor through SHGs is fast emerging as a promising tool for promoting income-generating enterprises. He reviewed the initiatives taken at the national level with a view to promote institutional arrangements to support this programme for alleviation of poverty among the poor, with focus on women. He maintained that NABARD and SIDBI were playing a prominent role at various stages of implementation of this programme. There are other national level bodies also supporting NGO's/Village Administrators (VAs), viz. Rastriya Mahila Kosh (RMK), Rashtriya Gramin Vikas Nidhi (RGVN) etc. He called for an imperative need to enlarge the coverage of SHGs in advance portfolio of banks as part of their corporate strategy, to recognise perceived benefits of SHGs financing in terms of reduced default risk and transaction cost.

Malhotra (2000) in his study on “Women and Empowerment – Approaches and Strategies” covered 174 women beneficiaries, in Rai Bareilly of the state of Uttar Pradesh, drawn and covered randomly from formal agencies of credit i.e. Commercial Banks, Regional Rural Banks and the Primary Agricultural Co-operative Societies. The study revealed that less than half percent of female population against 3.50 percent of male population in the study area had been the clients of the banks. Furthermore, only 7.64 percent of the total number of cases financed and only 6.96 percent of the total quantum of credit extended have gone to women. It has also been observed that though eighty three percent of loans have been availed by women, male members were primarily responsible for the end use of credit.
Dasgupta (2000) in his study “Micro Finance in India: Empirical Evidence, Alternative Models and Policy Imperatives” had expressed that micro financing through informal group approach had effected quite a few benefits viz.: (i) savings were mobilised by the poor (ii) access to the required amount of appropriate credit by the poor (iii) matching the demand and supply of credit structure and opening new market for Financial Institutions (FI's) (iv) reduction in transaction cost for both lenders and borrowers (v) tremendous improvement in recovery (vi) heralding a new realisation of subsidy and corruption less credit and (vii) remarkable empowerment of poor women. He stressed that SHGs should be considered as one of the best means to counter social and financial problems of the poor.

Barbara and Mahanta (2001) in their study on “Micro Enterprises for Income Generation” indicated that the SHGs have helped to set up a number of micro enterprises for income-generation. Rastriya Gramin Vikas Nidhi’s credit and saving programme in Assam had been found successful as its focus is exclusively on the rural poor. It adopted a credit delivery system designed specially for them with the support of a specially trained staff and a supportive policy with no political intervention at any stage in the implementation of the programme.

Singh (2001) in his study on “Bank Performance Improvement in Uttar Pradesh Rural Credit Project” highlighted that the SHGs is now functioning in place of moneylenders because loan could be taken at any time as and when needed for any purpose. There are no formalities involved and the transaction cost is low.

Choudhury et al. (2001) conducted a study to document the experience of SHGs in promoting micro enterprises through micro credit interventions and the efficacy of Self Help Promoting Institutions (SHPI) in “Micro Credit for Micro Enterprises”. The study analysed the core issue of poverty reduction and efficacy of SHGs route for micro enterprise promotion. The main objectives of the study were to analyse the operating system in SHGs, to explore the effectiveness of SHGs in identifying the micro enterprises and to suggest appropriate policy intervention for effective performance of SHGs. The study was carried out in selected cluster spread over regions in the states of Tamil Nadu, Karnataka, Andhra Pradesh and
Maharashtra. The study covered 76 SHGs, 450 members and 135 micro entrepreneurs from five regions. It was observed that group enterprises on a big scale would involve greater risks but would yield better returns to the entrepreneurs. The study revealed the fact that, out of three SHPIs namely, NGOs, banks and government, NGOs were better equipped for capacity building of SHGs and promotion of micro enterprises. The study also showed that SHGs were still in a state of flux and their sustainable development depended on a number of factors which were internal and external to the organisation.

Namboodiri and Shiyani (2001) conducted a study on “Potential Role of SHGs in Rural Financial Deepening” to find out the basic features and financial operations of SHGs promoted by both SHPI and NGOs served by the Panchmahals Vadodara Grameen Bank (PVGB). A sample of five branches of PVGB was selected, out of which three were located in Dahod district and two in Panchmahals district of Gujarat state. The main findings that emerged from this study were that, while the percentage of women groups promoted by the SHPI was fifty two percent, it was as high as eighty four percent for those promoted by the NGOs. The percentage of SHGs linked by the SHPI was sixty five percent and that of NGO was forty two percent. The average amount advanced to SHGs varied from Rs. 7,000 to Rs. 30,000 for those promoted by the NGOs. The SHGs that were promoted by the NGOs had a better saving performance compared to that of SHPI, in terms of amount saved per SHGs as well as in terms of credit savings ratio. The repayment performance of the SHGs promoted by the SHPI was superior to that of NGOs.

Dadhich (2001) conducted a study on “Micro Finance – A Panacea for Poverty Alleviation : A Case Study of Oriental Grameen Project in India” for assessing the benefit of the project and economic viability. Out of a total 450 SHGs covered by the project, 447 were women groups and only three were men SHGs. The main findings of the study indicated that a large number of women had taken up subsidiary occupation and consequently their family incomes had substantially increased. An analysis of figures relating to income and expenditure of a specialised micro credit branch revealed that the branch had become a profit centre right from the second year of its operation. There was 100 per cent recovery of loan. The study also revealed that
the borrowers under Oriental Bank Grameen Project had both the advantages of fine rate of interest, as well as hassle free credit, whereas their counterparts elsewhere were paying exorbitant rates of interest.

Satish (2001) in his study on “Some Issues in the Formation of Self Help Groups” made an attempt to answer the following questions: (i) are there a large number of pre-existing groups in the rural areas and if so can they evolve into suitable SHGs? (ii) are the really poor accepted as members of SHGs? (iii) what are the processes in SHG formation? (iv) do the SHGs face resistance at the time of their formation; if so how has the resistance been overcome? This study covered groups formed by the NGOs and banks. The number of groups formed by the NGOs and banks were five and four respectively in Karnataka, four and nil in Maharashtra and seven and two in Uttar Pradesh. These groups had constituted the sample and the study was based on the secondary data, collected over the period from 1997 to 2000 from the Bankers Institute of Rural Development (BIRD), Lucknow. The study revealed that several SHGs included very poor members and the process of SHG formation had to be systematic whether it was formed by a bank or an NGO. It also observed that most of the SHGs had faced initial resistance in their efforts. The study concluded that the NGOs were more suited for forming and nurturing the SHGs.

The National Institute of Bank Management (NIBM) (2001) had studied SHGs in four districts in Maharashtra promoted under “Maharashtra Rural Credit Project (MRCP)”. The study observed that sixty nine percent of the groups were of the size 11-20, in which fifty percent of the members were illiterate. The study further observed that fifty five percent of the office bearers had at least a secondary level of education. The study revealed that the average savings of the SHGs in MRCP was Rs. 24 per month per member. This rate was more for new groups than for the old groups. The study also found that the average amount of savings mobilised amounted to Rs. 10,658 per group and that the SHGs and MRCP had started lending their own thrift capital from the eighth month of their formation.

Kundu (2003) made an attempt to study the “Sustainable Micro Finance through Self Help Groups : A Case Study of Gurugon District”. The objectives of the
study were to examine the characteristics and performance of SHGs and the major constraints in habiting the sustainability of the SHGs. The study concluded that the SHGs not only developed confidence in the rural poor but also cultivated the habit of thrift/saving and utilisation of collective wisdom to tackle their problems. If the rural poor were properly organised and given the proper set up, micro financing as a supplement to the existing rural credit operations would help to ensure increased access to credit for them.

Srinivasan et al. (2004) made an attempt to study the “Financial Performance of Rural and Urban Self Help Groups” with the objective of analysing the comparative financial performance of rural and urban SHGs. The results of the study showed that the average total membership and the average total defaults were found to be higher in rural SHGs than in urban SHGs. The average thrift credit ratio of urban SHGs was lower than the rural SHGs which implies that the overall financial performance of the urban SHGs was better than the rural SHGs.

Soundarapandian (2006) had attempted to analyse the “Role of Micro Finance in the growth of SHGs”. The specific objectives of the study were to study the growth and trend of the SHGs and micro finance in India and to review the problems faced by the micro entrepreneurship development in rural areas. Secondary data and primary data were used to analyse the role of micro finance for rural entrepreneurship development. As per the study, women SHGs mostly concentrated on powder preparation, tailoring, typewriting, milch animal rearing and fair price shops and were able to earn a considerable amount of income.

The objectives of Jerinabi’s (2006) study on “Micro Credit Management by Women’s Self Help Groups” was to initiate SHGs in the rural and urban areas, motivate the SHGs to undertake income-generating activities, availing micro credit facilities and to study the impact of the efforts of the SHGs in quantitative and qualitative dimensions. Accordingly 20 SHGs were formed in the Coimbatore Corporation slums (urban) and Karamadai Panchayat union (rural) and a total of 254 members initiated micro enterprises. The training programme viz, vocational skill training, preparation of simple business plans and credit management were given to
the micro entrepreneurs. This action research had brought high perceptible changes in the working of the SHGs. A large number of women had taken up income-generating activities like manufacturing food items, running dairy and grocery shops and adopting agricultural activities. Consequently, family incomes had substantially increased. Apart from the economic changes, tremendous social changes had also been evident in the project areas. Women had begun to command more respect, found due affection and a rightful place in the family. Their involvement in the family decisions had substantially enhanced. As a member of a group, woman had gained more confidence and power. An analysis of income mobility among the micro entrepreneurs disclosed that due to initiation of micro enterprises, they shifted from lower income bracket to higher income bracket indicating positive impact of micro credit on SHG members.

Pandey (2008) conducted a case study on “Micro Financing: A Blessing for the Poor: A Case Study of Eastern Uttar Pradesh” in Eastern Uttar Pradesh with the objectives of examining the performance of micro financing in rural areas and to find out the role of SHGs in micro finance. The study covers the Varanasi, Jaunpur, Mau, Azamgarh, Gazipur, Balia and Gorakhpur districts of Uttar Pradesh. The data had been collected through random samples of 250 respondents, who had been members of SHGs in the aforesaid districts. The study revealed that 54 percent of the respondents were satisfied with interest rate policy, 76 percent with repayment policy and 68 percent were satisfied with the consultation facility. It was observed that performance of micro finance is satisfactory in almost all districts but Varanasi, Gorakhpur, Azamgarh and Janupur had shown better performance in regard to micro finance.

Several studies of micro enterprises had brought home the fact that the profitability as well as viability of these enterprises can be greatly enhanced if they are provided access to credit at fair terms.
2.4.3 Empowerment of Women through SHGs

The efforts of empowering women were to help the SHG members to exercise their rights in decision-making at all levels both within and outside their households and to enable them to be equal partners in the society.

Prasad (1997) of the National Institute of Rural Development, Hyderabad carried out two case studies, one in Salem District of Tamil Nadu and another in Tribal Development Project areas of Andhra Pradesh to understand the process of economic empowerment of women in her study on “Women’s Development Programme for Economic Empowerment”. In Salem district 11 blocks were covered under International Fund for Agricultural Development (IFAD) Programme. This project broadly envisaged empowering rural women by expanding their resources, improving access to credit, raising the level of awareness, providing better access to health and establishing a viable model for women’s development.

The findings of the study revealed that the intermediate objective of social enhancement through group dynamics and bringing of rural women into the mainstream of credit delivery seemed to had been achieved with reasonable success. In Andhra Pradesh a case study on “Thrift Society and Grain Bank for Economic Empowerment of Tribal Women” was conducted at Vampaliguda village, Srikakulam district. The main objective of this study was to improve the household food security and to promote sustainable self-reliance amongst the participant groups. The study observed that the making of women’s societies responsible for construction of school buildings, check dams and satellite nurseries resulted in the capacity building of the women concerned. The long term objective of inculcating the saving habit and building up of food security have, however, not been achieved.

Jain (2000) conducted a case study on “Empowerment of Women through NGOs –the SEWA Bank Experience” and observed that the bank SEWA had been providing banking services to the poor, illiterate and self-employed women. The case study revealed that there were 67,113 women depositors with a working capital of Rs. 1916.72 lakh in 1966 and the banks had helped the women to acquire skills to
make new products and to identify work opportunities. It has also found that the repayment rate had been excellent, (between 93 and 96 percent) due to close monitoring by the bank, the good link between the group leaders and borrowers and a constant communication between the bank and the village groups. The study had concluded that, from the women's point of view, their involvement and ownership of a successful institution had enhanced their collective strength and empowerment. From a wider perspective, member owned/controlled micro credit institution could help to strengthen the country's democratic system.

Mayoux (2000) has critically analysed fifteen case studies on “Micro Finance and the Empowerment of Women – A Review of the Key Issues” and concluded that women’s empowerment needs to be an integral part of policies. Empowerment cannot be assumed to be an automatic outcome of micro finance programmes, whether designed for financial sustainability or poverty alleviation. More research and innovation on conditions of micro finance delivery are needed. Cost-effective ways of integrating micro finance with other empowerment interventions, including group development and complementary services were still lacking. Unless empowerment was an integral part of the planning process, the rapid expansion of micro finance is unlikely to make more than a limited contribution to empowerment.

Puhazhendi and Satyasai (2001) in their study on “Economic and Social Empowerment of Rural Poor through Self Help Groups” attempted to evaluate the performance of SHGs with special reference to social and economic empowerment. Primary data collected with the help of structured questionnaire from 560 sample households in 223 SHGs functioning in 11 states representing four different regions across the country formed the basis of the study. The findings of the study revealed that the SHGs as institutional arrangement could positively contribute to the economic and social empowerment of rural poor and the impact on the later was more pronouncing than on the former. Though there was no specific pattern in the performance of SHGs among different regions, the southern region could edge out other regions. The SHGs programme had been found more popular in the southern region and its progress in other regions is quite low, thus signifying an uneven
achievement among the regions. Older groups had relatively more positive features like better performance than younger groups.

Manimekalai and Rajeshwari (2001) had studied the “Nature and Performance of Informal Self Help Groups in Rural Areas of Tamil Nadu” taking 150 SHG members. They found that the SHGs helped to initiate micro enterprises including farm and non-farm activities, trading and service units. It had been reported that there was a significant difference in the mean performance of the entrepreneurs based on their age, education and previous experience. The micro finance had facilitated the women to have economic and social empowerment, a sense of leadership, organisational skill and management of various activities of a business, right to obtain finance, identifying raw materials, marketing etc. by themselves.

Sharma (2001) in his study on “Women Self Help Groups and Empowerment” viewed that SHGs are a means for women empowerment. Their participation in the economic activities and decision-making at the household and society level is increasing and making the process of rural development-participatory, democratic, sustainable and independent of subsidy. Thus, micro financing through SHGs is contributing to the development of the rural people in a meaningful way.

The objective of the Madheswaran and Dharmadhikary’s (2001) study on “Empowering Rural Women through SHGs : Lessons from Maharashtra Rural Credit Project” was to examine the SHG mechanism of the micro credit scheme as an effective and financially viable tool in channelising credit to the rural poor. In this study an attempt had been made to analyse the impact of SHGs in providing credit to rural women, to help them uplift their economic status. The analysis was based on a survey of three villages of Pune district, conducted during 1999, where the Maharashtra Rural Credit Programme was being implemented. The study revealed that the Maharashtra Rural Credit Programme was successful to some extent in its objective due to a combination of factors such as: (i) SHG-Bank linkage (ii) credit being made available for consumption purposes (iii) easy and periodic availability of credit due to rotation of savings and (iv) active participation of the NGOs. The study further revealed that peer monitoring could be used as a channel to provide credit at a
low transaction cost which in turn frequently reduces the rural poverty. The study concluded that micro credit should be used to meet the current demands of the rural women and this should lead to gradual improvement in the quality of their life and would enable them to identify activities for economic betterment.

Lalitha and Nagarajan (2002) conducted a critical study on the “Functioning of the SHGs in Selected Districts of Tamil Nadu”. The study had undertaken to document the efforts of NGOs in promoting SHGs. The objectives of the study were to trace the structure and modalities of the SHGs, study the functioning of the SHGs, examine the role of SHGs in empowerment of women, investigate the group dynamics of SHGs, identify the factors which contributed to the success/failure of the groups and study the income-generating programmes promoted by SHGs. The study was based on multistage sampling technique and it had been carried out in three districts. NGOs who had organised SHGs for more than four years had been identified. Out of the 14 institutions, nine NGOs had been selected and two SHGs from each NGO had been selected on the basis of non-proportionate random sampling method. The study had been based on survey method and had covered both primary and secondary data. The study had highlighted the facts that SHGs are people’s institutions and with their support, the women could march towards empowerment and that the groups could promote individual and group ventures of income-generating activities under the effective guidance of NGOs. The study also revealed that effective leadership, group cohesiveness, savings, regular meetings, peer group pressure, linkage with other institutions and effective supervision by the NGOs had been the factors which contributed to the success of the groups.

Dwarakanath (2002) had analysed the “Rural Credit and Women Self Help Groups – A Profile of Ranga Reddy District in Andhra Pradesh” and found that the SHGs using the loan facilities from the Co-operative Credit Banks, Commercial Banks, Mahila Bank and Maheswaran Banks had produced more than 50 varieties of products. Among them, the brass items, hosiery, candles, carpets, coir items and pickles have been important products. In addition, the study had observed that the women groups had started to educate their own group members as they realised the importance and significance of literacy, while a lot of enthusiasm had been generated
and the SHGs had a greater vision in empowerment of rural women and for overall human development.

Anand (2002) had made an exploratory study of the “Self Help Groups in Empowering Women : Case Study of Selected SHGs and NHGs” to examine the “Impact of SHGs as micro credit programme on women empowerment”. The study revealed that the leaders who got re-elected repeatedly seem to have got the most ‘empowerment’ and ‘benefit’. Though not undesirable, confinement of empowerment to themselves also had given them the opportunity to dominate others in the group. Unless the group leaders educate the entire team to manage the group and maintain accounts and other records of the group, it may lead to lop sided empowerment.

Rani et al. (2002) had undertaken a study to evaluate the social status of women in house management, their leadership qualities, health and sanitation and economic status after participation in the SHGs in their research on “SHGs Micro Credit and Empowerment”. Out of 600 SHGs established by Padmavathi Mahila Mandal, Tirupati, Andhra Pradesh, 50 SHGs were randomly selected for the study. From each group two women members were selected randomly. The study was based on primary data and a specially designed rating scale was administered to the sample to collect the information. The findings of the study revealed that, in all the four aspects there was positive correlation between the women’s educational status and empowerment. The study observed that the participation in SHGs enhanced the empowerment of women in these four aspects and the self-confidence among the women increased. Their decision-making power also had a welcome change during the period of participation.

Rasure (2002) made an attempt to study the “Empowerment of Women through SHGs”. The objectives of the study were to shape their social activities and voluntary organisations for taking up the cause of women’s just rights and to fight against corruption in the implementation of different government schemes in the development of villages. To develop women’s awareness in health, hygiene and nutrition, necessary training should be given. The study concluded that the micro
finance through SHGs covered all uncovered groups with credit and in the process could help borrowers to come out of the vicious circle of poverty.

Puhazhendi and Badatya (2002) assessed the “Impact of the SHG-Bank Linkage Programme of NABARD, in three Eastern Districts in the States of Orissa, Jharkhand and Chattisgarh”. It had covered the following aspects: (i) structure and performance assessment of SHGs promoted under the SHG-Bank Linkage Programme (ii) quantification of the changes in the savings and borrowing patterns amongst group members (iii) impact of the programme on the income and employment of members and (iv) changes in the social conditions of member households as a result of their involvement in the SHGs. The scheduled castes, scheduled tribes and backward classes have constituted eighty three percent of the sample covered during the study. The main findings of the study were: (i) different types of saving products enhanced savings of the members in the groups (ii) the average loan per SHG member had been 123 percent, higher than the pre-SHG situation (iii) in the post-SHG situation, consumption oriented loans had been replaced by production oriented loans, mainly due to the skill training provided through the SHGs (iv) recovery performance from members to SHGs had been ninety five percent whereas it had been 86.60 percent from SHGs to the banks and (v) the empowerment per sample household had increased between the pre and post-SHG situations. Social empowerment of SHG members had improved significantly in terms of self-confidence, involvement in decision-making and better communication.

Vyas’s (2003) research on “Influence of Micro Finance Programme of SEWA Bank in India on Women’s Financial Decision-Making within the Household” had confirmed that clients had gained from programme membership and improved their knowledge, skill, attitude and decision-making power in matters of finance.

Singh and Singh (2003) in their study on “Economic Participation of Rural Women in Informal Sector through Self Help Group” reported that the only best solution for improving the present pitiable position of women is the formation of SHGs by women themselves, thereby making them economically self-reliant and allowing them to take their own decisions independently. The strength of SHGs is
based on the fact that people who are facing problems are likely to be committed to solving them. The authors have concluded that the economic participation of women through SHGs will (i) enhance women’s confidence and decision-making ability (ii) develop in them leadership qualities (iii) help them control and manage resources available to them (iv) improve their inter-personal relationship and (v) help women counter their unequal context and improve the quality of their lives on several fronts.

Lal (2005) in her article “Information Technology Initiatives : Impact on Self Help Groups in India” had reported that the systematic linkages of informal and formal systems had been created by intermediary organisations like the NGOs. The SHGs had been further federated to tackle higher order functions in order to improve their functioning. The SHGs had created critical self-awareness, solidarity and self-confidence. The collective initiatives had enhanced in their risk taking ability, appreciation of micro enterprises, management and survival strategies. The SHG intermediation had become relevant more for the concept of women empowerment than for mere poverty alleviation.

Panda (2005) had conducted a study on “Women’s Empowerment through SHG Revolution in Orissa : An Analysis through Case Studies” by taking six SHGs from Keonjbar and Mayurbhanj districts of Orissa covering all 102 SHG members by following a three stage stratified sampling and delphi technique. The study was conducted to assess the empowerment of SHGs based on the linkage with other institutions, organisations and individuals. The study clearly showed that the SHG concept not only provided financial services to the rural poor but also acted as a launching pad for livelihood intervention, proper capacity building and linkage of SHGs to mainstream organisations that have really succeeded in poverty alleviation and social upliftment.

Revathi and Sumathi (2006) in their study on “Self Help Groups Promote Growth” analysed the working of SHGs in Trichy District covering 50 SHGs had revealed the following results : (i) ninety five percent of the members had been in the age group of 25 to 45 years ; savings per member had been around Rs. 50 per month (ii) nearly fifty percent of the members had belonged to the most backward class
(iii) fifty percent of the members had been below poverty line (iv) loans taken had been used for dairy activities and (v) loan repayment had been nearly hundred percent. The major implications of the study had been that women get empowered through the SHGs; the annual average savings had increased and they have played an active role in getting loans and handling cash effectively.

Gaiha and Nandhi (2007) had conducted a study on “Micro Finance, Self Help Group and Empowerment in Maharashtra” to assess the benefits of micro finance through SHGs and to assess some key dimensions of women’s empowerment. The study is based on primary data collected from six villages in Pune District in Maharashtra viz., Fursungi, Fulgaon, Zargadwadi, Dorlewadi, Godre and Botarade. After selection of villages, a list of SHGs in these villages was obtained. From the members’ list, a random selection of participants who had availed of at least one loan was made. Thus, from each village, 12 participants were interviewed. Non-participants were also randomly picked from these villages making sure that Scheduled Castes and Scheduled Tribes (SCs / STs) and other deprived groups were included. Altogether, 24 non-participants four from each village constituted the control group. The study revealed that empowerment was corroborated by different sources in varying degrees. The members were empowered in terms of greater self-confidence, assertive role in domestic sphere, greater respect for family, more assertive role in children’s health and education, reduction in domestic violence, greater participation in community affairs, more active participation in Panchayats, increased self-confidence to improve family and community lives, better buying and selling skills, better prices for products, independent marketing and better agricultural practices.

The various studies enumerated above covered various dimensions. Based on the literature reviewed and inference drawn by an in-depth study, the researcher found that the earlier studies had not concentrated much on the impact of the micro finance on rural women. This research gap made the researcher analyse the “IMPACT OF MICRO FINANCE THROUGH SHG-BANK LINKAGE PROGRAMME ON RURAL WOMEN IN COIMBATORE DISTRICT”.