INTRODUCTION

“Since the Self-Help Group concept was born in Bangladesh almost three decades ago, micro finance has proved its value in many countries, as a weapon against poverty and hunger. It really can change people’s lives for the better, especially the lives of those who need it most”.

- Kofi Annan, former United Nations Secretary General

“You can tell the condition of a nation by looking at the status of its women”

- Jawaharlal Nehru

All the developing countries in the present day scenario give importance to the overall development of women and their active involvement in the development process. It’s widely understood that apart from household work, as well as work in agricultural fields, rural women also get income from working in factories or involving in petty business. It shows that women can be better entrepreneurs and good managers in all kinds of human development activities. Therefore, it is utmost important to empower the rural women in decision-making which creates them in main role of any human development process. The empowerment of women is an active process which makes them to create their own self-identity and power in all aspects of their life. Women need a special place and attention in the development and involvement in the decision-making process whether at home or community and governance in the patriarchal society. So, need of the hour is conducive environment to utilize their potentials which requires basic facilities such as good health and nutrition, education, awareness to their rights, protection laws and employment opportunities. Many strategies and schemes are adopted to empower rural women with mixed results over the decades. One of the attainable strategies is the role of enterprise to empower rural women. For instance, promoting rural enterprise requires full support of family and labour, less capital and easily available local raw materials.
Along this, family members with their kith and kin may help in promotion also.
Thus, enterprise development is considered as a power full drive to eradicate poverty among rural women who are treated in the last in the poverty ladder in all developing Afro-Asian countries. To become successful women entrepreneur, she has to gain capital and technical knowledge. The essentiality to empower rural women rests in inspiring economic activities at the grass-root level and creating ample of opportunities to get higher income for them which will improve their standard of living also. This empirical objective could succeed by creating enterprises that are locally available resources and native knowledge. Gender inequality plays a major role in the progress towards the millennium development goals of poverty reduction. This is true in case of rural areas where women participate in productive work but lacks to gain assets to perform that role effectively.

Poverty is an acute problem in all the developing countries in the present context. This problem can be resolved through collective effort by the state. A supportable livelihood opportunity can be given to the under-privileged and the poverty-stricken through lending and asset creating opportunities. Women households are the cruel victims of under-privileged and poverty-stricken. Hence, all programmes for poverty alleviation must direct at better living environment of the womenfolk. It is through creating ample opportunities for the women by whom they can be empowered, and the micro-credit and self-help groupings are better choice through which their living conditions can be outshined. Many developing countries have implemented poverty alleviation schemes which are based on micro-credit system. State actions are being strengthened in constructing effective poverty alleviation programmes in all the developing countries and various approaches are reinforced for initiating poverty alleviation schemes successfully.

The Indian constitution guarantees that there shall be no discrimination on the grounds of gender. In reality, however, rural women have harder lives and
are often discriminated against with regard to land and property rights and in access to medical facilities and rural finance. Women undertake more onerous tasks involved in the day-to-day running of households including the collection of fuel-wood for cooking and the fetching of drinking water, and their nutritional status and literacy rates are lower than those of men. They also command lower wages as labour as rural non-agricultural labourers, women earn 44 Rs. per day compared to, 67 Rs. for men\textsuperscript{1} Women’s voice in major institutions concerned with decision making is very limited. In 2007, only 8 percent of all seats in national parliament were occupied by women.

Self-help groups (SHGs) play a crucial role in poverty alleviation in rural India now-a day. Increasing population of poor people (mainly women) are the members of SHGs and they actively involve savings and credit as well as in other activities like income generating, natural resources management, literacy, childcare and nutrition etc. The most striking element in SHGs is the savings and credit focus which aims to create some power over capital although in a small amount. The SHG system has turned out to be very appropriate and effective in eradicating women gradually away from exploitation and isolation. Almost all notable agencies support SHGs in India in their own way, and have many success reports analyzing how SHGs membership changed their individual life or a group.

Various Non-Governmental Organizations (NGOs) are launching SHG mechanism and connecting it to other development interventions. There is abundant evidence to show that SHG approach is very productive, effectual fruitful and relevant instrument in arranging and empowering the poor although difficulties arise with design, development and implementing programmes to enhance income generating activities (IGA’s) that will moderate regular income

\textsuperscript{1} United Nations Report: “Women in India-How free? How equal? Data on population and literacy are based on India census 2001
sufficiently. Only few documents are available to enhance and reflect the role of SHGs in wider rural economy.

Presently, poverty and unemployment are the two acute evils encountered by the developing countries of the world. In the past decade the number of women living under poverty has increased disproportionately to the number of men living under poverty. Women contribute two-thirds of world’s work hours, comprise half of humanity yet, she earns one-third of total income and owns less than one-tenth of the world the resources. (Anon, 1975)

Female poverty has direct effect to the lack of economic resources including credit, land ownership and possession, absence to get education and support services are minutest. Involvement in the decision-making process and credit is the most essential in this regard.

Self Help Groups’ thought is not new one to India. But the various productive activities that can be guarantee to increase the economic conditions of interested members and to push their social status is a new extend added to it.

SHG has become really an important institution for rural development especially in the case of poor women. These women lack capital to start new business enterprise on individual level. The group approach takes the available wisdom and unities resources for any task. In addition, rural society’s Self-Help take different activities like housing and farming operations, to be completed within the given time which dependents upon arrangements of people sharing agricultural produce, irrigation, water, bullocks etc. Basically, Self-help is a form of co-operation and co-existence which serves as a ladder for them. Hence, the present study reveals the various aspects of SHGs and its utility to members.

In majority of developing countries, the policies regarding rural credit were, mostly based on certain assumptions like:
• Commercial Banks were hesitant to provide credit requirements of the rural poor for petty reasons.
• The rural poor were not having capacity to save: they are in need of credit on preferential rates of interest and flexible terms for reaching of the income generating activities, for their own development works in farms.
• The rural people required external support for conducting themselves into groups and work together.

Many of the borrowers of target group would change gradually after some doses of preferential credit and in return take credit on normal terms. Informal finance has a positive developmental role which considered as an evil that should be eliminated. Based on these assumptions, the policy framework has been developed which includes starting up of credit oriented development banks and special credit programmes: generous credit guarantee schemes are introduced in banks to enlarge their lending operations: fixation of sectoral targets for credit dispensation: loans to rural people on subsidized interest rate, easy loan terms with low or nil down payment, longer loan maturities or grace periods, relegation of savings as source of funds and reliance of the rural credit system on concessionary refinance from financial institutions and international donors.

Consequences of the policy frame work have not contributed self-sustain growth of the rural credit system and it also did not survey the rural poor accurately. It is known widely that a part of the subsidies and concession involved in rural credit were taken by people who were not poor and substantial number of poor could be reached under this dispensation. In most of the developing countries, the rural credit delivery system was diminished by poor credit discipline among the borrowers resulting in low recovery of dues. Some of the constraints in development of self-sustaining system were high operating (intermediation) costs, burden of subsidized interest rates, non-availability of operations and heavy dependence on concessionary outside funding or refinance.
support. Various credit programmes were started with support from the state or a donor agency operated as per their dictates but later it was abandoned due to poor results.

The erosion in credit discipline has been a turnout of the system ‘targeted credit’ where loans were often made in a haste that carried a certain political aura. The lending institutions were identified by borrowers with the government and relationship between the lender and borrower rarely exist. Prospective borrowers were often identified by extensive workers who assisted in sanctioning grants from the state and usually escorted them to the bank. The involvement of the extension agents’ up to this level was clearly visible and common but there involvement in the recovery of loans granted was not clearly visible and most uncommon.

The first and foremost of the Millennium Development Goals (MDG) is to make a vital difference in reducing the extreme poverty and hunger by half within 2015. Across the globe, attempts are made to promote different approaches to restrict human poverty by stressing the importance of social inclusion and equity, human rights and women empowerment. In this chapter, we shall analyze the aspects of how women empowerment has contributed to poverty alleviation by extending their economic resources and also through Self-Help Groups (SHGs) in India.

India is a country with immense population having prolonged unemployment problem. In rural areas, the poor people relay on money lenders for their financial obligation, either for marriage, health problems or any other emergency need in the family. Money lenders will benefit the situation. The formal credit system of banks is more extensive to the poor, so rural employment generation is the greatest demanding for our country. Government has to compel the rural people to realize that Self Help Group (SHG) is the main agency for rural employment generation. Encouragement and support given by government
will solve the problem of rural unemployment which can be accomplished the need for rural employment to SHG. Comprehensive development of women has been one of the focal points of planning process in India.

The First Five Year Plan (1951-56) viewed number of welfare measures for Women like establishment of Central Social Welfare Board (CSWB), organization of Mahila Mandals or Women’s clubs and the community development programmes. In the Second Five Year Plan (1956-61), the empowerment of Women was closely linked with the collective approach of exquisite agricultural development programmes. The Third and Fourth Five Year Plans (1961-66 and 1969-74) promoted female education as a major welfare measure. Similarly, the Fourth Five Year Plan (1969-74) continued stress on women’s education. The Fifth Five-Year Plan (1974-79) accented training of Women, who were in need of income and protection. In 1976, women’s Welfare and Development Bureau was setup under the ministry of social welfare. The Sixth Five Year Plan (1980-85) saw a definite relocate from welfare to development. The Seventh Plan (1985-90) insistence the need for gender equality and empowerment. The Eighth Five Year Plan (1992-97) nexus on empowering women especially at the grass root level, through Panchayat Raj Institutions. The Ninth Five Year Plan (1995-2000) adopted a strategy of women’s component plan, under which not less than 30 percent of funds was put aside for women’s specific programmes. The Tenth Plan (2002-2007) intended at empowering women through translating the recently adopted National Policy for Empowerment of Women (2001) into action an ensuring survival, protection and development of women and children through rights based approach.

In recent years, an empowerment of woman has been recognized as a central issue in regulating the status of women. Empowerment is an active process of enabling women to realize their full identity and power all spheres of life. The concept ‘Women Empowerment’ was introduced at the International Women’s Conference in 1985 in Nairobi. Empowerment of the deprived begins
with their ability to raise their voice through process of consensual political dialogue, reared by access to education. Women empowerment and their active participation as the basis of equality in all spheres of society are elementary for achievement of equality, development of peace. The empowerment process accomplishes exclusively reinforcing components but is supported by economic liberty which enfolds to access and control over production resources.

The importance of Self Help Groups (SHGs) in the field of empowering women mainly in the rural areas is being acknowledged. There is a silent revolution made by the SHGs to boost the economic condition and empowering women in India. The main characteristics of SHGs in empowerment of women is through focusing attention on women below poverty line to provide self employment by imparting training in different activities with locally available skills, and their status in family as well society, creating better awareness in health, education and environment, promoting and ensuring human rights of women at all stages of their life. It offers not only economic opportunities but also modifies to learn new skills which makes wider social contacts and experience. This creates an atmosphere through positive economic and social policies for over all development of women which makes possible to realize their complete potentiality. Hence, the SHGs play a major role in women empowerment. Since the overall empowerment of women is extremely dependent on economic empowerment, these SHGs could generate income and employment to build their empowerment.

Self-Help Group (SHG) is an informal association of 10-15 women, who come together voluntarily for the business of saving and credit which is revealing instrument in the process of empowerment. It is a homogenous group of poor voluntarily approaching together to save whatever amount they can save handy out of their earnings which they agree mutually contribute to common fund and to lend to members for meeting their productive and emergent needs.
Self Help Groups (SHGs) have been able to muster small savings either on weekly or monthly basis from persons who do not have any savings. They have been able to critical credit needs of the members. Self Help Groups are compelling as major instrument in development and empowerment of weaker section in the third world.

From the beginning of the Ninth five year plan in India, most of developments programmes are conveyed through SHGs. Self Help Groups (SHGs) are organized by governmental and non-governmental organizations to facilitate them by providing revolving fund, organizational base and training, credit etc. across the country. It is important enough to consider as SHGs, a mass movement on national scale for development and empowerment of the poor and oppressed in the country. In India, the concept of SHGs can be vestige back to Gandhian Grama Swaraj movement. It is mainly connected with the poor and it is informal group of the people and for the people. The first effort in India was taken up by National Bank for Agriculture and Rural Development (NABARD) in 1986-87 when it supported and funded an action research project on “saving and credit management of self help groups” of Mysore Resettlement and Development Agency (MYRADA). In 1991-92, NABARD launched a pilot project to provide micro credit by linking SHGs with bank. In 1999, Reserve Bank of India (RBI) set out a micro credit cell to make it easier. Micro-credit provides to pursue institutional development process. The SHG bank-linkages programme started as an action research project in 1989. The project was designed in 1992 as a “Partnership Model” between three agencies viz. the SHGs, Banks and Non-Governmental Organizations (NGOs). The concentration of SHGs linkage with banks (67 percent) is found in the Southern States. It seems to be high in Andhra Pradesh i.e., 36 percent, followed by Tamil Nadu and Union Territory of Pondicherry i.e., 4 percent and followed by Karnataka holds third position, but self help groups differ in their average bank loan availed with Tamil Nadu leading. This mission was setup by NABARD for making available Micro Finance services to the very poor which conceive coverage of one third of
the rural poor of the country, i.e., a population of about 100 million rural poor through one million SHGs by the year 2010 (Sabhysachi Das, 2003).

SHGs in India have been spread across over in 31 States and Union Territories, participating banks were 573 of which 47 were Commercial Banks, 196 Regional Rural Banks (RRBs) and 330 Cooperative Banks as stated in a report by NABARD-2005. The total number of bank branches participating in SHGs activities are 41,082, Karnataka, a pioneer in SHGs and also in bank linkage programme, continues to maintain its leading status in promotion of SHGs. While the NGOs and Women and Child Development Department (Government of Karnataka) have been actively involved in promotion of a majority of the SHGs in the State, over a period of time, some of the Regional Rural Banks and Cooperative Banks in the state have developed the skill in promoting SHGs on their own and enfolds Self-help Promoting Institutions (SHPIs). In Karnataka, as many as 1, 88,477 SHGs have been promoted by SHPIs, the cumulative credit linkage by various agencies crossed an impressive 1.04lakh SHGs by March 2004. All the Banks, Government of Karnataka, NGOs and other development agencies reconcile high priority to the state. As a result, bank linkage concept has been in operation in all the 27 districts of Karnataka. Of the SHGs promoted by different SHPIs some are performing very well and some are not functioning well. Hence, it is apt to make a critical analysis of the SHGs performance to motivate the low performing group.

**Economic Empowerment of SHGs:**

Empowerment is a social action process that promotes participation of people organization and communities in gaining control over their lives in their community. The women are empowering themselves technically to cope with the changing times and productively using their free time with existing skills for setting and sustaining enterprises. The formation of self-help groups and micro financing can heighten their socio-economic position in the society. They are involved in starting individual or collective income generation programme with
the self-help groups. This will not only generating income but also improve the
decision-making capabilities which leads to overall empowerment. It is also
noticed that the majority of rural women who are united with self-help group
activity positively succeeded to be empowered.

One of the influential approaches to women empowerment and rural
entrepreneurship is the formation of SHGs especially among women. This
programme had derived noticeable results not only in India and Bangladesh but
all over the world. Women self-help groups are increasingly being used as a tool
for various developmental interventions. Credit and its delivery through self-help
groups have also been taken as a means for empowerment of rural women. This
assimilated approach, whereby credit is only entry point, and instrument to
operationalise other aspect of group dynamics and management but also caters to
the need for social intermediation of these groups. A self-help group is a
envisage as a peoples institutions which provides the poor rural women with
space and support necessary for them to take striking steps towards achieving
greater control of their lives. The SHG approach has validated successful not
only in enhancing the economic conditions through income generation but also in
creating awareness health and hygiene, sanitation and cleanliness, environmental
protection, importance of education and better response for development
schemes. Generally starting informal self-help groups (SHGs), by rural women
in India are provided credit extension support for various production-oriented
income generation activities. These activities include garment making,
embroidery, food processing, bee keeping, basketry, gum cutting, weaving, and
knitting etc. SHGs are self governed, with decisions about production and
marketing taken combined, although the group leader responsible for identifying
potential marketing centers and consumers. The self help groups represent a new
culture in rural development, breaking with traditional bureaucracy and
controlled management. Informal groups empower rural women to mange rural
industries and make decisions collectively for their common economic interests.
Studies on the development informal women’s groups in India, shows how it is possible to avoid the top down management and bureaucracy that often contribute to the failure of other schemes. Informal self-help groups in rural areas serve to provide a basis for the provision of credit and other support for various production and income generation activities to empowerment women. Assure provision of training, employment and income generation activities with both forward and backward linkages with the utmost objective of making all women economically independent and self-reliant. Gender justice eliminates all forms of gender discrimination which enables women to enjoy not only de jure but also de facto rights and fundamental freedom on for with men in all spheres, viz. political, economic, social, civil, cultural etc.

Small loans can create good business sense among the women. It has been noticed that women in particular attain a lot from micro finance because it gives them an independent means of generating wealth and becoming self-reliant in a society which does not offer them much scope for entrepreneurship. Subsequently, it is women who run the household; a higher standard of living for women ensures better governance and a healthier and more flourishing future for the children and a better future for the nation. The success of micro credit initiatives has often been attributed to their particular focus on empowering women and encouraging their self-reliance through developing their own means of income. Various studies show that there is a positive correlation between credit availability and women’s empowerment.

Collective strategies beyond micro credit to increase the endowments of the poor women to enhance their exchange outcomes vis-à-vis the family, markets, state and community, and socio-cultural and political spaces are required for both poverty reduction and women empowerment. Nearly sixty percent of the women uphold economic activities related to agricultural and allied activities. Land lease for growing agricultural crops is a common practice. Vegetable and flower cultivation, food corps and pulses, oil seeds cultivation are
taken up on leased lands. Similarly rearing of calves, ram lamb, chicks, piggery and dairy, value addition to milk products are preferred by women. Illiterate and unskilled women engage in small business activities. Nearly twenty percent of the SHG members are artisans and engaged in making handicrafts and handloom products. These women have been trained for reducing various small scale livelihood productions like energy efficient stove burners, packing of First Aid Kits, and production of micro concrete roof tiles, spinning, production of soaps, and coconut oils, agarabatti and breaking cereals.

Now these women know the way for generating income for their livelihood. They are not dependent on anybody. These skills have given confidence in themselves. More than that, they are taken up added responsibility in the family and the village developments.

Measurement of Women Empowerment:

There is no concrete method to measure the women empowerment, but we can measure them by the following indicators:

(i) Economic Empowerment: The income of the members before and after joining the SHGs and possession of various luxuries as well as essential goods example television, washing machine, grinders etc.

(ii) Family Empowerment: The women should play vital role in decision making process in the family, freedom to spend, earning for the family and self respect within the family.

(iii) Socio-Psychological Empowerment: Ability to face and solve any problems, power, decision making, leadership, enhanced knowledge and the courage to voice against injustice.

(iv) Political and Legal Empowerment: Participation in political process, removal of legal discrimination against women.

These are the few indicators for measurement of women empowerment.
SELF HELP GROUPS:

Self Help Group (SHG) is a small voluntary association of poor people, preferable from the same socio-economic background. They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. The savings are kept with a bank. This common fund is in the name of the SHG. Usually, the number of members in one SHG does not exceed twenty. Thus, every self-help group consists of 10-20 members. The members of SHG meet once or twice a month. There is a president, a secretary and a treasurer in each SHG. The term of office bearers is on rotation basis, normally one year. All the groups maintain the records such as membership register, minutes book, cash book, saving ledger and the loan ledger. They prepare action plans after a detailed discussion of their proposed activities. Every member of the group gets an opportunity to put forth their views. Opinion of the majority is considered while arriving at important decisions. Thus SHGs have achieved success in brining women to the mainstream of decision-making.

Self-Help Group (SHG) is a method of organizing the poor people and the marginalized to join together to solve their individual problems. The SHG method is used by the Governments, NGOs and others worldwide. For example, the Grameen Bank of Bangladesh is a people’s bank formed by the poor to provide easy loans for themselves. The poor collect their savings and save it in their own banks by which they receive easy access to loans with a small rate of interest to start their micro unit enterprise. Thousands of the poor and the marginalized population in Bangladesh are setup their lives, their families and their society through self-help groups. The Ninth five year plan of India has given adequate recognition on the importance and the relevance of the self-help group method to implement developmental schemes at the grass root level. Villages in India are faced with the problems related to poverty, illiteracy, lack of skills, health care etc. which cannot be tackled individually but can be better
solved through group efforts. Today these groups known as self-help groups have become the vehicle of change for the poor and marginalized.

**WHAT ARE SHGs?**

- SHG is a development group for the poor and marginalized.
- It is recognized by the Government and does not require any formal registration.
- The purpose of the SHG is to build the functional capacity of the poor and the marginalized in the field of employment and income generating activity.
- People are responsible for their own future by organizing themselves into SHGs.

**INCOME GENERATING ACTIVITIES AND LOAN SYSTEM:**

SHGs must save for at least sixth months before they can be linked to a bank credit or provide loans to its members. The interest rate in lending among the members from the groups fund will be decided by the group as well as the amount to be given and the interest rate to be charged. Loans may be given to members for either productive or consumption purposes subject to the group’s decision. All types of income generating activities of SHGs must be support by a concise market survey. All income generating activities require functional skills which promote its members to be trained in their selected activity to enhance their capability for sustainable surplus production.

**SHG Bank-Linkage Models:**

Since the beginning of financial sector reforms in 1991, the banks are using these distinct linkage models to finance SHGs.

- **Model I**-Banks provide micro finance to Non-Governmental Organizations (NGOs), SHGs and ultimately to the micro entrepreneur. (It covers about 27 percent of SHGs)
- **Model II**- Banks provide financing directly to SHGs for lending to micro entrepreneur. (It covers about 17 percent)

- **Model III**- Banks finance directly to SHGs for lending micro entrepreneur with intervention of NGOs as a social mobilizers and facilitators (It covers 56 percent of SHGs)

- **Model IV**- The fourth model envisages bank loans directly to individual members of SHGs upon recommendations of the SHGs and NGOs. In this matter the NGOs assists the bank in monitoring, supervising and recovery of loans.

**Formal and Informal Systems:**

Traditionally, the formal sector banking institution in India has been serving only the needs of commercial sectors and providing loans for middle and upper income groups. In India, we have multi-agency rural credit delivery structure comprising Commercial Banks, Regional Rural Banks and Cooperative Banks with a huge network of more than 1,53,000 retail credit outlets (One for every 4100 population). Yet, reaching poorest, whose credit requirements are very small, regular and unpredictable, is still a difficult task and ‘Sahukars’ (the rural non-formal money lenders) continues to be the main agency. Further, the system and lengthy procedures of the banking institutions which emphasis on complicated qualifying requirements, tangible collateral, margin etc. also kept them away from these agencies. Banks too, come across certain problems like poor repayment, lack of supervision and monitoring, high proportion non-performing assets. Since the credit requirements of the rural poor cannot be adopted on project lending approach (like in formal organized sector), there emerged the need for an informal credit supply through SHGs.

Commercial banks, Housing Finance Institutions, NABARD, and Rural Development Banks, Land Development Banks, Co-Operative Banks etc. are the major formal financial institutions. Urban Cooperative Banks and Urban Credit Cooperative Societies are the two Primary Cooperative Financial Institutions
operating in the urban areas. The informal financial sources generally include funds available within family sources or local money lenders. The local money lenders charge high rates of interests due to their informal behavior and absence of other sources of credit for non conventional needs. Chit funds and Bishis are other forms of credit operated by group of people for their mutual benefit. Lately, few of the NGOs engage in the activities related to community mobilization for their socio-economic development have initiated savings and credit programmes for their target groups. The community based financial system can be categorized into two models.

1. Group based financial intermediary, and
2. NGO linked financial intermediary.

Most of the NOGs like Sharan in Delhi, Federation of Thrift and Credit Association (FTCA) in Hyderabad, Society for the Promotion of Area Resources Centers (SPARC) in Bombay, Self Employed Woman’s Association (SEWA) in Ahmadabad shows the experience of the informal intermediaries that although the savings of group members, small in nature do not attract high returns, it is still practice due to security reasons for getting unsecured loans without much formality and collaterals at lower rates comparative to that available from money lenders. In his book “The Fortune at the Bottom of the Pyramid”, Prof. C.K. Prahlad comments, “A well understood but poorly articulated reality of development role of women. Women are central to the entire development process. They are also at the avant-garde of social transformation. For example, Grameen Bank’s success is based on lending only to women. The SHGs at ICICI bank are all women, as are the Shakti Ammas at Hindustan Liver Limited (HLL). The women entrepreneurs are responsible for saving and accessing credit. In the case of Cemex Management Pvt. Ltd, the company works only with women. Amul, a milk cooperative, depends on women for their milk origination in villages. Women have achieved a new social status by collecting cash for the milk. Access economic independence can change the long tradition of suppression of women and denial of opportunities. The success of Avon, Mary
Kay and Tupperware in US and parts of world are based on the role of women entrepreneurship.

**Micro Finance and Micro Credit:**

Since formal credit institutions rarely lend the poor, special institutional arrangements become necessary to extend to credit to those who have no collateral to offer. Micro Finance (MF) by providing small loans and savings facilities to those who have been excluded from commercial financial services has been promoted as a key strategy for reducing poverty in all its forms by agencies, all over the world, particularly in developing countries.

Micro Credit (MC) has been defined as “programmes that can provide credit for self employment and other financial and business services (including savings, technical assistance, training networking and peer support) to very poor persons (Micro Credit Summit, 1997). The task force on supportive policy and regulatory framework for micro finance (NABARD, 1999) defined it as ‘provision of thrift, credit and other financial services and products of very small amounts to raise the income levels of clients, and improve their living standards.’”

While micro credit loans generally advance for self employments projects, but also sometimes advance for consumption, repayment of earlier loans, and other social needs as well. It is mandatory for micro credit institutions to get borrowers make the transition from consumption loans to production or loans for income bearing projects. According to the definition of International Labour Organization (ILO), micro finance is an economic development approach that involves providing financial services through institutions to low income clients. Presently, micro finance represents something more than micro credit. Micro Finance (MF) is a financial service of small quantity provided by financial institutions to the needy poor. These financial services include savings, credit, insurance, leasing, money transfer, equity transaction etc. Any type of financial
service is provided to customers to meet their normal financial needs i.e., life cycle, economic opportunity and emergency, with the only requirement that (i) that transaction value is small, and (ii) the customers are poor (Dasgupta, 2005).

Thus, micro finance refers to the entire range of financial and non-financial services, including skill up gradation and entrepreneurship development, rendered to the poor for enabling them to overcome poverty. Beside, size and clientele group, what makes micro credit different from normal is credit is that the latter is “Walk in” and the former is “Walk out” business for the financial institutions. Normally, micro credit is linked with the collateral substitute and credit plus services unlike normal credit. Thus, micro credit is distinct from other regular credit, where not only the credit amount is small and the clientele poor but also credit is provided with collateral substitute instead of traditional collateral and non-financial services for increasing the productivity of credit (Dasgupta, 2005).

The basic unit of micro finance is a group of persons called self-help groups (SHGs). SGHs are small informal associations of 15-20 persons created for the purpose enabling members to obtained economic benefit out of mutual help, solidarity and joint responsibility. These small and homogeneous groups involved in savings and credit activity are capable of taking care of challenges through peer monitoring. The informal voluntary associations of SHGs are form to attain a collective goal. To some extent, micro credit is not a new concept in India, priority sector credit in general and weaker section credit in particular was actually a kind of micro credit. So far as micro savings services are concerned, these are indeed recent with the advent of self-help group movement, from 1992, with the initiative of the Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) in introducing pilot projects of SHGs with savings and credit objectives and adoption of best management practices.
However, Micro insurance is still in the tentative stage. Till now, ‘micro savings’ has been an agent for ‘micro insurance’. Only savings and credit aspects of micro finance have been addressed so far in the country. NABARD’s initiative and expansion of SHG movement has led to SHG-Bank linkage (SBL), with focus on income generating enterprises for the weaker sections. The process of group promotion is an important step in the evolution of sustainable SHG Bank linkage (SBL). Under priority sector lending, micro finance is described as credit not exceeding Rs. 50,000 per micro finance and support organization in the Southern States of India, 287 borrowers in the normal course, though for certain purposes like housing for poor, it can be raised Rs.1.5lakh.²

What are the achievements of the model? According to status of micro finance in India 2009-10 released by National Bank for Agricultural and Rural Development (NABARD), there are 67,53,000 SHGs in the country savings linked with banks and 48,51,000 SHGs having loan out standings as on 31st March, 2010. The estimated number of families covered under this model is about 970lakhs. The total savings amount of all the SHGs with banks as on 31st March – 2010 amounts to Rs.6198.71 crores and the total amount of loans outstanding against SHGs as on 31st March-2010 is Rs.28038.28 crores. The SHG-Bank Linkage Model is the largest financial inclusion programme in the world.

When interviewed Mohammad Yunus, Managing Director of Grameen Bank in Bangladesh, a Pioneer in the practice of microcredit lending as to why loaned primarily to women, he replied that ‘It has to do with the decision to have a separate bank for the poor people. From the beginning, he had complained about the banking system on two grounds. One complaint was that the banking system was denying financial services to the poor people through certain rules it had set up. The second allegation was that the banking system was not treating women fairly. If you look at the gender composition of the borrowers of all the

² NABARD Reports 2010
banks in Bangladesh, not even one percent of the borrowers are women. He said that it is a gender-based organization. So, when began, he wanted to make sure half the borrowers in his programme are women so that they are even. He did that also. It was not easy because women themselves didn’t think that they should borrow money. He had to do a lot of convincing. He encouraged them to believe that they can borrow money and make money. Part of that effort was to overcome cultural fears and the fact that they had never any experience with business and so on. Soon, we saw that money coming to women brought much more benefit to the family than money going to the men. So, we changed our policy and gave a high priority to women. As a result, at present 96 percent of our four million borrowers in Grameen banks are women.

REVIEW OF LITERATURE

In this chapter an attempt has been made to critically review the literature of the past research work in relevance to the present study. The research studies available on the production and marketing role of SHGs products in provision of micro finance to the self help groups and their impact on the self help groups have been reviewed. Some of the important studies which are relevant to the present study have been presented below:

Review of Literature on the Overall Picture of SHGs in India:

Roshan Singh et al. (1978), studied the design pattern of credit flow in Bichpuri development block of Agra district in Uttar Pradesh. They found that the pattern of financing agriculture was similar both at the national and district level. The proportion of bank finance to agricultural showed a stable but slow increase over a period of four years. The overall share of large farmers in total finance to agriculture was much higher as compared to the small and medium farmers in all the years (1972 to 1977). The share of small farmers showed an increasing trend mainly during the years 1976 and 1977 when deliberate efforts were made to direct the flow of bank credit in favour of small farmers.
Ramlingam et al (1987) in their study entitled “Socio economic impact of IRDP on weaker section: A comparative analysis” showed that the social status of the respondents had increased considerably from low status to higher status.

Mahabub Hussain (1988), while assessing the performance of the Garmeena Bank in Bangladesh laid the hypothesis that “If the poor are supplied with the working capital, they can generate productive self employment without additional external assistance”, and the results showed that the Garmeena bank has reached 6 percent of villages and 4 percent target households (1987).

Desai (1988), assessed the institutional credit requirement for agriculture production in 2000 and observed the growth rate of total credit between 1972-73 and 1982-83 was 17 percent in nominal terms. The commercial bank share has more than doubled from 16.31 percent in 1972-73 to 35.85 percent in 1982-83. He estimated that short term credit requirement by taking the total value of crop output from the cost of cultivation scheme of government of India for the period from 1974-75 to 1984-85 and found that the growth rate in agriculture advance was to be 16.28 percent.

Ramdass (1989) measured the institutional credit flow in Pondicherry and observed that the short term credit advance by the institutions had grown gigantic, while the long term credit lagged behind. He suggested the need for institution to come forward to provide long term credit and utilize the saving mobilized in rural areas exclusively for rural investment.

Molly (1990), found that there is lion’s share of NGOs programmes in the selected organizations related to the factory type employment such as readymade garments, Khadi and Village industry, candle making etc. The major production schemes especially on house hold basis, which occupied 24 percent of total schemes, were animal husbandry, poultry, sericulture, fodder cultivation, kitchen garden and others.
Pathak (1992), reported that SHG is being comprised a group of persons, who gets empowered to solve most of their problems of non-financial nature like raw materials, inputs supply, marketing, better adoption of technology, education and training for realizing the human potential for development.

Pradeep kumar (1993) used growth rate analysis to analyse the growth in physical and financial performance indicators of horticultural producer’s cooperative marketing society limited, Bangalore. The indicators considered were membership share capital, owned funds, sales, inventories, fixed assets, current assets, total assets, current liabilities and total liabilities.

Dinakar Rao (1994) reported that networking of SHGs and Self-help promoting institution are elements of propagating self-help. And that SHGs is linked with formal credit agencies had advantages of pooled enterprises, economies of scale and organisation to relish exploitation.

Girija (1995) stated that the group provides the women as base for self-employment and empowerment through group dynamics. The peer pressure on group members has ensured proper utilization of credit and repayment of loans, savings provided self-insurance and self-assurance to the group members.

World Bank in their study (1995), revealed that 67 percent of the credit needs of poor people in India is for consumption needs, 75 percent was for (short periods) emergent needs such as illness and household expenses for a short period during the slender monsoon seasons. They also estimated that 75 percent of production credit (only 33 percent of total credit) was met by banks while 100 percent of consumption credit requirement was met by informal resources at interest rate ranging from 30 per cent to 90 percent per annum.

Harper (1996) in his study “Self-help groups – some issues from India” indicated that in India, as well as other parts of the developing world, the banking community is extending its services to the poor by lending to self-help groups.
By providing single larger loans, relying on the group, on NGOs, to monitor the lending of micro-loans, the bank transaction charges are reduced, making the operation potential and profitable.

McGuire and Conroy (1997), described two studies on “Bank NGO linkages and the transaction cost of lending to the poor through groups”, one, in India and other in the Philippines. The Indian study compared the transaction costs incurred by banks while lending to the poor through various channels, and found that the transaction costs were much lower where banks used NGOs and self Help Groups as intermediaries. Transaction costs facing borrowers were also significantly lower. This suggests an important role for NGOs in the intermediation process. The Philippines study looked at the question from the prospective of NGOs. It is found that NGOs could channel credit to the poor with lower transaction cost, as a proportion of loans granted, than other institutions. But the small loans and short maturities inherent in lending to the poor inevitably led to transaction costs being relatively high compared to the value of loans outstanding at any one point of time. The article also highlighted the need for NGOs to minimize the costs as far as possible.

Kumaran (1997), in his study on twenty one SHGs found that 19 were active groups and one each was passive and dissolved group. According to him, the individual monthly contribution for savings varied from group to group (Rs.10- Rs.30) and the total savings for 18 groups in a year was Rs.33,013/- while the total credit generated during the same period was Rs.2, 18,223/-, of which business took a large share of 29 percent followed by others at 28 percent, a cumulative loan at 23 percent, a clearance of old debt at 12 percent and health expense at 6 percent. The interest rate on the loan varied from 5 percent to 3 percent between the groups on monthly basis.

Kumaran (1997), examined that the self-help groups promoted by a voluntary agency in A.P and their role in promoting thrift and credit activities among the poor. Further, he also examines in detail the process of development of self-help
groups, structure and function, resource mobilization and socio-economic activities. Various factors responsible for active functioning, passivity and disbandment of self-help groups are examined in detail.

Kumaran (1997), concluded that passivity in self-help group is mainly on account of irregularity in payment of savings and employment of loans, non-adherence to norms set by the group and lack of mutual trust and confidence among members. Regular defaulting by some members resulted in dissolution of some SHGs.

Ramalakshmi (1998), pointed out that, inadequate working capital, is the most serious problem restricting the performance of many DWCRA groups and also the group members who need training for skill enhancement especially for items such as soft made garments, foot wear, woolen blankets etc.

Puhazhendhi and Jayaraman (1999) reported that the SHG members taking up more than one activity increased from about 30 percent during pre group formation situation. They undertook supplementary activities such as animal husbandry, poultry etc, and non-farm activities like Petty shop, Kirana shop, Flower selling business etc.

Puhazhendhi and Jayaram (1999) found that the informal groups of rural poor with active intervention of NGOs adequately supported by training significantly improved women’s participation both from economic and social aspects.

Hartwig (1999) noted that SHGs of Africa have increased the family income thereby ensuring food security and children education.

Nanda (1999), conducted the impact studies of self help and found that the most outstanding impact of the linkage programme could be the socio-economic empowerment of the poor more particularly the women.
Pahazhendhi and Jayaraman (1999), concerned about the growth of agriculture advance during 1990-96, pointed out that despite the phenomenal growth in absolute terms, the proportion of amount outstanding advance to priority sector showed a declining trend from 16.9 percent in June 1990 to 14.3 percent in March 1996. The reversal trend was observed in March, 1996-97, when the loans for agriculture constituted 16.3 percent of net bank advances. The share of priority sector lending at all India level whose share had declined from the peak of 42.9 percent in 1985 marginally improved to 41.7 percent in March 1997.

Sherin (1999) found that seventy six per cent of the respondents were highly self reliant in the functional SHGs where as only 48.27 percent of the respondents expressed high self-reliance in the non-functional SHGs. The male respondents were significantly greater in self-reliance in comparison with their female counterparts.

Prasad (2000), reported that in many villages, community issues like drinking water, roads, electricity and health services were addressed by the women’s groups. The women involved themselves in various activities like desalting of tanks and working towards child development in addition to income generating activities.

Nair (2000), reviewing the recent trends in rural financial intermediaries and commercial banks in India indicated that the commercial banks credit to rural areas during the late 1980’s and early 1990’s has shown a decrease in growth. The relative proportion of bank credit flowing to priority sector, especially agriculture was fallen below the target of 18 per cent at a national level since the mid 1980’s.

Abate (2000), studied the loan and advances to agriculture from all the financial institutions which shown significant compound growth rate over the study period. Compared to the growth in terms of loan (13.0 percent), the growth in crop loan (17.2 percent), which is a major index of agriculture production,
finance has shown a higher growth rate in Karnataka state during the study period. Similarly, the growth in agricultural advances (12.5 percent) has shown higher growth rate in direct agricultural advances (10.9 percent). However, the share of agriculture advance and weaker section had shown a declining trend during the study period. The recovery performance of agricultural advances in commercial banks, regional rural banks and co-operative banks has shown a positive trend. Only the recovery performance of primary cooperative agricultural and rural development bank had shown a declining trend. With respect to the problems encountered in Agriculture credit system misutilization of loan amount by borrower, intentional and deliberate default by borrowers and diversion of income generated out of the investment have found prime importance in the order.

Suriakanthi (2000) reported that bank transactions are essential activities of SHGs. Credit and subsidy under the (SGSY) Swarna Jayanthi Gram Swarozgar Yojana Scheme can be availed only through banks.

Gurumoorthy (2000) reported that the SHGs are linked with banks for the internal credit under the projects of rural development. The appraisal consists of bank managers, rural development officers; NGOs etc. project implementation units visit the groups for providing financial assistance to the respective entrepreneurial activities.

Prita (2001) studied the performance of Self Help Groups in Dharwad district found that the major constraints faced by the members were difficulties in diversification of activities (41.67 percent), misunderstanding among SHG’s members (38.17 percent), lack of space for storage of materials (28.24 percent) and inadequate availability of raw material at the right time (16.03 percent).

Dadhich (2001), stated that effective implementation of micro-finance can be a means not only to alleviate poverty and empower woman but also be a viable economic and financial proportion.
Barik and Vannan (2001) reported that the project of linking SHGs with banks has gained momentum in India from 1992. And he reported that three broad models have emerged, 1) model-I: Bank-SHG, member formed 14 percent, 2) model-II: bank (facilitating agency) SHG-members formed 70 percent and 3) model-III: Bank-NGO-MFI-SHG-members formed 16 percent of SHGS linked during the 1999-2000.

Namboodiri and Shiyani (2001), reported that the SHGs which are promoted by the NGOs had a better saving performance compared to that of SHPI. However, the repayment performance of the SHGs promoted by the SHPI was superior to that of NGOs.

Pankaj (2001), reported that the SHG-bank linkage programme launched by NABARD in 1992 is the landmark in the field of micro financing in India. This programme aims to organize SHGs 10 to 20 persons from the economically homogeneous strata regularly save the amount from their earnings.

Satish (2001), reported that the NGOs due to the nearness to the people and flexibility of operations seem to be better equipped to undertake SHG formation and linking SHGs to bank helps in overcoming the problem of high transaction costs to banks in providing credit to the poor.

Dwarakanath (2001) reported that the DWCRA programme helped the rural women to earn an additional monthly income ranging from Rs.250-Rs.2000 depending on entrepreneurial activities taken up by them.

Vishvanath (2002), conducted a study in the management appraisal of district central co-operative bank in Uttar Kannada District of Karnataka and found that growth in number of branches, employees and membership was positive and significant. Except borrowing (8.17 percent), all other financial variables showed a positive and significant growth. The recovery percentage for the selected Karnataka District Central Co-operative bank branches was found to be more than 90 percent.
Rangi *et al.* (2002), reported that about 59 per cent of the borrowings were for consumption purposes in the household. However, about 32 percent of the respondents reported those consumption loans were exclusively for routine family expenditure because employment was not regularly available to the respondents' households. About 18 percent of them took credit for repairing of their houses and about five per cent each used it for the study of their children and installation of hand pumps. It was found that about 71 percent of these bank loans were for productive purposes. Among the productive purpose, dairy farming was the most dominant (about 32 percent) followed by tailor shop (about 19 percent), cloth shop (about 10 percent), and grocery shop (about 6 percent) and electrical shop (about 3 percent). The loans for consumption purposes accounted for about 29 percent of the cases. The routine family expenditure was dominant reason for taking loans in this purpose. The other purposes were social functions, medical treatment and house repairs.

Vasudeva Rao (2003), in his study conducted at Andhra Pradesh pointed out that a majority of the people have taken loans for their own occupational development, whereas, only a few have taken for health, education and marriage purposes. The amount taken diversifies with the purpose. About 75.60 percent availed loan for dairy activities, while 4.00 and 3.60 percent of the respondents’ availed loan from the group for daughter’s marriage and poultry respectively.

Raghavendra (2003), reported that the average participation level of SHG members has been quite good. Officials of Commercial Banks and RRB’s together account for 50 percent of total participation followed by Co-operative banks at 45 percent and the balance 5 percent by NGO’s. Southern region accounts for over 2/3rd of total participation.

Raghavendra (2003), revealed that the total number of SHGs, which were credit linked in the country, reached a phenomenal figure of 4.61lakh by March 2002. Almost, 90 percent of them were linked to banks were exclusive women groups
and periodic studied have revealed that repayment of loans by SHGs to banks has been consistently over 95 percent.

Kothal et al. (2003), stated that there could be four different ‘models’ of linkage between SHGs and banks. Acceptance of a particular model depends on the perception of the bank and the strength of the SHGs and the NGO. The programme of SHGs organized by various NGOs and banks in different part of the country is reported to be highly satisfactory.

Kala (2004), reported that the linkage of the Self Help Groups (SHG's) with formal rural banking started after the launching of the pilot scheme by NABARD in February 1992 and linkage of SHGs is possible only if the SHGs have successfully collected savings, made loans and recovered them for six months.

Selvachandra (2004), stated that SHG and its linkage with banks is an important vehicle to promote micro finance in India. This programme helps to promote financial transactions between formal banking systems with the informal SHGs as clients

Nataraj (2004), in his study on “Role and performance of SHGs in rural credit- An Economic analysis” reported that the average savings per group and average savings per member in case of RRBs sponsored SHGs was better compared to NGO promoted SHGs

Arun Kumar (2004), reported that (53.33 percent) of the groups studied belong to medium level of performance category followed by high level of performance category (33.30 percent) of groups and remaining 13.33 percent of groups belonged to low performance category.

Savitha (2004), reported that economic empowerment was high for agricultural laborers (53.33 percent) followed by small farmers (26.67 percent) and landless farmers (6.67 percent).
Sentil and Sekar (2004), reported that income generation through SHG members gained additional income and employment through SHGs.

Sentil and Sekar (2004), stated that political interference in selection of beneficiaries under people’s plan, lack of timely credit facilities, lack of adequate credit, lack of adequate farm women oriented schemes and delay in operation of development programmes were the major constraints perceived by the SHG members.

Selvi and Rathna Krishnan (2004) observed that the majority of the SHG leaders (88.30 percent) performed the specified leadership roles to the medium level followed by 11.7 percent of them in lowland.

Darlingselvi (2005), reported that from the study conducted in Kanyakumari district that the members came across certain difficulties in marketing their products in time.

Rao (2005) reported that though problems varied across activities, social taboos and also lack of communication skills came out to be major factors. Lack of transportation, competition from established brands and lack of capital were uttered by women.

Rao (2005), reported that the highest average annual household income (Rs. 45,600) is from among respondents of papads and pickles and lowest (Rs. 38, 600) from respondents of chalk making activity. And the micro enterprises roughly provided 117- mandays/respondent, which was a great contribution.

Asokan (2005), reported that National Institute of rural development (NIRD) conducted a study on micro enterprises, which are developed by SHGs in Kerala. The characteristics of micro entrepreneurs under SHGs revealed that a high proportion (90 percent) of them were unemployed prior to joining SHG and tailoring was found to be the most preferred activity (47 percent). The study also found that the average monthly turnover of micro project taken by members of
SHGs members was around Rs. 1917 and net profit worked out to be Rs. 700 per month. This indicates a high level of profit i.e. 60 percent of individual units have investments less than Rs. 5,000. A study conducted in Thiruchirapalli rural area found that before starting micro-enterprises, their annual income was increased to the tune of Rs. 50,879.

Ganesh (2005), reported that in Akola district of Maharashtra, an SHG was formed under SGSY in record time of one and half years, all the families belonging to BPL status have uplifted to “Owner of Brick Kiln” status. Their net profit per 1000 bricks amounts to Rs.550/ to Rs.650/- approximately. And their turnover has increased to more than Rs.3.5lakhs.

NABARD (2005) studied the impact of SHGs on economic empowerment of its members in Ballir district, of Uttar Pradesh and reported that there was an increase of the monthly income of each of the families by at least Rs.700/month and this increase was solely due to the business that they were able to do by virtue of taking loan after the activities of SHG started.

Asian Productivity Organization (2005), reiterated that on the way to improve the measurement of performance in productivity measurement, the total factor productivity should measure the synergy and efficiency of utilizing both labour and capital inputs. Further, it stated that an appropriate productivity performance measurement system should cover financial, internal business process customers and learning and growing.

Satya Sundaram (2005), stated that micro-finance in India is making steady and satisfactory progress. NABARD has set a goal of covering 10 million poor, i.e. one third of the country’s poor population through one million SHG’s by 2003.

Thorat (2005), stated that micro-financial services provided to the poor in sustainable manner is consistent with high repayment rates which meant that if the services to the poor were provided in a sustainable manner than the
beneficiaries would go in for repayments that are quite high in consideration to a staggered manner of provision of services.

Asokan (2005), reported that among the three models of linkages introduced, the second model i.e., SHG formed by NGOs and formal agencies but directly financed by bank is the best model. And he stated that the role of NGOs is very important to form SHGs

Gosh (2005), studied that the share of allied activities in agricultural output, namely dairying, fisheries and poultry has been increasing significantly, the share of livestock in the gross value of agriculture (crop and livestock production) increased from under 16 percent in 1970-71 to 26 percent in 1995-96, that of fisheries went up over the same period from 1.7 percent to 3.1 percent. The share of non-food crop in the cropped area has increased from 25.7 percent in the triennium ending 1971-72 to 35.1 percent by 1999-2000.

Reddy and Gupta (2006), studied the credit management in Self Help Groups(SHG) under South Asia Poverty Alleviation Programme (SAPAP) revealed that the data on purpose wise allocation of credit showed that sample groups allocated 34 percent, 22 percent and 22 percent of the total credit to small businesses, animal husbandry and agriculture respectively. Under animal husbandry, members take loan to purchase milk animals, sheep and goats, under agriculture, members take crop loan to purchase, plough and bullock carts. The other major purposes include domestic consumption (13 percent), and clearing of old debts (7 percent) and share of health and education is only three per cent. Thus, the members in the sample groups have taken credit mainly (78 percent) for productive income generating activities during the study period.

Thanarathnam (2006), while studying the working of primary agriculture co-operative banks, analyzed the loan dispersed by the bank. He had used the annual average growth rate of different types of loans given by banks. It was found that the average annual growth rate for the period 1996-97 to 2001-02 with regard to
short term loan was 2.07 percent, for jewel loan it was 1.35 percent deposit loan has 3.44 percent of growth rate. It was really appreciable which showed the performance of the bank. According to the amount of loan dispersed by the bank, a large percentage share was taken by the jewel loan in all the six years and the amount was small with regard to deposit loan.

Bhagwati (2006), stated that the micro-credit advanced through the mechanism of self-help groups linked to bank credit is associated with higher level of loan recoveries and that tree linkage project has facilitated socio-economic empowerment of weaker sections including women folk.

Joseph and Easwaran (2006), stated that in all parts of the country, self-help groups are organized by governmental and non-governmental organizations (NGOs). The government, banks and non-governmental organizations facilitate them by providing revolving fund, organizational and training, credit etc.

Subbiah and Navaneetha (2006), reported that there are three models under the SHG-bank linkage programme, about 72 percent of the SHGs are formed by NGOs/government agencies and the like financed by banks. They stated that the programme has been advantageous not only to members of SHG but also to the banks

Savita Shankar (2006), conducted Studies on efficient credit models in microfinance, in Tamil Nadu; the most popular model for the dispensation of microcredit in India is the group-lending model. As per Sa-Dhan (Industry Association of Community Development Finance Institutions in India) data, group loans account for 93% of the microfinance in India.

Dasaratharamaiah et al. (2006), reported that 10.0 percent of beneficiaries had income between Rs.7, 201 and above, 20.67 percent have income between Rs.4, 801 to 7,200 and 31.33 percent have income Rs.3, 601 to 4,800 and 38 percent have income below Rs.3, 600 per annum after implementation of DWCRA. And it was found that there are no persons without any income. And it was also found
that 50 percent of beneficiaries have less than 100 man days of employment, 21.67 percent of the beneficiaries have employment between 101 to 180 man days, 20.00 percent of the beneficiaries have employment between 181 to 240 man days as against 8.33 percent of the beneficiaries who have employment between 241 and above man days of employment per annum.

Gangaiah et al (2006), conducted study on impact of SHGs on income and employment generation. They reported that on an average the loans received generated 184 person days of employment per household. Non-farm activities generated higher number of person days of employment. Idly shop, cloth business and tailoring generated 300 each and 240 person days of employment generated. They also found that SHGs had favourable impact in generation of income in the village selected. The average income generated was Rs.19, 578/-. Income generated in the selected activities shows that it varies from Rs.5000 per annum in case of idly shop to Rs.26, 541 in the case of agriculture.

Joseph and Easwaran (2006), conducted a study to identify the constraints in functioning of SHGs and its impact on the members. And it was found that 51.28 percent of respondents had income between Rs.25, 000 to Rs.50, 000. Majority of respondents had assets worth below Rs.1 lakh and more than one-half of the respondents as whole (51.28 percent) had assets below Rs.1lakh. They also studied the perceived impact of SHGs on tribal development. The perceived impact of SHGs was found to be significantly associated with three variables duration of membership, member’s participation and perceived group cohesion.

Joseph and Easwaran (2006), identified the perceived constraints in the functioning of SHGs and found that lack of government attention was first and foremost problem i.e. 39 percent. High rate of interest was felt by 33.43 percent of members, followed by insufficiency of loan for income generation, inability to repay the loan etc.
Shylendra et al., (2007), reported the overall performance of the self-help group (SHG) intervention of the Sadguru Water and Development Foundation (SWDF) in India and identifies the possible ways to take it forward for promoting savings and credit activities. The study stated that Self-help groups have become an important instrument in the delivery of microfinance services like savings and credit for the poor.

Ramappa and Sivasankaraiah (2007), studied that the share of agriculture loan in the total priority sector advances was considerably large and fluctuated from 73.02 percent in 1993-94 to 76.79 percent in 2004-05. It was also evident that of the total agriculture loan in 2004-05, crop loan alone accounted for 93.31 percent. Among non-agriculture activities, retail trade/business enterprise received large quantum of loan followed by Self Help Group’s. The percentage share of non-priority sector in total outstanding advances showed increasing trend from 15.16 percent in 1993-94 to 34.2 percent in 2004-05. It signifies the change in the lending pattern of the Rayalseema Grameena bank in Andhra Pradesh.

Review of Literature on Production:

Soundarjoy Borbora (1995), revealed that the micro finance through self help groups programme has succeeded in inculcating the habit of saving among the group members. It also helped them to free themselves from the clutches of non formal sources of credit. The programme also helped members to set up a number of micro enterprises for income generation.

Kamal Vatta (2000), revealed that the provisions of even very little credit helps the rural poor women to improve their income levels as illustrated by the case of an APL SHG which availed a bank loan.

Lakshman (2000), observed the working of Mallipalayam self help group, Gobichettipalyam Block, Erode District, Tamilnadu and finds that the members are in the making of mats which are of high quality. Husbands of the women
members supported them in the proper functioning of the group. However, one of the problems faced by the group is the procurement of raw material for making mats, besides its high cost.

Hosamani (2000), “Self Help Groups in Karnataka – Trends and implications” found that the successes story of “Srinidhi” women self help group of Dharwad (Karnataka) showed an encouraging trend. The women members expressed that there has been an overall increase in the purchasing power and petty business income, besides their own employment.

Suman Jain (2000), noted that women assisted for income generating in number of ways by NGOs. They are given financial assistance directly or as facilitated by NGO functionaries to have access to finance from banks, financial institutions donors, corporate sector and government schemes etc. NGOs also help women in skill development by conducting training programmes through various resource agencies. Many NGOs have special entrepreneurial development programmes to help women entrepreneurial motivation and business sharpeners which include having informal meetings to identify group members, facilitate group formation and setting up group norms, coordinates the process of saving mobilization, trade selection, the initial preparation, mobilizing resources, assist in maintaining records etc. The kind of income generating activities in which women get employment are agriculture and agro based activities, forest based activities, small enterprises, trade crafts and occupation based processing and marketing units. He noted that the two major financial problems faced by self-employed women are lack of working capital as collateral for credit. It was concluded that the success of the SEWA Bank experience has shown that active participation of the members and the board are crucial to the impact created by a bank such as the SEWA bank. From women’s point, their involvement in the ownership of a successful institution enhances their collective strength and the empowerment that comes with organization. It was suggested that from a wider perspective, members owned or controlled micro credit institutions can help to strengthen our democratic system.
N. Manimekalai and G. Rajeswari (2001), studied the impact of SHG in creating Women entrepreneurship in rural areas of Tamil Nadu by taking 150 SHG members. They found that the SHGs have helped to initiate micro enterprises including farm and non-farm activities, trading and service units. It was reported that there was significant difference in the mean performance of the entrepreneurs based on their age, education and previous experience. The micro finance has facilitated the women to have economic and social empowerment that has developed a sense of leadership, organizational skill and management of various activities of a business, right from acquiring finance, identifying raw materials, marketing etc. by themselves.

P.K Awasthi, Deepak Rathi and Vimla Sahu (2001), in their study in Madhya Pradesh on the impact of SHGs on economic status of women observed that the SHG women were engaged in mushroom cultivation, papad making, pisciculture, nursery etc. With the group loan at 2 percent to 4 percent interest per month, they realized an increase in income and employment. SHGs have made a positive impact on creating leadership, improving literacy, consciousness about health and hygiene and skill formation among the group members. However they suffered from lack of motivation, infrastructure, forward and backward linkages, insufficient loan, inadequate provision of marketing and inputs, lack of systematic monitoring and follow up etc.

S. N. Mishra, and M.M Hossain (2001), in their study to assess the impact of mahila mandals of rural SHGs in Orissa in terms of empowering the rural women through participation and employment generation in the pre and post SHG periods, arrived at the fact that there is a considerable increase in the revolving fund, loan extended, grant availed, savings done etc. The loans were given both for consumption and social obligations. There is a considerable improvement in the socio-economic status in terms of literacy, housing conditions, food security to manage the lean season, nutritious level of food etc in the post SHGs situation
compared to pre-SHG period. The trained members intervened in improving the health status of the SHG women, the net income increased by more 60 percent through scientific cotton cultivation, livestock, maintenance and small business, like retail shop, dry fish trading etc. The group was maintaining successfully the fair price shop and additional employment generated worked out to be 185 person days per member and it was suggested that these mahila mandals could be a model for other SHGs.

A study by Y.Indira Kumari and B.Sambasiva Rao (2001), on the emergence of women SHGs and its impact on Andhra Pradesh found that the SHG women of this study found to be engaged in petty trades and business including tuff-making, candle making, purse making, leaf plates and basket making, internal lending, etc which belong to DWCRA groups. Only 34 groups were provided with assistance and the rest of the groups functioned with their own savings. It was suggested that the government must provide more assistance to SHGs so that income, savings, and their expenditure would increase. It was concluded that despite the narrow, the DWCRA groups could cross the poverty line.

Dwarakanath H.D (2002), analysed the characteristics and growth of self-help groups in Andhra Pradesh and found that the SHGs using the loan facilities from the cooperative credit banks, commercial banks, mahila bank and Maheswaran banks, have produced more than 50 varieties of products. Among them, the brass items, hosiery, candles, carpets, coir items and pickles are important products. In addition the author says that the women groups started to educate their own group members and also they realised the importance and significance of literacy whereas a lot of enthusiasm has been generated and the SHGs had a greater vision in empowerment of rural women and for overall women development. Moreover, the SHG members proved the way to the power of decision making to the women in their family, and also create a mass on socioeconomic and political condition in this district.
A study by Gsyhani Mohideen et. al (2002), found that majority of the group were homogeneous in terms of occupation and income. The key activities include dairy, minor irrigation, fisheries, durries weaving, agarbathi and brick making. The members felt that the training on specific information on inculcating savings, credit and book keeping skills was inadequate and training was extended only to few activities like agarbathi and durries weaving. It is observed that NGOs formed groups based on common interests rather than BPL as criteria. Most of the SHGs started internal lending with their savings to meet the consumption and production requirements of the group members. Easy installments and regular repayment helped them in recycling of group corpus effectively.

Jothy K and Sundar J (2002), in their study of evaluating the programme of Tamil Nadu Mahalir Thittam found that SHG women are currently involved in economic activities such as production and marketing of agarbathis, candle and soap, readymade garments, pickles, appalam, vathal, fur toys, bags, palm leaf products dhotis, herbal products, fancy sea shell, ornaments, eatables, coir mats and other coir products, mattress, chapels, leather good etc. In addition, the SHG women monitor the normal functioning of the ration shops, maintain vigil to prevent brewing of illicit group, help the aged, deserted and windows to obtain loan.

Jain et al. (2003), in his case study “Socio-Economic impact through self help groups”, a study of Kanpur Dehat. He found that SHGs are working effectively and members were organizing two meeting in a month. Most of the groups were saving Rs.20-25 per month per member. Nearly 80 percent of members were taking loan for income generating activities particularly for dairying and poultry.

V. Ramakrishnappa and R. Jagannatha Rao (2006), stated that dairy enterprise was an established sector in rural India and was playing a vital role in generating additional income and employment. In Karnataka, dairy development was
positive and significant as state contributed towards milk production, marketing, and processing of various dairy products in India. The microfinance programmes extended in dairy sector were helpful to take up dairy as main occupation among economically backward communities in the state. The implementation of New Swarnima Scheme, one of the most popular microfinance schemes in the state to promote dairy among backward communities, was assessed at micro level by selecting 18 beneficiaries belonging to landless labourers, marginal and small farmers in Kolar district in Karnataka state. The study found that the microfinance scheme had positive impact on income and employment generation, and has improved the natural resource management options.

Vikash Kumar (2006), conducted a value chain analysis in Mysore and Nanjangud districts on incense stick products. The study found women clients involved contractually (earning Rs. 50 per day) in production and packaging of incense sticks, while raw material was provided to them by contractor. He also noted some key challenges in course of taking up group enterprises with microfinance clients. These clients had risk-averse mindset, inadequate capital, networking problem, insufficient management and marketing skills, low levels of motivation and courage. Further he pointed out that capital, market linkages and management and marketing skills were required to graduate the women to group enterprise activity.

Krishna Uma and Mahesh Thacker (2007), stated that involvement of women in productive activities was a very important strategy for poverty alleviation in the society and for the overall empowerment of women. Micro-enterprises by women should not only be seen as means for economic empowerment. Any initiative related to micro-enterprises with women designed with a right frame and implemented with a right approach could prove to be an important tool also for social and political empowerment along with economic empowerment. Feasibility study for micro-enterprise with women SHG’s should be understood as identification of right products and activities suitable for micro-enterprises in
the specified area (Kutch for this study) with a process enabling social, economic and political empowerment of women.

Loganathan K (2007), stated that committed efforts were needed to promote microenterprises such as EDP training, skill training, micro finance and marketing tie-up and all these should be available under one roof.

Mungaray A et al. (2007), opined that micro-enterprises had increasing importance in the economic and social development. This has led policy makers to view their support as a strategy for poverty alleviation in developing countries. Financial and non-financial service support programs with diverse organizations had been established, rendering heterogeneous results, and leading discussions on how to deliver them and how to assure provision, among other issues. The study aimed to share the experience of the Program for Research, Assistance and Teaching of Small Enterprises, which constituted a non-market based assistance model led by a Higher Education Institution, which addressed the preceding discussion, and brought interesting implications for developing countries. The program was found as community service, and provided Business Development Services at no cost to underprivileged Microenterprises. The service delivery mechanism constituted a sustainable way to care for these enterprises, reducing significantly the need for subsidy, without necessarily constraining its impact.

Murugan and Begum (2008), made an attempt to examine the predominant barriers to women entrepreneurs. The study was based on the primary data collected from the sample 100 entrepreneurs of Chennai City. The study revealed that social and cultural barriers are prominent formidable block for the development of women entrepreneurs. The study concluded that entrepreneurs with ability to plan and run a business deliver quality products.

Vasanthakumari (2008), made an attempt to examine the role of micro enterprises in empowering women in Kerala. The author took a sample of 328
micro entrepreneurs. The study revealed that these enterprises helped in empowering rural women economically, socially and individually. The study suggested giving priority to commercial viability of enterprises.

Ganapathi and Sannasi (2008), made an attempt to highlight the factors influencing the women entrepreneurs. The study highlighted the common features of women entrepreneurs, challenges faced by them while undertaking the entrepreneurial activities and the necessary strategies to overcome the challenges. The study concluded that women must be motivated to establish business in the interest of the family income in particular and national income in general.

N. Rajani (2008), stated that entrepreneurial talents and capabilities were latent in all communities but their translation to innovative action depended on appropriate stimuli and environment and these stimuli can be generated through training. Training women for entrepreneurial and managerial capabilities should be conceived as one of the most important factors for accelerating growth. Efforts were being made along these lines; however, they were limited only to bring changes quantitatively but not qualitatively. Hence appropriate training and interventions were needed to bring qualitative changes in the situation. An attempt was made in this study to examine the quality of micro-enterprise management by women in socio-cultural milieu and to project the management training needs of women entrepreneurs. Keeping in view the findings of the study, perceptions of women entrepreneurs and insights of experienced trainers - confidence building, competence, connections and capital are projected as essential management training needs.

Saraswathy et al. (2009), made an attempt to analyze the role of micro finance in Krishnagiri district. They highlighted the role of Government of India, NABARD, NGO and Banks. The questionnaire was prepared and presented to 75 members of 16 SHGs of 9 NGOs. The study revealed that majority of members
has agreed that their income has increased after joining SHG. It concluded that SHGs have become the development ambassador of villages.

Moria (2010), has conducted a study among 60 SHG members in Kanyakumari district shows that through SHGs, the women of the district are able to find a job of their own which help them to enrich themselves economically and socially. The study further shows that the members could earn good image and reputation in the society by developing their skills and economic conditions. But they suffer from the failure of business due to the difficulties in marketing.

Bhuvaneshwari Ramanujam (2010), remarked that SHGs have became a potential tool for the social integration and socio economic betterment of the women. Further the authors remarked that through organizing SHGs, rural women in India are provided credit and extension support for various production oriented income generating activities. These activities usually include garment making, embroidery, food processing, bee-keeping, bakery, gem cutting, agricultural related activities, weaving and knitting. These activities no doubt improve the economic conditions of the rural poor women.

Jyothi (2010), A study was undertaken in Warangal district in Andhra Pradesh to examine the utilization of micro finance services and also to study the functional uses related to SHGs. The sample chosen was 201 beneficiaries of the SHG-Bank linkage programme. The study revealed that Micro finance in the form of SHG linkage model has inspired hope in the lives of thousands of rural people; women in particular enabled them to contribute to their families’ wellbeing through savings and enterprises.

Natarajan P (2010), found that self help groups enhanced the capacity of the young entrepreneurs of both men and women to take risk, responsibility and create innovative product ideas. Government encouragement to SHG approach
made many women from rural and urban areas to earn a regular income for them and additional income for their family. Finally, the authors remarked that approach increased the overall capacity and socio-economic status of the SHG members.

**Review of Literature on Income Generating Activities of SHGs:**

Hommes (1997), examined self-help groups in Vietnam, found duck breeding, cattle and goat breeding or fruit crops raising as the common enterprises undertaken. The profit generated was recycled into the group funds for building of better sanitation stations.

NABARD (1997), in a study at Trivendrum found that weaving bed mats using pandanus leaves, manufacturing agarbattis, manufacture of school bags using second hand machine, land development under water shed programme, making umbrellas, compost making, mushroom production and milk testing were some of the activities taken up by SHG members as commercial ventures. They even provided shramdan to clear flooded village pathways.

Snehalatha and Reddy (1998), revealed that the income generating activities taken up by the women were dairy, forest nursery, sericulture, vegetable cultivation and petty business, which were carried out as a group activity.

Puhazhendi (2000), reported the positive impact of employment generation on 45 percent of the group members who had undertaken income generating activities. The additional employment generated through SHG lending worked out to 172 mandays per member. Undertaking supplementary activities such as animal husbandry, poultry etc. and nonfarm activities like petty shop, kirani shop, flower vending business etc.

Prita (2001), in her study conducted at Dharwad district reported that the wide range of activities undertaken by the SHG members were raising paddy
nursery (25.92 percent), pickle making (25.53 percent), leaf storage and leaf plate making (23.66 percent), mushroom cultivation (17.56 percent), seed storage (15.27 percent), goat rearing (9.16 percent), buffalo rearing (7.63 percent), pottery and soap box making (6.11 percent each), book selling (4.58 percent), manufacture of lice killing medicine (3.82 percent), tailoring (2.29 percent), rabbit rearing (1.53 percent), bee keeping poultry rearing and vermin composting (0.76 percent each) as income generating activities.

Bharathi (2005), in her study conducted at Dharwad and Gadag districts of Karnataka reported that the respondents participated regularly in vermicelli making, rava making, chilli pounding, tailoring, flour milling, goat, rearing, tailoring, kitchen gardening, bangle selling, vegetable selling, selling readymade garments and sarees.

Devalatha (2005), conducted a study at Gadag district of Northern Karnataka and reported that the sale of earthworms, agarbatti making, candle making, biscuit preparation, tamarind paste preparation, tailoring and sale of milk were the income generating activities taken up by women self help groups.

Sandip (2005), in his study reported that papad, pickle making, bangles making, files folders, soft toys, sewing and embroidery, fishery and horticulture etc. are the income generating activities undertaken by the members of self help group.

Anonymous (2006), reported that self help group of Kanchepuram district with the help of Horticulture Department started production of vegetables, jasmine and curry leaves.

Dasaratharamaiah (2006), studied the income generation activities through the Development of Women and Children in Rural Areas (DWCRA) and found that Ram-Lamb rearing was under taken by 8 percent beneficiaries. Vegetable vending by 26 per cent, basket making 20.67 percent, milk vending by 29.33
percent and 4.67 percent petty trade, 1.33 percent beneficiaries under took leaves making and 60 percent of beneficiaries under took the fruit vending activity.

Gangaiah et al. (2006), in his study “An impact of SHGs on income and employment” in Karkambadi village, reported that the members were isolated in activities like dairying flower vending, tailoring, idly shop and cloth business.

Gupta (2006), studied economic empowerment of women through SHGs in Chandigarh and reported that stitching of school uniform was undertaken by Pragati and Shakti self help group. The Prerana SHG was involved in the manufacture of Murabba and pickles.

Suresh Babu (2006), studied the working of Sagardeep SHG in Haddo of Port Blair reported that the income generating activities undertaken were, idol (god/goddesses) making, cloth business, running of photo studio, fabrication unit and embroidery work.

Josily (2006), noted that shop keeping (adopted by 27.78 percent of the SHG members), dairy (17.78 percent) and dry flower making (10 percent) were the major income generating activities undertaken by the SHGs. Other activities were Fair Price Shop (6.67 percent), tailoring (5.56 percent), eucalyptus oil sales (4.44 percent), operating a telescope, bakery, Sambar powder making, retailing (3.33 percent each), fancy shop, nursery, handiwork, doll making, fertilizer shop (2.22 percent each), poultry, textile sales, provision shop (1.11 percent each). She noted that there was a 46 percent increase in the income of the members after joining SHGs. The total percentage change in employment days was 112.48. The total percentage change in the assets position from before joining SHG to after joining SHG was 53.43. The total percentage change in case of family consumption was found to be 25.85 per cent. The total percentage change in the investment was 20.09 percent. In case of savings, the total change was calculated at 264.7 percent. Regression results carried out by her indicated
that employment created through SHGs and savings were the major factors influencing income of the SHG members.

Josily observed an improvement in the social empowerment of women members’ consequent to joining the SHGs using a score method. Improvements were seen in purchase of immovable assets (98.89 percent), acquisition of skill (97.04 percent), women’s own income (95.56 percent), access to credit (94.81 percent), monthly savings (93.33 percent), purchase of gold (91.11 percent), material acquisitions at home (82.22 percent), food consumption pattern (78.89 percent), control over resources households (73.33 percent). Improvements were seen in treatments by the family (97.78 percent), decision making (96.67), communication ability (88.15 percent), self image (86.30 percent), profitable use of leisure time (86.30), involvement in social issues (76.30 percent), leadership qualities (72.22 percent), basic literacy (71.85 percent), awareness of government policies (67.78 percent), extension participation (62.59 percent) and participation in organizations (55.56 percent).

Review of Literature on Marketing:

Hofstede et al. (1996) argue that working in remote villages faraway from market center limits the scope for identifying and initiating viable income generating activities. Income Generating Activities (IGAs) do not automatically bring overall economic development, but they need markets where people with disposable cash will buy goods and services. Therefore, it is recommended that programmes should focus more on promoting IGAs near markets in semi-urban areas, market centers and larger villages. Most programmes appear to have developed policies to concentrate primarily on organizing the poor through the SHG mechanism. The savings and credit mechanism promoted cannot, in itself, be seen as an instrument or mechanism to promote economic activities. To be effective in promoting economic activities the S/C programmes at the base layer (e.g. at SHG level) must be accompanied by a secondary intervention strategy. Such a second layer can be in the form of a credit mechanism that has been
added on to the primary S/C mechanism, but can also be in the form of other business promotion programmes such as marketing assistance of business advisory services and technical (skills) training. Following a minimalist development approach for economic activities marketing assistance seems to be an effective tool. When it comes to promoting the generation of income and jobs for the very poor it can be argued that the organizing and running of the marketing function can be taken up by the COs without demanding (full) participation by the target group in the organization and operations itself.

Prakash and Nehru (1998), describe the initiative of the Kerala Horticulture Development Programme that was set up in co-operation between the European Union and the Government of Kerala in 1993. The programme builds on SHGs, which select Master Farmers who are trained and act as facilitators. Besides horticultural crop production, the programme also assists SHGs in processing and marketing of products. The marketing infrastructure at state level which includes establishing field centers for bulking the produce from 10-15 SHGs. The concept of these centers envisages creating farmers' markets and benefiting from agglomeration advantages - both in terms of sale to wholesalers and commission agents, and in terms of market information. The programme is considered a success in bringing SHGs closer to the market.

Kay (2002) stated that "Microcredit schemes have not been able to lift women out of abject poverty as they cannot transform social relations and the structural causes of poverty". She stresses the importance of enabling the poor to own and operate enterprises to add value to the primary products they usually produce (e.g. dairy co-operatives). According to Kay, "social mobilisation requires broader conceptualisation and may need the harnessing of the collective strength of self-help groups in a federation."

Satyamurti and Haokip (2002) noted: "It is also important to design background interventions that build the market for micro finance clients. Such interventions
can range from building infrastructure to opening up new markets for the produce of the poor to providing business development services. Often these interventions will create conditions and opportunities for micro finance and not the other way round. What needs to be avoided is directional use of micro finance to sort out developmental challenges in situations where the basis of peoples' livelihood is destroyed.”

The first article in the book (2006) “Self-Help Groups: Some Insights” authored by Sridhar Krishna points out that a Self-Help Group (SHG) is an association or body of people, which is homogeneous, has a common aim and whose members, in one way or the other, help one another. It is a micro-cooperative. All or a majority of the members of an SHG may be drawn from the poor income strata, for instance. SHGs have come to encompass a wide range of activities. These range from income-generating activities to overcoming the problems of addiction and ensuring safe sex. While SHGs in developing countries have dealt with people with disabilities, apart from other activities, the most important activity it has taken up is propagation of micro finance. It has been increasingly realized that lending to an SHG offers unique opportunities, since the recovery rate is between 90 and 100 percent. The article discusses the SHG-Bank linkage programme in India, which is one of the largest programmes of its kind in the world. The article also chronicles briefly SHG success stories.

The second article in the book “Role of Self-Help Groups in Rural Development” authored by M S Nataraju, M T Lakshminarayan and M G Anil Kumar, points out that SHG is an association of individuals with common economic needs, who undertake a systematic economic activity, participate directly in decision-making and share benefits on an equitable basis. The article provides the background of SHGs. It points out that in 1931 a cooperative self-help movement began in California and other states in the US, to fight the effects of unemployment during the Great Depression. Mahatma Gandhiji stressed the self-help aspect in his Sevagram project during 1921. One of the main objectives
of forming the SHG was to promote savings and credit among the poor and simultaneously serve as a platform to discuss social problems at personal and village community levels. The most common micro enterprises undertaken by SHG members were tailoring and dairying followed by petty business, poultry, papad making, spices and curry powder preparation. The article concludes saying that it has brought hope to millions of marginalized men and women, taught skills, turned individual problems into collective ones and offered new possibilities for solution. It also recommends that SHGs should be provided with institutional support like training, marketing and information on available technology.

The third article in the book “Self-Help Groups: In the Context of Microfinance” by Sudhir Krishna “Marketing of Rural Products: Challenges Facing the Rural Self-Help Groups” authored by Hemantha Kumar Pamarthy, points out that the products of rural India have a great potential for sale not only in rural areas but also in urban areas. Even if entrepreneurs initiate micro enterprises in rural areas with the aid of micro finance, they find difficulty in selling their products. Though products like condiments, dry snacks such as papads and pickles, fruit juices/squashes and jams, are being manufactured by the rural poor, they are not accepted in urban areas since they may be wanting in hygiene and quality. No effort is visible in preserving, packaging and promoting these items of the rural poor. Further, other products, like incense and joss sticks, candles etc are manufactured by women SHGs, but marketing them is a problem. DWCRA groups in Andhra Pradesh have been helped to sell their products on a regular basis. In Tamil Nadu, permanent market places for SHG members are being created.

There are two issues related to marketing that are relevant for SHGs: (a) The marketability of the product or service provided or produced by the group, and (b) Market access.
Both are complementary, and initiatives in India have attempted to address both by training SHGs in producing high quality produce for which there is a market, and by facilitating market access. One of the emerging initiatives that support SHGs in marketing their produce is the DWCRA programme in Andhra Pradesh. Marketing support is provided to the SHGs through DWCRA Bazaars (Market outlets), which have been set up in all the districts, and a permanent DWCRA Bazaar is nearing completion at Hyderabad. Products worth more than Rs.100 crores were sold through DWCRA Bazaars in the last two years. Training and Technology Development Centers (TTDC) have been established in each district to introduce innovative technologies for the qualitative improvement of products made by the SHGs. The SHGs in the districts are assisted to develop branding of their products and women are encouraged to participate in fairs taking place at national level and in other states. Leading super bazaars like Food World, Thrinethra super market came forward to tie up with SHGs to market DWCRA products. For some DWCRA products the demand is very high, for example pickles producing SHGs of Guntur district got orders worth Rs 6.00 lakhs, and lace groups of West Godavari district got export orders.

Handicrafts are also produced by the SHGs supported by NEED (Network of Entrepreneurship and Economic Development), a Lucknow-based NGO. NEED promotes SHGs of poor women through a system of micro-finance and promoting entrepreneurial activities. Additionally, the organization attempts to mobilize communities to address social issues and create community institutions that can meet the needs of citizens. NEED defined a comprehensive training model called "Entrepreneurship Linked Income Generation for Self Employment Program" (ELIGSEP). This program is a series of 6 flexible modules that can be used as per the needs of village women and men who desire advanced entrepreneurial training. NEED has published learning documentation and

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3 [http://www.ap.nic.in/dwcra/](http://www.ap.nic.in/dwcra/)
con ducts training programs for NGOs, Governmental departments, banks and SHG leaders\(^4\).

In Goa, the District Rural Development Agency is maintaining a web site where SHGs can present and market their produce, most of which is again handicraft. DRDA also organizes exhibitions and craft fairs with the aim of promoting traditional crafts and linking\(^5\).

Helping SHGs in getting contracts to supply a specific quantity of produce to a buyer can also help in overcoming marketing constraints. Some NGOs and government agencies have actively pursued this road, e.g. by purchasing chalk for local schools from SHGs that have been trained in chalk manufacturing\(^6\).

While these examples are encouraging, it is again not clear how many SHGs are benefiting from them. In India, unlike e.g. in large parts of Africa, it is still not fully acceptable by rural society that women are actively engaged in trade and other non-farm enterprises, especially if this implies travelling and dealing with male middlemen. As a result, women depend much more on SHGs than they do in Africa; where the bulk of self-employment is through individual women using informal channels of credit and marketing. As this option is not open for the majority of Indian women, the need to link SHGs to markets through normal channels is greater. It has also been pointed out that access, ownership and control of productive resources are crucial in determining the potential of women to produce marketable products and services.

**Research Gap:**

The review of available literature reveals that self help groups have been forming widely for the empowerment of women in the country. Formation

\(^4\) [http://www.indev.nic.in/need/activities.html](http://www.indev.nic.in/need/activities.html).

\(^5\) [http://ruralbazargoa.nic.in/welcome.htm](http://ruralbazargoa.nic.in/welcome.htm).

of these groups really provides women to prove their ability and to show contribution made by them towards development process of the economy in general and upliftment of women status in particular. There are various studies which confirm that microfinance programme has a significant positive impact in increasing employment and reducing poverty. A number of studies show that the participant households enjoy higher standard of living as compared to the non-participants. The programme reduces consumption as well as income vulnerability among its beneficiaries. Some of the studies also confirm that the programme is helpful in attaining millennium development goals by reducing poverty, hunger, infectious diseases and through women empowerment. There are number of studies which explain that participation in the programme has led to greater levels of women empowerment in terms of increase in knowledge, self confidence, economic, social and political awareness, mobility, development of organizational skills etc. However, some of the studies show that the programme is not reaching the bottom poor people and the group loans are utilised for non-income generating activities such as consumption and other emergency needs. The studies also show that the women participants have limited control over the use of group loans, therefore, the programme results in limited empowerment of women participants.

The studies reveal that these self help groups have good potential and doing well in their tasks of empowerment of women. NABARD and the Government of Karnataka have been providing financial assistance, incentives and training in respect of various matters such as improving the skill, weekly meetings, maintaining records, bank transactions, production and marketing activities to be under taken by the group members.

There are many number of studies conducted at national and state level relating to the empowerment of women through production and marketing activities of self help groups. However, there are no studies conducted in the study area relating to the current subject and on the objectives of the research and
addressing the problem and prospects of self help groups’ activities in empowering women. Therefore, an attempt has been made to understand and analyse the concept of production and marketing activities in the study area in particular. This may help for the policy makers in formulating appropriate policies and may help in the promotion of the institution of the self help groups.

**OBJECTIVES OF THE STUDY**

The main objective of the study is to analyze the growth, problems and prospects of production and marketing of home made products of SHG’s in Davangere District. The specific objectives of study are as follows:

1. To review the production and marketing of home products of SHGs (selected products) of rural and urban areas.
2. To review the scenario of home-made products of women in Davanagere district.
3. To study the constraints of production and marketing of SHGs products.
4. To assess the impact of income levels of the beneficiaries.
5. To suggest the major policies based on the present study.

**THE HYPOTHESES**

On the basis of the objectives of the study it is hypothesized that:

1. The home made products and marketing have increased the levels of income of beneficiaries.
2. They are facing with the problems both in production and marketing of their products.
3. They are facing with the problems of repaying loans.
SOURCES OF DATA AND METHODOLOGY:

For any scientific study, the adoption of sound methodology occupies an important role. The study was undertaken in Davanagere District. This study is based on both primary and secondary data. To collect the primary data, questionnaires were prepared and presented personally to 260 women members of selected self help groups. The sample members were selected from each group randomly. The secondary data were collected from several published and unpublished sources like various departments such as Women and Child Development, Zilla Panchyath, District Statistical Department, books, journals, magazines and websites.

ANALYSIS OF DATA:

The collected data has been analysed by using suitable statistical techniques along with simple tabular and percentage analysis etc. To study the objectives of the research this technique is used. This has been done to authenticate the findings of the study through quantitative analysis.

SCOPE OF THE STUDY:

The present study covers educational, demographic aspects of sample respondents, motivating factors to join self help groups and the empowerment of women through production and marketing activities in the study area. Further, the study includes suggestions for effective implementation of self help group activities. The findings of the study could serve as a guideline in formulating further policy and programmes for poverty eradication.
LIMITATIONS OF THE STUDY:

The present study covers Davanagere District to the broader areas of production and marketing of selected home-made products of women SHG’s. This study covered the period from 2007-08 to 2009-10 as the period of reference. Further, the respondents of self help groups were not ready to share data from their records. However, all possible efforts have been made to be accurate possible during the course of data collection and personal interview. Since, the respondents are poor whose level of literacy is low, maximum effort was made to present the question and issues as real and simplified as far as possible. However, inferences drawn from the study are not differing significantly from the actual situations observed.
RESEARCH DESIGN

The Research study is presented in five chapters.

Chapter-I
The first chapter is developed to the introduction of empowerment of women through self-help groups, micro finance and micro credit, income generating activities of loan system, Bank-SHG linkage models, review of literature on the specification of the objectives and methodology adopted.

Chapter-II
The second chapter deals with Self Help Groups in India

Chapter-III
The third chapter presents history and development of self help groups in Karnataka and a profile of the study area and the growth of SHGs. The general information of the district, salient features of the district, resources of the district, infrastructure facilities, financial institutions and credit facilities, and the growth of SHGs in the district.

Chapter-IV
The fourth chapter presents Women SHG’s in rural and urban development

Chapter-V
The fifth chapter describes the performance production and marketing of home made products of SHGs in empowering women in the study area. This chapter deals with the performance of the self-help groups formed by women of the study area.

Chapter-VI
The sixth chapter presents the major findings of the study and suggestions to improve the production and marketing activities of SHGs and conclusion. Findings are based on secondary data analysis.