CHAPTER - II

REVIEW OF LITERATURE

2.1 INTRODUCTION

A review of literature is the mirror of earlier studies, which enriches the researcher and helps to identify the gaps for further research. As the present study is concerned with the compendium credit through SHGs, an attempt is made to review the literature available so that a greater insight into be subject is obtained. Like any researcher, sufficient effort is taken to understand the earlier studies on SHGs and related issues on micro credit. The concept of SHG is a recent phenomenon only the researcher and studies undertaken since 1990s have been reviewed and summarized in the following pages.

Mehta Salil and Dinkar Rao (1990)\(^1\) studied the working of SHGs in Maharashtra and Gujarat. They have observed that SHGs help increase the awareness knowledge and skills of the rural poor and assist them to take active participation in village activities and guide the rural poor in the field of income generating activities that contribute to higher family income and they provide credit facilities to the local target group credit for establishing and developing.

According to Sri Latha(1994)\(^2\) Empowerment is a process of challenging existing power relations and of getting greater control over sources of power. Raja Sekar D (1994)\(^3\) analysed Micro Credit project in order to find the effectiveness of SHGs impact of savings and credit activities on the poor and the self sustainability of the system. All together 13 NGOs from Kamatka, Andhra Pradesh, Tamilnadu, Orissa, Rajasthan and Gujarat had been selected and reviewed.
It is also inferred that efficient SHGs of these NGOs has led to many positive levels like adequate credit, quality services, high recovery rate, reduction of dependence on money lenders and improved credit worthiness of the members.

Indian Bank (1995)\(^4\) had conducted study to assess the transaction in Tamilnadu. The study covered 45 branches of Indian Bank and 101 SHGs. The study examined only the transaction cost of the branches under different models of credit delivered for loans up to Rs. 2500. It concluded that both the lending system viz. lending to individuals with SHGs and NGOs both acting as non financial intermediaries and lending to SHGs which then lend to borrowers with NGO acting as non financial intermediary have resulted in reduction of transaction intermediary have resulted in reduction of transaction costs of the banks, especially on follow up and recovery. The transaction cost per Rs, 100 of loan was found to be the cheaper for banks under latter model.

Puhazhendi (1995)\(^5\) studied 19 SHGs and Five bank branches in Kamatka and Tamilnadu and concluded that the intermediation of SHGs reduced the time spent by bank personnel in identification of borrowers, documentation, follow up and recoveries effecting 40 percent reduction in the transaction cost of bank, as compared to direct lending to individual borrowers. Transaction cost of borrowers was reduced by 85 percent.

Having studied 19 SHGs 5 bank branches and 2 NGOs in Karnatka and Tamilnadu as regards 4 different models, Puhazhendi V (1995)\(^6\) concluded that the per borrower transaction cost was minimum in the model where SHGs act as financial intermediaries and NGO acting as non financial intermediary while compared to lending directly to borrowers. It is also observed that the default risk was minimal in lending through SHGs.
Karl(1995)\textsuperscript{7} opines that empowerment of women involves four interrelated and mutually informing components collective awareness, capacity building and skill development participation and control over the decision making power and action being about gender equality. This implies control over decision making process both at personal and co-operating lends overcome expenditure and a acquisition and exercise of knowledge. It has four dimension, economic, social, political and psychological empowerment of require action on (a) Investing in an education and health of people so that they can take advantage of market opportunities, (b) Ensuring an enables environment that give everyone access to credit and productive assets so that the playing fields live are more even end. (c) Empowering both women and men that they can complete on an equal footing.

In a study on identifying the policy and operational issues involved in financing of SHGs by banks undertaken by Srinivasan Girija and Rao (1996)\textsuperscript{8} it was stated that it would be possible to evaluate the impact on the transaction and risk costs to bank only if they finance a large number of groups, as the impact of SHG lending on such costs of banks was not visible to many branch mangers who had linked only one or two SHGs. Such evaluations help to convince the banks and bankers about the efficiency of rate of financing the poor through the SHGs.

Srinivasan (1997)\textsuperscript{9} conducted a study on the assessment of self help group and the study revealed that, the poor house hold who were economically and socially backward are the members of self help groups. The groups has successfully mobilized savings and extended credit out of its own funds with good repayment record.

Sitalakshmi and Bhuvaneswari (1998)\textsuperscript{10} under takes and done a study on the capacity building of women at gross roots in credit management their study revealed that, SHGs have no doubt in bringing encouraging dividends.
in terms of savings internal lending and banking habits. This continuing trend would have way for self reliance and economic empowerment of marginalised women.

Rao Padmaja (1998)\(^{11}\) reported that the SHG women were very active in participating in the groups and savings money. Most of the women started the level of self empowerment ventures like petty jobs, canteens, tailoring units, milk shop etc.

Gopalakrishnan (1998)\(^{10}\) in his study on SHG and social defense found that the poor are worth of credit and they demonstrate that even modest loan can make psychological welfare assistance to SHGs have shown that women are capable of managing their socio economic political and marginalized needs. As they have no personal experience to spend on limit productivity, they are best person to generate savings take effective family case repay the loan promptly ultimately bring useful change in rural areas.

According to a study conducted by Prof. Malcom Harper in India and Kenya, SHGs have achieved a 15 percent market penetration in bank advances in Sri Lanka, 0.04 percent in India and 1.15 percent in Kenya. It is also noticed that SHG financing is restricted due to the lack of initiative and orientation among the bank officials in rural branches to deal with SHGs as prime business opportunity.

Girija and Satish (1999)\(^{14}\) in their study on impact of SHG lending on the profitability of branches studied eight branches where the SHG lending constituted more than five percent of the loan portfolio. They concluded that lending to SHGs and NGOs carried out the least cost when compared with other models of lending. Lending through SHGs reduced the costs by 85 percent and through a federation, reduced the costs by 95 percent as compared to direct lending. The default risk was negligible in the case of lending of SHG and NGO / federation.
Sakunthala Narashimhan (1999)\textsuperscript{15} in their studies says, women in SHGs empowered with information on hygiene, sanitation and health. They no longer turn to ‘manthram’ and other rites for problems like sickness. A study on DWCRA groups Damayanthi (1999)\textsuperscript{16} revealed that groups strategy has generated low socio economic impact on womens household as the process of economic empowerment is influenced by socio economic backgrounds suitable income generating activities undertaken by them.

Gurulingalah M., (2000)\textsuperscript{17} has made a study on the role of NGO in empowerment of tribal women in Kamatka. The study evaluated the efforts made by NGO to empower the tribal women in rural areas on Gubbi Taluk of Tumkur district in Kamatka. The findings indicate that though various measures have been taken by the financial institutional and NGOs for the empowerment of women a number of them are still lagging behind. The study further stated that in order to empower them the NGOs should extend their sincere guidance and moral support for overall progress of women.

Indira Kumari Y., Rao B., and Rao. R.V (2000)\textsuperscript{18} in their case study on NGOs and Empowerment of women explained the relationship between SHGs micro credit system and NGOs. The society had promoted more than a hundred womens group in 27 villages of Kanchi Kacheria block, Krishna district and stated that 90 percent of them have reduced their dependence on money lenders.

Jay a Raman P. and Others (2000)\textsuperscript{19} have studied the role of self help groups in the development life style of fisher women. The study reveals that, the fisher women SHGs are found to be performing well and with the necessary support from the lead Bank, local commercial bank, NABARD and Government, they could liberate themselves from the clutches of money lenders, save adequate money for productive investment and asset creation. It could also contribute to higher degree of socio-economic upliftment.
Liestte Branson (2000) has conducted a study on promoting family related self help group in rural areas of Illinois. The study has been conducted in two phases. In phase Champaign and Vermilon countries were invited to participate in a need assessment survey. The survey assessed the resources and needs of rural groups as well the barriers faced by rural individual seeking groups. In phase II 13 interviews were conducted with professionals and facilitators working with self help groups in rural areas. This study provided information for the family service self help center on how to better serve rural self help groups.

The National Bank for Agriculture and Rural Development (NABARD, 2000) conducted a study on the impact of Micro finance (MF) on the living standards of SHGs bank linkage programme had lightened the burden of life for the average member of a SHG and to analysis the betterment of household by gaining access to micro finance. The study covered 560 SHG member households from 223 SHGs spread over 11 states. It showed positive results. There were perceptible and wholesome changes in the living standards of the SHGs members in terms of ownership of assets increase in savings and borrowing capacity, income generating activities and income levels. The study revealed that all themselves developed saving habits in the post SHG situation as against 23 percent of households who had this habit earlier and the average borrowing per year household increased from Rs. 4282 to 8341. The study concluded that the involvement in the group significantly contributed in improving the self confidence of the members. The feelings of self-worth of and communication with others improved after association with the SHGs and the members were relatively more assertive in confronting social evils and problem situation. As a result there was fall in the incidence of family violence.
According to Raja Sekar (2000)\textsuperscript{22}, Micro finance programmes are important Institutional device for providing small credit to the rural poor in order to alleviate poverty. Micro financing programmes through SHGs, introduced and expanded by non governmental organizations (NGOs) in several parts of India, have the potential to minimize the problem of inadequate access of banking services to the poor. They can influence savings.

Kandkhar (2000)\textsuperscript{23} while estimating the impacts of Micro finance an savings and borrowings found that micro credit not only increase involuntary savings but also induce voluntary savings. Sebastian Titus, A.P. (2000)\textsuperscript{24} had made an earnest effort to measure the impact and out reach of micro credit program of medium size by the Non-Government organizations. The study reviews the micro credit models of three NGOS namely, SWATE (Society for Women in Action for Total Empowerment), Gramavidiyal, Sangamam, operating in the central Tamilnadu Found that ‘SWATE’ experiences “Revolving Fund Scheme also implement and SGSY programme. It was also found that Grama Vidiyal acts as an MFI (Micro Finance Institution) after Grameen Model while sangam follows the SHGS bank linkage model.

This study evaluated the impact of Micro credit programme of NGOs on rural women by evaluating the aspects of outreach marketing, impact and viability of the programme the reach was commendable both geographically as well as in number of groups. The savings had registered an increasing trend and the average size of savings has also increased.

The overall view of the purpose for which the amount is utilized shows that 52 percent used it for income generating activities and 26 percent for agriculture and 13 percent towards essentials and only 9 percent was spent towards social functions. He has decisively concluded that the
micro credit programmes to a very large extent did reach the poor with no access to credit and had indicated that the programme has helped the growth of female entrepreneur in the study area.

Manimekalai (2000)\textsuperscript{25} studied the “NGOs intervention through micro credit for self help groups in rural Tamilnadu”. The study attempted to analyse the working of the SEVAI (Society of Education Village Action and Improvement) in empowering women and the rural poor through micro credit. The study revealed that women in rural areas were really longing for supplementary income and the intervention through micro credit by both the Government and NGOs was a boon to them. The study revealed that after Micro credit and intervention of SEVAI, the education of the children were better find women were able to manage the household activities with out any problem s of deficit in their budget. The study concludes with suggestion that other institutions working for the development of Women could follow micro credit strategies.

Kallur and Biradar (2000)\textsuperscript{26} in their micro level study to examine the role of Non-Governmental voluntary organization in promoting the micro credit institutions and to comment on their sustainability in the years to come. The study threw light on the origin and the nature of micro credit organization and its superiority over macro ones in catering to the need of farmers. Further the study discussed the role of micro credit organizations with particular reference to the Indo Swiss project and their sustainability and concluded that the NGOs have succeeded in promoting SHGs.

Jain (2000)\textsuperscript{27} in his study on Empowerment of women through NGOs. The SEWA Bank experiences observed that the banks helped the women to acquire skills to make new products and identify work opportunities. The study revealed that the repayment rate was excellent and the member owned or controlled micro credit institution could help to strengthen the country’s democratic system.
Sen (2000)\textsuperscript{28} has attempted to find out the development of SHGs promoted by Sree Mamialala sanity and its impact on women members. The findings of the study revealed that the individual loans were mostly used for productive purposes, the rate of recovery was very high compared to the rate of recovery of the formal institutional system, and group dynamics was an instrument for change in the quality of life of the poor people. The study also revealed that other than economic, activities, the groups worked towards primary education, basic health care of family, safe drinking water and environmental protection. The study conducted that group cohesion, group action need based credit and timely repayment is essential elements for sustainability of the groups.

Vijay D.Kulkami(2000)\textsuperscript{29} has described in his article “Empowerment of women through Self Help Group” the difference between women who have become part of SHGs and those who are not members of SHGs from the same village. Empowerment has taken place across caste /class. It has also help to some extent to go beyond case politics and blend them together as women.

Mr.Gurumoorthy T.R.,(2000)\textsuperscript{30} in “Self Help Groups Empower Rural women” says, SHGs enhance quality of status of women as participants, decision makers and beneficiaries in the democratic, economic, social and agricultural spheres of life SHGs also encourage women to take active path in socio economic progress of our nation.

Sundari.S and N.Geetha in their study, “Poverty credit and Micro Enterprises”. A gender study(2000)\textsuperscript{31} opine that factors such as training and skill formation, technology upgrading credit, women bank, supply of raw material and market promotion of small savings and publicity could contribute to empowering women.
According to Jaya.S, Anandh(2000)\textsuperscript{32} a women are empowered with information and resources, it enabled them to initiative social action against dowry systems alcoholism, illiteracy and other social issues. The collective strength of women under the SHGs has increased their ability to take up for social empowerment.

According to Agarwal Deepti(2001)\textsuperscript{33} women need to be viewed not as beneficiaries but as active participants in the progress of development and change. Empowerment of women can be effectively achieved if poor women could be organized in to groups for community participation as well as assertion of their rights in various services related to their economics and social wellbeing.

Mr.Anandh.V.K(2001)\textsuperscript{34} in his study “A venue for sustainable Empowerment of Rural Women” said empowerment is a process of building capacities or creations of an atmosphere, which enable people to fully utilized their creative pursuance of quality life. Empowerment gives women the capacity to influence decision making process, planning, implementation and evolution.

Devasia, Leelemma in “Rural Womens Empowerment” (2001)\textsuperscript{35}. A gross root domination of men over women called “partrichy” has been crashed out by collective action of women by building up, nursuring and being in Mahilamandals. The mandal were transferred into entrepreneurial Self Help Groups which will sustain their empowerment.

According to Snehalatha Tandon(2001) Self Help Groups focus on the change oriented skills that help women to achieve inside, empowerment and findings of new way of life. This strategy has made the rural women to discover the strength self-confidential, social and economic abilities and capacity. The SHGs makes the women work collectively and understand the strength that they have and can use for development.
Vasudeva Rao (2001) in his study says the promotion of democratic common interest groups for women resultantly improved the literacy among the participating women and also decline in the school dropout rate among their children.

Choudhury, R.C., and his team (2001) conducted a study document and the experiences of SHGs in promoting micro enterprises through micro credit interventions and the efficacy of self help promoting institution (SHPI). The study analysed the core issue of poverty reduction and efficacy of SHG route for micro enterprise promotion. The main objective of the study were analyse the operating system in SHGs to explore the effectiveness of SHGs in identifying the micro enterprises and to suggest appropriate policy intervention for effective performance of SHGs. The study was carried out in selected clusters spread ones regions in the states of Tamilnadu, Kamatka, Andrapradesh and Maharashtra. The study covered 76 SHGs, 450 members and 135 micro entrepreneurs from fine regions. The case study cum survey method was followed. Secondary data were also collected from the records of SHGs. It was observed that group enterprise on a big scale would involve greater risks but would yield better returns to the entrepreneur. The study brought fore the fact that, out of three SHPIs namely NGOs, banks and government, NGOs were better equipped for capacity building of SHGs and promotion of micro enterprises. The study also showed that SHG were still in a state of flux and their sustainable development depended on a number of factors which were internal and external to the organization.

Namboodri N.V. and R.L. shiyani (2001) conducted a study to find out the basic features and financial operations of SHGs promoted by both SHPI and NGOs served by the panchmahals vadodara Greamean Bank (PVGB). A sample of five branches of PVGB was selected, out of which three are located in Dahod district and two in panchmahals district, of
Gujarat state. The main findings that emerged from this study were that, the percentages from this study were that, while the percentages of women groups promoted by the SHPI was 52 percent, it was as high as 84 percent for those promoted by the NGOs. The percentage of SHGs linked by the SHPI was 65 percent and that of NGO was 42 percent. The average amount advanced to SHGs varied from Rs. 7000 to 30000 for those promoted by the NGOs. The SHG that were promoted by the NGOs had a better saving performance compared to that of SHPI, in terms of amount saved per SHGs as well as in terms of credit saving ratio. The repayment performance of the SHGs promoted by the SHPI was superior to that of NGOs.

Dadhich C.L. (2001) conducted a case study of oriental Bank Grameen project at Dehradun district in Uttar Pradesh, for assessing the benefit of the project and economic viability. Out of a total 450 SHGs covered by the project, 447 were women groups and only 3 were men SHGs, the main findings of the study revealed that large number of women had taken up subsidiary occupation and consequently their family incomes had sustainability increased. An analysis of figures relating to income and expenditure of a specialized micro credit branch revealed that the branch had become a profit centre right in the second year of its operation. The recovery of the loans was more than 100 percent of the demand. The study also revealed that the borrowers under oriental bank Grameen project had both the advantages of fine rate of interest, as well as hassle-free credit, where as their counterparts elsewhere were paying exorbitant rates of interest.

Sathish, P (2001) in his study made an attempt to answer the following questions (1) Are there a large number of pre existing groups in the rural areas and if so can they evolve into suitable SHGs (ii) Are the really poor accepted as members of SHGs (iii) What are the processes in SHG formation? (iv) Do the SHGs face resistance at the time of their formation, if so how is the resistance being overcome? This study covered
groups formed by the NGOs and banks. The number of groups formed by the NGOs and banks were five and four respectively in Kamatka, four and nil in Maharashtra and seven and two in Uttrapradesh. These groups were selected for the study. The secondary data and material were collected over the period 1997-2000 at the Bankers Institute of Rural Development (BIRD, Lucknow).

The study revealed that several SHGs included very poor members and the process of SHG formation had to be systematic whether it was formed by a bank on an NGO. It also observed that most of the SHGs had faced initial resistance in their efforts. The study concluded that the NGOs were more suited for forming and nurturing the SHGs.

The National Institute of Bank Management (NIBM, 2001)\textsuperscript{42} has studied SHG in four district of Maharashtra promoted under Maharashtra Rural Credit Project (MRCP). The study observed that 69 percent of the Groups were of the size 11-20, 50 percent of the members were office bearers had at least a secondary level of education. The study revealed that the average savings of the SHGs in MRCP was Rs. 24 per month per member. This rate was more for new groups than for old groups. The study also found that the average amount of savings mobilized amounted to Rs. 10,658 per group and that the SHGs and MRCP had started lending their own thrift capital from the eighth month of the formation.

Barik, B.B., and Vannan P.P., (2001)\textsuperscript{43} in their work promoting “self Help Groups subsystem of credit Co-operatives’ have stated that SHG can developed as a subsystem to primary agricultural co-operative societies at village level. They have also linked with commercial banks in the rural areas. However the linkage with the co-operative credit system is proverbially poor. As such need of the hour is to make an earnest effort to bring about effective linkage with co-operatives.
Manisingh C.H., (2001)\textsuperscript{44} has explained an article “Self Help Groups” some organizational functions are motivation meeting adoption of fixed area of operation, monthly meeting; fixation and collection of monthly thrift, maintenance of books of accounts, formulation of rules and regulations; increase in membership and framing of policies’ programmes follow up co-operative norms. He has also revealed that social functions are providing education, knowledge and information, providing idea of consumer protection, preventing harmful diseases, eradication of poverty linkage with other agencies for socially successful activities.

Ojha R.K. (2001)\textsuperscript{45} observed that Groups need to be promoted based on the binding force (interest) and homogeneity like caste and economic status.

Mangathai R.A., (2001)\textsuperscript{46} observed the training provided to women in the SHGs brought about a positive and gradual change in their group management and operations they became better aware of the productive loan and various options available to them with the incremental flow in income the women have ensured that all their children are provided health care and also regularly sent to the school.

A study by Girija Srinivasan and others (2001) reveals that lending through SHGs and NGOs bear the least cost to the lenders when compared to other types of bank lending. The risk cost also ranges between 0.03 to 0.27 percent in case of lending through SHGs where it is as high as 7.88 percent in normal bank lending. The study observes that the linkage between banks and SHGs works out to the advantage of both the bank and the borrower. The total transaction cost comprising of cost lending, cost of funds, cost of mobilizing deposits and default risk at branch level is 11.07 percent and 12.79 percent increase of loans to NGOs and SHGs respectively.
The total cost of rural lending that is the transaction cost of the bank in lending and the cost of intermediaries like NGOs and SHGs is the least at Rs. 16.13 per Rs. 100 lent in case of the model where the NGO acts as a financial intermediary followed by Rs. 17.55 per Rs. 100 lent where the bank lends directly to SHGs lending to individuals cost Rs. 21.90 per Rs. 100 lent. Thus the study proves that lending through the NGOs emerges as the cheapest means of financing the rural poor.

Rajammal P. Devadoss (2001)\(^48\) while explaining the economic dimensions of globalization and its impact on Indian economy, stressed the need to promote SHG to overcome the threat. It has been high lights that any regime fails to meet the basic needs of majority of its people is in crisis and India is currently facing such a threat. It is also stressed that the informal sector workers require access to finance, new skills etc. and the best way to do all these is supporting people’s organization through enabling legislation and direct resources.

Rama Rao D.V.V (2001)\(^49\) undertook a study in Bidar district of Kamatka state to analyse the impact of institutional credit on the living conditions of women in the rural areas. In the study area 5 members and micro entrepreneurs from 10 SHGs each were interviewed. It had been noted that the average membership was 19 and the savings per group came around Rs. 7,699.80. The average savings mobilized by the groups sponsored by the co-operative bank was Rs.39,984 for the groups sponsored by the NGOs, it was Rs. 37,014.

The average cumulative amount of loan disbursed by an individual SHG had been Rs. 3,83,812. The cumulative purpose wise loans disbursed by SHGs indicated that business sector receive a share of 25 percent followed by agricultural sector (25%) and diary forming (22%). It had been brought to light that 71 percent of the loan was used for productive purposes.
Mahdeswaran and Amita (2001)\textsuperscript{50} in their study on “Empowering Rural Women through SHGs” examined as an effective and financially viable to in channeling credit to the rural poor. The study analyses the impact of SHGs in providing credit to rural women to help them to uplift their economic status. The study concluded that Micro credit meets the demands of rural women and enables them to identify the activities for economic betterments.

V.K. Abdulla (2002)\textsuperscript{51} has narrated the role of women development cell of the Malabraphas Grameen Bank (MGB) in transforming an ordinary agricultural laborer into a Veteran rural entrepreneur at Dundasi Tanda of Mundargi Taluk in Dharwad district with a strong net work of more than 230 branches in four backward district, MGB could build up steady growth in promoting SHGS and credit linkage with or without the help NGOs.

It has been proved that almost all the families in the Tanda are earning through embroidery or basket making or through an sort of work by obtaining financial assistance from MGB. During 2002, the total credit disbursement to women stood at about Rs. 1273 lakhs under 2665 accounts.

Badal Chandradas (2002)\textsuperscript{52} has carried out a study in the district of Purulia, West Bengal where women have always been marginalized and neglected. In his study he has highlighted the role played by Kalyan, a voluntary organization with multi disciplinary youth organization. The study proves that SHps women could be an effective tool for the promotion of micro enterprises in rural areas and has declared micro enterprise as an instrument in transforming inductive human beings into productive human resources.
Deepali Pant Joshi (2002) in his article - “Rural Credit”, while narrating the importance of rural credit and the role of commercial banks co-operative banks and RRBs, Stated that lending to SHGs should also be treated as the priority sector.

Dwarakanath (2002) studied about rural credit and women self help groups in Renga Reddy district. From the report, it is understood that the self help groups movement in the district had a greater vision of Empowerment banks in the district advanced loans more than 76 percent of the groups thus securing second place in the state.

Dwaraki, B.R and Kumaresan, B (2002) has observed that the SHG approach is not new but it prevails from time immemorial in our villages. But what is new is that it cuts at the very vitals of dependence and carries with the potentiality of reversing the negative factors in the process of rural development.

Elianala Ferrera (2002) studied to understand the functioning and the scope of self help groups in the formal settlement of urban areas as a means of generating income poor households the paper was a unique data set collected by the author in 1999 surveying all individual group members from several informal settlement of Nairo. It studies the individual determinants of earnings with the groups and relates functioning sex, age and ethnic identity are among the most important determinants of individuals reliance of group income and access to group loans, heterogeneity in earnings among members. It shows how to reduce their ability to borrow from group as a whole but not from each.
Bharat Dogra (2002)\textsuperscript{57} has presented in his article “women Self Help groups” that almost all these women are from poor families, mostly from Dalits and backward classes, while the increase in income is important it is not only aspect of these SHGs which is emphasized, several existing them are also discussed. It is important for the long term success of self help groups that loans should be returned promptly.

Gurumoorthy T.R (2002)\textsuperscript{58} in his study expressed that empowering women and economic progress leads to social development. Rural women put their soul and strength in all rural activities. The field study had been undertaken at Nedungulam, Puluthikulam in Ramanathapuram district and Uppliapuram in Tiruchirappalli district. The study clearly accepts that SHGs have paved the way to bring the rural women in to the main stream. The study also stated that the defaulters of SHG loan are very rare and enlisted some of the reasons for default viz, diversion of income to other channels, no fear about legal action on default and lack of intension and interest to avail fresh loans.

Hema Banasal (2002)\textsuperscript{59} studied the role of self help group bank linkage programme in Vadodara district of Gujarat state. The study shows that commercial banks, co-operatives and RRBS have been vested with the responsibilities of initiatives SHG bank linkage programme and promote micro credit financing through Self Help Group.

The study undertaken by Jay a S. Anand (2002)\textsuperscript{60} at Thiruvanathapuram exhibits the fact that the self Help Groups created the awareness about newer economic opportunities available to women and the abilities need to be tapped. According to this study women empowerment through self help groups, all the members in the groups have taken up individual economic activities and the only handful of group activities had been recorded.
According to R.R.Prasad(2002)\textsuperscript{61} Empowering of rural poor will be only found in promotional activities that can be described as community based, fostering peoples organizations or project partnership. Empowerment is an important qualitative dimension of these three approaches.

Sudha and uma(2002) \textsuperscript{62} had undertaken the study to evaluate the social status of women in house management, leadership qualities, health and sanitations, economic status after participation in the Self Help Groups. The study observe that participation in SHGs enhanced the empowerment of women in these four aspects. Self confidence among the women increased and decision making power also increased during this period.

Lalitha and Nagarajan (2002)\textsuperscript{63} conducted a study on the functioning of Self Help Groups (SHGs) in selected districts of Tamilnadu. The study traced the structure and modalities of Self Help groups, studied the functioning of SHGs examined the role of SHG in promoting empowerment of women, investigated the group dynamics of SHGs, identified the factors which contribute the to the success, failure of the groups and study the income generating programmes promoted by SHGs. The study reveals that effective leadership group Cohesiveness, savings, regular meetings, peer-group pressure, linkage with other institutions and effective supervision by the NGOs were the factors that contributed to the success of groups.

Premsingh Dahiya Pande, N.K and Anshumen Karol(2002)\textsuperscript{64} described in their article, social economic upliftment through Self Help Groups in solan district of HimachalPradesh that the success or the efficiency of Micro finance intervention can be understood at three levels mainly (i) Out stretch and financial sustainability of program, (ii) Income or poverty impact on the users and (iii) Development of financial market at local. The economic impact is measured in terms of increase in annual incremental income. All SHGs record increase in income overall is 94.3% They also have pointed out that various parameters are used to measure the
maturity of the household. These are (i) Homogenity (ii) Awareness about obstructive of groups, (iii) Participation and frequency meeting (iv) Feeling of relevance group fonnation (v) Regularity of savings (vi) repayment loans and (vii) group participation in financial transactions.

Punithavathy Pandian and Eswaran(2002) argued that the economic empowerment of poor women is the only way for poverty eradication. Because increased access to financial resources enables poor women to increase their employment and income in the petty business that has local demand and also based on local resources.

Chiranjeevalu (2003) had pointed out that in SHG Bank linkage, about 22,836 groups are functioning with 3.10 lakh women with a corpus of Rs. 85 crores in Warangal district in Andhrapradesh. Moreover among them, about 15,000 are linked with various banks to avail credit facilities for production and consumption needs. According to this study, fast efforts in this direction gave birth to some very spontaneous innovations of women in the district. In this regard, chilli processing unit of 514 women is surely an inspiring story. Senior women SHGs in parvatha Giri Mandal have grabbed the opportunity as chilli being one of the major crops of area. The study on this project has obviously proved that women have developed abundant self confidence and self esteem through SHG movement. It has also proved that the consumption based SHGs have transformed to entrepreneurship oriented SHGs lending to employment generation and empowerment of women.

Dwarakanatha (2003 ) studied the SHGs in power goods and concluded that the SHGs offer better wages ranging Rs. 40-50 per head than Rs. 20-25 what they got earlier as an agricultural labour. The SHGs paved way for equal wages to women and men which facilitated women to save regularly and rotate the savings amount among members at simple interest, keeping them way from the traditional money lenders.
Dinker Rao (2003-2004 defines)\textsuperscript{68} SHG as a group of about 20 people from homogeneous class, who came together for addressing their common problems. They are encouraged to make voluntary thrift on a regular basis. They use this pooled resource to make small interest bearing loans to their members. The process helps them to ..................... the essentials of financial intermediation including prioritization of needs setting terms and conditions and account keeping. This gradually builds financial discipline among them. They also learn to handle resource of size that is much beyond. Individual capacities of any of them. The SHG members begin to appreciate that resources are limited to have a cost once the groups show the nature financial behavior of banks are encouraged to make loans to the SHG in certain multiple of the accumulated saving of the SHG. The bank loans are given without any collected and at market interest rates. The groups continue to decide the terms of loans their own members since the groups own accumulated savings are part and parcel of the aggregate loans made by the groups to their members poor pressure ensures timely repayments.

Gladis Abraham (2003)\textsuperscript{69} has in his report enlisted the women's participation rate in various countries. Accordingly the participation rate in Bangladesh is very low with 5.6 percent and in Malaysia and Korea the rate being 25.9 percent and 32.3 percent respectively.

According to Jay a Balakrishnan (2003)\textsuperscript{69} project officer DRDA District Rural Development, Coimbatore about tribal SHGs have been given by Forest department to collect and market minor forest products in order to avoid the intervention of middlemen and ensure that the benefit to be reached by the SHGs fully. The district collector had written to the forest department to handover the complete right to those who remitted the fair rent to set the right. The SHG had to deposit an amount with the forest department and for this purpose the DRDA has arranged loans and subsidy.
According to Kalpana Sharma (2003) the team Self Help Groups has almost become achieve development terminology. The women in the Osmanbad district in Maharashtra have come together as part of savings groups or SHGs. They do not have to go to the money lender for their emergency needs but more than that the SHGs have knit them together overcoming caste and other differences.

Rajmohan S., (2003) in his article “Activities of self help groups in Virudhunagar District”. A study has specified that according to recent survey 18 lakhs families out of 41 lakh families are below poverty line in the state of Tamilnadu, had been covered by the SHGs. He has also indicated that programme was launched in 1998 and the total saving 1.06 lakhs SHGs were 150 crores.

Ritu Jain, R.K., Kushwaba and A.K. Srivatsava (2003) in their work “socio economic impact through groups” have asserted that the Self Help groups enhance the equality status of women as participants decision makers and beneficiaries in the democratic, economic and social spheres of life. They have also revealed that the impact of SHGs on socio economic status of women were found to be significant on education, housing facilities exposure of mass media external orientation, occupation, size or land holdings and material possession. Only few aspects were found to be non significant and they are caste and type of family.

Rangarajan L., (2003) in his study “Role of Self Help Groups in poverty alleviation” has stressed that the SHGs are playing a crucial role of harmonizing the society and strengthening rural economy, hence they must avail themselves of training programmes and should manufacture diversified quality of products. He also provided that the SHGs is expected to be one of the major programme of poverty alleviation in India without participation from the formal banking system and without any interference from the government.
Sabya sachi Das (2003) in his article expressed that Micro credit - SHGs model has got tremendous attention in recent years. Micro credit is considered as an alternative source of credit for the poor who earlier were considered as non banakable. It has also observed that group lending has district advantage in the form of excellent recovery rate and improvement in income level. It had also enlightened the Indian initiative in the field of self help groups. It is understood from the article that the phenomenal growth of SHGs indicates that the weaker sections the society are also capable to sharpen their micro entrepreneurial skills with the help of their own savings and additional bank credit as and when needed. SHGs integration could be the way out for over all rural development and poverty alleviation.

Before and after studying by Vasudeva Rao D. (2003)76 attempted to identifying the areas where women SHGs had become empowered. For this study out of total 1.15 lakh DWCRA groups and 2.19 lakh SHG groups in Andhrapradesh 1.5 percent sample was taken covering the district each from three regions of Andhrapradesh 150 groups, from Khammam district 195 and 655 from Kumool and east Godavari had been selected for study. This study tried to capture the qualitative changes that the group approach has brought in the lives of the once passive women recipients in the rural areas.

A study on “Empowerment of women through Kudumbashree by Dr.N.P.K.KumarSushma, Dr.B.Seema and N.G.Balachandran(2003)77 revealed that the Self Help Group for proving gainful employment to the people below the poverty line and it enables them improve their income and standard of living.

According to Sankar Chatter Jee(2003)78 empowerment through group strategy is multi faced process which encompasses many aspects enhancing awareness increasing the access to resources economic and socials. An equally component is the mobilization and organization of
women into groups. The group strategy provides the required basis for solidarity strengths and collective action among the women. Empowerment is also linked to issues of social justice and equality.

Anitha Pandae (2004)\(^7\) has explained in her article SHG – A Boon for many” that initially the women were assisting the male in the business but subsequently the women also come forward to share the business independently. She has also revealed that the members utilized the loan in their family business and repaid the due amount in time.

Diwedi H.K., IAS (2004)\(^8\) in his study co-operations and self Help groups – A experience of poverty reduction initiatives under SGSY in North 24 parans policy implication for structures integration has focused on field experience and demonstrates that when SHGs get the scope of being integrated with functional co-operatives like dairy co-operative, paddy processing and marketing co-operative, fisheries co-operative, primary Agricultural co-operative society, Hand loom co-operative, consumer co-operative they can develop symbolic relationship. He has also highlighted that both the institutions co-operative and SHG and strong similarities based on principles of self help and mutual aid. Their integration is mutually supportive. A SHG is thus aptly called a co-operative within a co-operative.

Leelavathy (2004)\(^9\) has expressed in her paper “SHGs is a cream layer for womens social status” that the SHGs remove the curse of money lenders. SHGs are the ladder for upliftment of the down trodden economically and socially. She has also pointed out that the SHGs are taking up construction work for their hamlets like laying roads, closing down liquor shops contributing to the rehabilitation works and management of their village affairs.
Leelamma Devasia and Jecny Antony (2004) had undertaken a research to analyse and understand the social development issues raised as a result of the self help programme. The study was carried out in Alivora slums in Vishakapatnam, Andhrapradesh. It has been observed from the study that most of the women were in age group of 21-30 years and 36 percent were illiterates. The participation of younger generation seemed to be higher and 75 percent of the illiterate members understand the purpose of SHGs as economic development and 63.75 considered SHGs as important for economic purpose.

The study by Mulani J.M. (2004) has highlighted the success story of SEWA bank and concluded that SEWA bank has demonstrated that it has been possible and profitable organize and manage a bank for poor self employment women.

Nirmala V, Sham Bhat K and P. Bhuvaneswai (2004) in their study “SHGs for poverty Alleviation in Pondicherry”, have discussed about the performance and impact of SHGs on the empowerment of rural poor women in Pondicherry region. The following are the objectives examined by the study. 1. To observe the socio economic background of sample respondents during the survey 2. To identify the main determinants of monthly income of the respondents and 3. To examine the benefits and problems experienced by the SHGs sample respondents such a study has contributed to an understanding the functioning of SHGs in rural Pondicherry.

Rossappu, K., and Kalyan Sundar, K (2004) have discussed in their article “Economic Independence through Self Help Group” that in the absence of extra time government jobs getting loan from the banks and indulging in various business like making soaps, mats, chocolates, pappads, coconut spoons, installing hand pumps, building toilets, purchasing road rollers running tea shops, stone quarries installing gas plants and solar energy network highly commendable.
Sanjay Ray (2004)\textsuperscript{86} has mentioned his article linking self help groups under SGSY Scheme with co-operatives prospects and concerns that the distinguishing feature between self Help groups and co-operatives is that the latter of tented to be large, sometimes heterogeneous and formal sometimes lose cohesiveness and proximity with members in the process of their operations while the former is informal based on inter personal relations where decision making implementation and follow-up become comparatively easy. He has also pointed that the central government and State government fund the SGSY in ratio of 75 : 25.

Tripathy K.K. (2004)\textsuperscript{87} has presented in his article “Self Help Groups” that necessary training could be provided to the SHG members to create awareness of community health, traditional and modem agriculture practices, micro credit veterinary practices and water resource management, panchayat Raj and other relevant issues may be applicable to the area concerned. He has also provided that with appropriate mechanisms, various ministries, department, organizations can look towards the SHGs for targeting their programmes which ultimately would help in improving the quality of life in rural areas.

Venkatachalam A., and Jayprakash A., (2004)\textsuperscript{88} have described in their article “Self Help Group in Dindigul District” concept of SHG has shown the seeds for a salient reduction at the village level paves way for women to spell out their views and to participate in the local administration they have also pointed that more than 80% of SHGs are established in rural areas and only 5% is located in municipality areas.

Shanthi IG and Dhanalakshmi I.C(2004)\textsuperscript{89} in their article, ‘case study of womens empowerment through self help groups in Gobichettipalayam block Erode District” states that empowerment is an active multi dimensional process which enabled women to realize their full potential and powers in a spheres of life. Womens empowerment process starts with
empowerment. They have also disclosed that leadership qualities and active participation in group culture lead to important in political acumen which would in turn strengthen and sustain the overall process of empowerment.

Kala G.S(2004)\textsuperscript{90} has mentioned in her article “Economic Empowerment of women through SHGs” that amongst all the states Tamilnadu has the fourth highest percentage of female-headed households in the country. The Tamilnadu women Development Project TNWDP taken for implementation under the name of Mahalir Thittam covered about 10 lakhs poor women of the state in the year 1997-1998. Women SHGs share was 78% in March 1998. She has also stated that men SHGs accounted for 40% or more in only six states viz, Karnataka, Gujarat, Rajasthan, Haryana, Madhya Pradesh and Mehalaya.

A study on “Self Help Groups-Gateway to Women Empowerment” by P.Sorobarani and Dr.G.Thenmozhi(2004)\textsuperscript{91} reveals that NABARD brought out a regular scheme, under which SHGs of rural poor were recognized as an alternate create delivering system and measures suggests to encourage linking of SHGs with banks for this purpose. The RBI issued instructions to commercial banks regarding establishment of linkages by the directly with NGOs and SHGs. It concludes that the empowerment of women through SHG enables to create “Thrift habit among the women and to obtain the leadership quality.

Self Help Groups a movement for women Empowerment by K.Senthil Vadivoo and Dr.V.Sekar(2004)\textsuperscript{92}, the study highlights that empowerment of women through SHGs leads to benefits not only for the individual women but also for the family and community as a whole through collective action for development. Empowering women just for meeting their economic needs but also for social development case study of womens empowerment through Self Help Groups in Gobichettipalayam Block-Erode District” by Tmt.G.Shanthi and Tmt.C.Dhanalakshmi. This
study highlights the area where women lock in poor ie Disempowerment of women since they are economically poor or they belong to low case/low class. To overcome this disempowerment, organizing women SHGs at the village level, facilitating regular interaction, linking the SHGs with government programmes and linking the SHGs with credit sources such as banks should be introduced.

Ashokan R and Sudha T., (2005) in their article “Economic Status of Rural Women in Nagapattinam District with special reference to Elumagalur Village”. Empirically analyse the economic status of rural women SHGs in Nagapattinam District of Tamilnadu. The results have shown that sample respondents assets structure increased after joining as members in SHGs, particularly financial assets increased considerably from 6.6% to 15.5% about 40% income was generated through SHG activities and 42% of women became empowered in decision making. They have also revealed that the SHGs are successful to some extent in the study area in respect of economic process and social development.

Abdul Raheem (2005)94 in his article women “Self Help Groups for alleviating poverty has indicated 3 selected models (1) CDF Model (Co-operative Development Foundation (2) DWCRA Model (Development of Women and children in Rural Areas) (iii) SAPAP Model (South Asian Poverty Alleviation Programme). He also expressed that these models are rooted in 3 premises. Viz. lack access to credit at favorable terms and conditions for poor resulting in perfecturation of poverty, social capital contributes to poverty alleviation and women empowerment reduces general and gender poverty. He has also mentioned that the women. SHGs are promoted as basic entities under all the models.
Banumathy S. (2005) has explained in her article “self help groups and banking linkages” that initial role played by SHGs, prompted NABARD to venture linkage of SHGs with banks in February, 1992, she has also stated that RBI has advised banks to initiate action for adoption of SHG village programme as a part of the corporate strategy.

Chittaranjan Mishra (2005) in his article, SHGs the unorganized garment section. A case study of Madurai has explained that two types Self Help promoting Institution (SHIPI) namely government and NGOs are active in the household level garment sector. The DRDA promoted SHGs are more in organized and have better infrastructure to carry out the activities relating to the garment sector. The NGOs promote SHGs on the other hand have taken part in their developmental activities in the village in a bigger way than in the DRDA promoted ones. He has also indicated that capacity building and credit availability are complementary inputs to the growth of SHG based garment sector.

Ganesan G. (2005) has focused in his article “Rural Transformation through Self Help Groups (SHGs)” that SHGS have limited capital consists of self employed individuals, lack of advanced skills or technology and poor ability to come the market and most often operate out side the limits of regulation and the formal market mechanism. He also indicated that all the work they have started are eco-friendly and would not affect the soil, water and air.

Kamaraju S. (2005) has mentioned in his article of “Self Help Groups Emerging rural enterprises” that in rural areas SHGs utilized the loan for purchasing milch animals, goat and for meeting personal urgent needs. Some SHGs have purchased power tillers for agriculture purpose on wire basis. Investment in power tiller will increase their income both individually and collectively. Hiring out power tiller to peasant is an important entrepreneurial activity of self help groups. He also indicated that
the self help groups should be function as a non political and non controversial one. Political and religious neutrality paves the way for his healthy growth. He has also expressed that SHGs gains momentum now a days. Because its many fold effect in the economic empowerment of poor women.

Velu Suresh Kumar (2005)" has mentioned in his article “Women Empowerment Success through it also becomes a plat form for exchanging ideas regarding prevention of Aids, Dowry, Nutrition, Marital laws, literacy, sanitation, children rearing etc. He also pointed out that leadership qualities developed through SHG meetings have seen 2500 women becoming presidents or members of Panchayats local bodies in the state.

A study on “Socio Economic Empowerment and Self Help Groups” by Dr. T. Ramachandran and H. Selian (2005)°. The main objectives of this study was to analyse the mode of operation and impact of SHGs in Empowering Women. The member of SHGs collect groups savings weekly and provide the same amount as loan to their members at reasonable rate of interest. They engage in income generating activities based on local resources available skills, demand for the product and marketability. The SHG programme for mainly focused attention on empowerment of rural women and making them financially, socially and politically favourable.

A study on “women empowerment success through self Help Groups” by Mr. Velu Suresh Kumar (2005)°° highlights that the process of women empowerment is conceptualized in terms of personal assertions, self-esteem and confidence. Findings are that SHGs in rural area has created awareness among women both in social and economic aspects. Women are able to increase their income level and contribute to the development of their family. Many of the women are participating in the financial decisions of the family. Thus empowerment not only the individual womens but also her family and community as a whole.
A study on “Socio Empowerment: by Dr. S. Rajkumar (2005) illustrates how the entire socio economic empowerment of poor women has been achieved through SHG in Kumari area of Tamilnadu. It is conclude that the women are financially self reliance and rural women folk are vest with, equal rights and respect SHG members are developed in various activities like, public speaking personality development group discussion, team building, skill, conflict solving ability, identifying the areas of opportunity and crisis management. The standard of living has been increased and they are not needed with any more training.

Mr. V.M.S. Perumal(2005) in “SHGs Empowering Women at the gross roots” says, SHG members income has been increased after joining SHGs and now they are independent to meet their personal expenditure of the family but also promotes the savings and with this the objective of the SHGs is fulfilled.

According to Dr (Mrs). S. Banumathy(2005) in Self Help Groups and Bank Linkages” SHGs will help to transform the rural economy by way of improving the economic status of each and every. Individual member of the SHG in the rural areas apart from providing scope for women empowerment. SHGs play a major role in women Empowerment, Micro Finance through bank linkages in collaboration with NGOs and contribute the rural economy.

Mr. J.M. Aral Kamaraj(2005) in his study “Self Help Groups. New Mantra for empowerment” revealed self help groups in future, will pave the way to undertake mega projects, like Projects performed by Joint stock companies, public sector enterprises etc. SHGs have power to create a socio economic revolution in the rural areas of our country.
Srinivas D., (2005)\textsuperscript{106} has indicated in his paper linkage to SHGs through banks that the banking industry has recorded the Utopian recovery rate of more than 15% of loan to women SHGs with an added bonus on timely repayment patterns turned the tables and risks were transformed into safe options in the form of SHGs. He has also explained that the SHGs showed to the world most innovative ways of savings almost refining thrift. Gaps identified from the earlier studies and the improvements sought for.

The success of any credit scheme not only depends on its coverage, but on the degree of positive impact it has created. If not it is deemed that the credit targeting has succeeded but credit planning has failed. SHG is a movement that empowers women socially, economically and politically through capacity building of the poorest and most disadvantaged through micro credit. Among all economic empowerment is the road map to achieve others. But in most of the studies more emphasis had been given for the assessment of social political impact. The present study concentrates to evaluate the economic impact of micro credit offered by the SHGs.

The micro enterprises promotion programmes through SHGs approach enable the poor to engage in income generating activities. The group approach encourages them in proper utilization of loan. The economic impact of micro credit utilization depends on income, savings and repayment. It is a sequential development. As first step to assess the economic impact, income generation is taken up for analysis. It is a rational belief that age, education, community, family structure and the activity influence income in which the members are engaged. An attempt is made in the present study to bring out association between the income generation activities and level of satisfaction towards the empowerment of women.
The yardstick to measure the success of any credit scheme is the level of satisfaction of the member borrowers. The present study is oriented towards the satisfaction level of respondent to the success of agency extending the micro credit facilities. Further the present study identifies the indicators towards the empowerment of women SHG. These are carried out with the help of the opinion collected from the respondents which are expressed in 5 point scales techniques.

Further income improves the savings potentiality of members. The age, education, community. Family structure and the nature of activity undertaken to earn the income to influence the habit of thrift. How are these factors associated with savings potentialities are to be assessed. The present study attempts to assess the same with the data collected from sample respondents

The gaps are identified and the trail made by the present study fill the gaps by analyzing all the variables concerned also take the research to the future modifications and corrections.
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