CHAPTER 2

REVIEW OF LITERATURE

2.1 INTRODUCTION

A review of related literature helps the researcher gain a thorough knowledge about the area of the study and enables him to get a clear picture of the various aspects of the study. Various studies carried out elsewhere by other researchers on the related aspects could also be reviewed and the researcher could understand the various dimensions of the particular study undertaken. It would also help in filling the gap in a particular research area and would also help the researcher to explore the possibilities of further research on the related aspects of the subject of study. The literature on self help groups and micro finance is relatively a new research area where the available literature is very high. This chapter reviews the various empirical and conceptual studies available on self help groups and micro finance and its impact on the self help group members. Even though the literature available is fairly large, the review is limited to the core issues to identify the major trends related to the present study. This chapter consists of four major sections. The first section outlines the review of literature covering the socioeconomic status of SHG members, their savings habits. Section II reviews the purpose and utilization of micro finance loan and repayment pattern. Section III reviews the problems on availing of micro finance loan. Section IV outlines the review of literature covering the impacts of micro finance loan on various aspects of empowerment of SHG members.
2.2 REVIEW ON SAVINGS AND MICRO FINANCE LOAN

Hashemi et al (1996) in their paper entitled “Rural Credit Programmes and Women Empowerment in Bangladesh” analyzed about 1300 married women under the age of 50 who got loans through Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC). Four separate samples were drawn using a random multi-stage cluster design to include messages from all the four geographic divisions of Bangladesh. The four groups consisted of Grameen Bank members, Bangladesh Rural Advancement Committee members, non-members residing in Grameen bank villages and a comparison group who lived in villages with no Grameen Bank or Bangladesh Rural Advancement Committee loans but would have qualified to join the credit programmes.

Ariz (1999) in his article titled “Women empowerment: Self Help Groups” discussed the experience of SHGs in Gossaigaon sub-division under Kokrajhar district, Assam. In addition to the thrift and credit activities, the SHGs were involved in community activities. The paper also points out that the SHGs are involved in mid day meal distribution, overseeing execution and monitoring of rural development work under District Rural Development Agency in the form of vigilance committee at every gram Panchayat level. The paper also suggests that future course of action for the SHGs in the areas like taking up the cause of women’s rights, fight against corruption in the implementation of different government schemes, involvement in the improvement of health and hygiene by imparting health education, training in first aid, promoting health and nutrition etc, and entrepreneurship development.

Todd (2000) in their paper entitled “Efficiency of Micro finance Institutions” analysed the performances of 22 micro finance institutions in Latin America and identified factors that contribute to and hinder efficient
functioning of micro finance. The various measures used to determine efficiency drives namely portfolio size, loan size, lending methodology, the source of funds and the salary structure are explained. The study concludes that the final objective of efficiency is to remain both profitable and competitive.

Choudhury et al (2001) discussed the role of Self Help Groups in promoting micro enterprises through micro credit intervention and the efficacy of SHG in promoting institutions. The study was conducted based on case study cum survey method and it examined the structural characteristic of Self Help Groups in the study area of Tamil Nadu, Karnataka, Andhra Pradesh and Maharashtra. It further analysed the operating systems in Self Help Groups for mobilization of savings, delivery of credit to the needy, management of group funds, recovery of loan overdue, and linking process with banks. They recommended that the micro enterprises sprung up through credit support from Self Help Groups and strategic role of Self Help Groups in poverty reduction process.

Dadhich (2001) in his paper titled “Micro finance- A Panacea for Poverty Alleviation: A Case Study of Oriental Grameen Project in India”, discussed the importance of micro finance as an effective vehicle of alleviating poverty especially in rural areas through the empowerment of women. The successful experience of a public sector bank, without the involvement of either the government or Non-Governmental Organization in India was discussed in the paper. The Oriental Bank Grameen Project provided micro finance services in eight villages. Of these, two villages were selected in Rajasthan and six villages in Uttaranchal. The paper also recommended certain measures for further improvement of the groups.

Andhra Pradesh in India” made an attempt to study the age and size of SHGs along with a brief discussion on the socio-economic conditions of 355 members of 30 women SHGs under Rastriya Seva Samithi at Tirupathy in the state of Andhra Pradesh, and discussed the performance of SHGs in terms of savings mobilization, lending operations, sources of finance, recovery etc. The paper also worked out two regression models to find out the major determinants of (a) SHG net income per member and (b) average monthly income of members in SHGs. The equations were estimated with qualitative and quantitative variables.

Dwarakanath (2002) in his article “Rural Credit and Women Self Help Groups” examined the Self Help Women Groups in Ranga Reddy district in Andhra Pradesh, the total corpus fund available with the group which was advanced to the group. The paper presents the effectiveness of these groups with linkage programme and awareness among the rural folk about the significance of women empowerment and rural credit.

Robert (2002) in their article titled “Financial Services for the Very Poor – Thinking outside the Box”, surveyed very poor people (slum dwellers in Pura Bastee slum in Kalyampur, Dhaka) examining what they value in micro finance programmes and contrasting them with those of the not-so-poor clients. Dramatic differences were not apparent but both groups placed great emphasis on the security of the savings and on flexible options for loan terms and repayment schedules. A further survey revealed that most micro finance institutions reached the “upper poor” in greater numbers than the very poor. The final section discusses why very poor people value particular characteristics in micro finance programmes and how may be incorporated.

Tankha (2002) addressed three different issues like Efficiency, Effectiveness and Sustainability of SHG promotion. He stated that SHG and Microfinance sector may be considered in the development of standards for
SHGs, loan products for Microfinance Institutions and always continuous grant support for SHG promotion. He concluded that leading NGOs should develop sustainable structures for the delivery of financial and non-financial services through self help groups.

Fernandez and Prakash (2003) narrated the building of socio-economic upliftment of the poor through MYRDA. They attempted to throw light on credit management and its futures for institutional building. Further, they found that all the Self Help Group members were empowered equally without any variations in their socioeconomic status. And they also analysed the number, size and purpose of loans which the ‘lower poor’ ‘middle poor’ and ‘upper poor’ had accessed.

Das and Mousumi (2004) in their article entitled “Micro finance through Self Help Groups-A Boon for the Rural Poor” said that the easy access of credit to the poor is the need of the hour rather than cheaper rate of interest. Micro finance provides an opportunity to the poor for getting sufficient amount of credit easily to start any income generating activity. The paper points out that micro credit ensures the right to save and it is one of the most powerful weapons, which works for bringing the poor rural people into the mainstream of development. The paper drives home the point that in a country like India where millions of people are still below the poverty line, the credit for income generation alone would not defeat the purpose of poverty eradication. The paper concludes that no programme can ever get its ultimate result unless and until there is co-ordination and co-operation between the government and the people and that the poor follow-up, lack of proper management and participation may end up with failure as in the earlier cases of poverty alleviation like Integrated Rural Development Programme.

Titus (2004) report discussed the forms and structures of existing federations and the role of federations in the development process of SHGs.
The main objectives of the report were to understand the SHGs Federation and their emerging practices of different aspects. Totally 27 federations were taken as sample size in this research report. Out of the 27 federations, 13 were from southern region, 5 from Northern, 3 from Eastern and 3 from the North Eastern part of the country. The report stated that federation is not a spontaneous social institution emerging out of the people’s initiative. It concluded that federation effectiveness will not only depend on financial turnover but also quality of services provided by the members.

Ghosh (2005) in his article “Micro finance in India: A critique” discussed the evolution of the micro finance revolution in India. He opined that micro finance is a powerful tool for poverty alleviation and women empowerment. According to him, the viability of micro finance institutions are under question mark and the outreach is too small and there is a need for an all round effort to help develop the fledgling micro finance Industry while tackling the tradeoff between outreach and sustainability.

Malcom et al (2005) in their article entitled “SHG-Bank Linkage: A Tool for Reforms in Cooperatives?” discussed that the SHG initiative was launched to provide the poor with access to formal financial services and agricultural credit societies and cooperative banks have thus played a limited role in the programme of linking SHGs to formal financial institutions. The paper examined the spread of the cooperative SHG linkage across states, the relationship between the commercial success of cooperative banks, the extent of the linkage established and the impact of such linkage on performance.

Basu and Srivastava (2005) in their article entitled “Exploring Possibilities- Micro finance and rural credit access for the poor in India” has emphasized despite substantial efforts and a vast network of rural banks, the rural poor still have very little access to formal finance. Over the past decade, new micro finance approaches designed to deliver finance to the poor have
emerged and some have shown promise. However, empirical assessments of their reach or impact are still relatively few. Drawing on a recent rural access to finance survey of 6000 households conducted by the authors, the paper analyses the reach of the most dominant micro finance initiative, the SHG-bank linkage model. Based on this and international experience, the paper draws lessons for exploiting the potential of micro finance in India and outlines areas of concern for government policy towards this important sector and suggests ways to scale up access to finance for the poor.

Smita and Haripriya (2010) analysed Self Help Group bank linkage model and financial inclusion in India. Their main objectives were to examine the role of SHG bank linkage model in achieving financial inclusion across sixteen states for the year 2008 and portrayed the status of financial inclusion. They adopted cross sectional regression analysis to know the impact of selected independent variables on financial inclusion. The results indicated that the financial inclusion created a positive impact on SHG bank linkage model. They concluded that Self Help Group linkage model was a highly successful operated model of microfinance in India and it would reduce transaction costs which would facilitate proper monitoring of funds.

Bhuiyan et al (2011) conducted an empirical study to measure the performance of micro finance schemes of Islamic Bank Ltd in Bangladesh. The study found better coverage efficiency in management of micro finance in Bangladesh. According to them micro finance came with a revolutionary approach by providing the poor the accessibility to credit to increase their productivity, for reducing vulnerability, and to alleviate poverty through self employed economic activities. They further stated that micro finance deal with the poor who were ignored by formal financial institutions because of not having assets for collateral enough financial records and credit history.
Devaraja (2011) investigated the evolution of the microfinance revolution in India. He stated that there are three distinct aspects where government needs to play a role. The first is to protect the rights of the micro borrower, the consumer of micro financial services. The second is that of prudential oversight of risk taking by firms operating in microfinance, since this could have systemic implications. The third is a developmental role, emphasizing scale up of the microfinance industry where the key issues are diversification of access to funds, innovations in distribution and product structure, and the use of new technologies such as credit bureaus and the User IDentification (UID). He suggested that if India is to stand among the comity of developed nations, there is no denying the fact that poverty alleviation and reduction of income inequalities has to be the top most priority.

Kulkarni and Sonawane (2011) highlighted the role of microfinance for women empowerment in India. They conducted a survey from 48,51,356 sample Women SHG members from India. The study indicated that the progress of savings amount of SHGs and the progress of loan disbursed to SHGs in India had decreased in recent years. The study further reported that the loans outstanding of SHGs in India had also decreased. They concluded that micro finance for the poor groups is not possible from institutional structure of banking, but it becomes possible through SHG movement. It is an effective tool for poverty alleviation and improving the socio-economic status of the rural poor.

Vijay Kumar (2011) analysed the role of SHGs in women empowerment in Warangal district of Andhra Pradesh. He stated that the members had joined the group in order to earn more income, promote savings habits and to develop collective, economic and social activities. The research findings reported that among the 100 respondents 30 respondents had greater autonomy in house-hold decision making and reduced domestic violence
against the women. He recommended that the government should provide market support to the products of SHGs and to provide more loans through governmental agencies adopting easy loan procedure.

Lakshmi and Vadivalagan (2012) analyzed the reasons for joining the SHGs in Dharmapuri district of Tamilnadu. The reasons such as repaying old debts, maintaining house expenditure, promoting savings, raising status in society, promoting income generating activities and getting loan were analyzed. The Garret ranking technique was used to analyse the reasons for joining the SHGs. The research findings stated that among the above reasons, raising the status in the society was the prime reason as stated by the respondents for joining the SHGs followed by promoting income generating activities as the second reason. The third rank was assigned to getting loan. Maintaining house expenditure was the last reason for joining SHGs in the study area. They concluded that after joining the SHGs, the women were economically and socially empowered.

Rai (2012) analysed the Financial Performance of Microfinance Institutions of India and Bangladesh. He also analyzed the problem of poverty in these countries. He collected a sample of 26 Microfinance Institutions (MFIs) from India and 26 microfinance institutions from Bangladesh. He pointed out that the absence of access to credit was presumed to be the cause for the failure of the poor to come out of poverty. He further stated that in the last five years, the Indian MFIs have performed better as compared to the MFIs of Bangladesh in most of the financial indicators. He recommended that for ensuring prudential management, banks in India are expected by the RBI to maintain Capital Adequacy Ratios of 9 per cent and NBFCs of 15 per cent which is much safer even when there is a economic downturn.

Ravindra Satpute (2012), analyzed the socioeconomic profile of beneficiaries of SHGs in Maharashtra. He made a survey of 400 respondents
from Amravati District in Andhra Pradesh state. He focused on the availability, credit requirements and the problems faced by the tribal people in availing loans. He revealed that the Self Help Groups touched upon lives of particularly poor women who lived in rural areas. He further stated that there was a need to accept that women's needs were not only for self-employment. The customer-contact-programme, especially for women should be organized to disseminate information about various schemes and the financial needs of women. He recommended that they should be educated and trained on how their participation could be useful to achieve some concrete results. There was an urgent need of cooperation from public representative’s involvement in each and every movement of SHGs for the upliftment of women. There should be timely release of funds and its channelization to the departments concerned and agencies. He concluded that the SHG members should be inculcated the feeling of collective development, social harmony and active role in the development process and governance. The motivational campaign may be conducted for inculcating the savings habit in the minds of the members.

2.3 REVIEW ON UTILIZATION AND REPAYMENT OF MICRO FINANCE LOAN

Goetz and Marie (1995) in their article entitled “Credit for Poor Rural Women in Bangladesh - Who controls the Loan Use?” did research in 1995 in Bangladesh on women’s patterns of loan investment. The findings were based on 275 detailed loan use histories of which 22 were loans to men, 253 to women across the four organisations. The study suggested that economic empowerment is not an automatic consequence of the provisions of financial resources to women. Gendered power relations within the household must be taken into account because they affect the distribution and use of cash
resources and in the case of Bangladesh, may constrain women’s capacity to develop effective control over credit.

Baumann and Ted (2004) in their paper entitled “Impact Cost-effectiveness Study of Small Enterprise Foundation, South Africa”, analysed in one of the poorest areas of South Africa, Small Enterprise Foundation (SEF) which runs a micro finance programme targeted at poor women. For about six years, SEF ran an impact monitoring programme using in-depth interviews aimed at improving SEFs performance as a developmental MFI. The emphasis was on predicting trends in client well-being rather than objective indicators of client poverty levels. SEF used on-going monitoring tools such as client-level indicators, drop out vulnerable groups and centers, and management information system which readily identified problems before they became serious. This article describes some of the client impact results produced by this impact management programme and outlines how the system works. It describes how SEF was stable when increased level of dropouts were identified in 2002, and demonstrates that preventive action stimulated by the programme more than covered the costs of the impact management programme itself.

Marie (2004) in their article entitled “Micro finance Repayment Performance in Bangladesh: How to improve the Allocation of loans by MFIs” produced a comprehensive analysis of the performance of micro finance institutions (MFIs) in terms of repayment. The article focused its analysis on the impact of group lending, non-financial services and dynamic incentives on repayment performance. In the second section of the paper, a comparative analysis of the determinants of the repayment performance and of loan size was carried out in order to make policy recommendations on the allocation of loans by MFIs.
Sowjanya (2007) analyzed the various activities undertaken by SHGs to know the priority given by the members of successful and unsuccessful SHGs. The main objectives were to study the fund utilization pattern and analyse the production and marketing activities undertaken by successful and unsuccessful SHGs. Research design adopted by the researcher was ex-post-facto in nature. She found that the delay in sanctioning and disbursement of loan to Self-help groups, lack of co-ordination between government agencies, bank and self-help groups. She suggested that government agencies and banks need to build a positive impact in the minds of the SHG members and in order to promote the products, proper marketing channels should be established in the rural areas. She concluded that successful SHGs were always engaged in the economic activities, close relationship and interaction with the organization, held regular meetings, regular repayment of loan and maintenance of the records in a consistent way.

Sherief and Sharief (2008) reviewed microfinance operations in Eastern and Western Africa. They reported that one of the most intractable economic problems for poor countries has been the high price or outright unavailability of credit in rural communities. They further stated that over the past few years, several microfinance organizations and practitioners have found setting up of sustainable microfinance systems in rural Africa is a very challenging one. They concluded that microfinance remains a powerful tool for development. It may be a drop in the ocean, but it has made people self sufficient and the inculcation of financial training and discipline amongst the poor which will undoubtedly have long-term socioeconomic benefits.

Anandan and Jameela (2009) discussed the utilization of microfinance despite the fact that microfinance has liberated the women from poverty and enhanced their empowerment to some extent. Further they stated that many women are unable to use the loan for income generating activities.
Rather they are forced to divert the use of their loans for other purposes. Finally, they concluded that chronic poverty has a crippling effect on the mind and aspirations of the poor women, and this chains them to lower levels of living. The consumption and social needs are so pressing that any loan will be diverted from production requirements for satisfying consumption needs. So, loans should be arranged by the NGOs to satisfy the consumption and social needs of women.

Srinivasan (2009) in his report, “Micro finance India-State of the Sector Report 2009” listed the various challenges and risks faced by the micro finance institutions in India. It includes, scarcity of funds, increasing resource cost, increase competition and limited HR availability. He further stated that the high operating cost of the micro finance institution will affect the growth of the MFIs.

Devyani Parameshwar et al (2010) analysed the growth of old and new micro finance institutions in India. They have sampled three major classes of micro finance institutions from 29 MFIs in the country that constitute 80 per cent of the market by portfolio outstanding. They found that the performance of non banking finance corporations exhibit higher costs and profitability, lower leverage. They further reported that there is an increase in interest yield of some NGO- MFIs over the last three years. They concluded that a comparison between the Indian microfinance industry and global markets shows that Indian MFIs have the lowest yields, lowest operating costs, and the highest return on assets. This comparison explains why Indian MFIs are increasingly becoming an attractive option for global investors. Higher operating efficiency allows Indian MFIs to charge amongst the lowest interest rates in the world, and still achieve high returns.

Sriram (2010) studied the growth and commercialization of microfinance in India. He stated that most of the early microfinance in India
happened through donor and philanthropic funds. These funds came in to not-for-profit organizations. However, as the activities scaled up, it was imperative to move to a commercial format. He concluded that in any case for an industry that has grown at a scorching pace, it is time to hit the pause button and look back a little bit before the next phase of growth.

Subramanian (2010), attempted to analyze the performance of women Self Help Groups and its socio economic impact on members as well as the perception of members towards SHGs in Tirunelveli District. He took a sample from 144 members of Tirunelveli district. He stated that the utilization of common fund, regularity in attendance in the meeting, repayment performance, regularity in conducting the meeting and adequate training were the major contributions to better performance of the SHGs. He suggested that the necessary skills with regard to financial decision making may be inculcated to the members of the SHGs and the SHG concept for men can be adopted in the study area. He concluded that the youth, especially unemployed, can be benefitted and they can also involve themselves in the process of poverty eradication.

Legatum Ventures (2011) a private investment group examined the problems faced by microfinance institutions in Andhra Pradesh state. According to the survey conducted by them, between 2008 and 2010, the number of clients of MFIs grew by an average of 61 per cent each year, with loan portfolios growing 85 per cent per year. They found that the Andhra Pradesh government-backed microfinance SHG program, on the other hand, only grew its client base by 13.6 per cent during the same period and its loan portfolio by 28 per cent. They also pointed out that millions of poor people across India are presently denied their fundamental right to make their own financing choices and are without access to basic financial services. They suggested that the RBI and the central government should take immediate
action to supersede, suspend or repeal the Act and introduce sensible legislation on a federal level which allows the private sector to grow and flourish.

Sangeetha (2011) examined the status of financial inclusion among fisher households of the coastal region in Kerala. She observed that the main hurdle faced by banks in financing the poor was the high transaction cost in reaching out to a large number of people who required small amounts of credit at frequent intervals. She surveyed twelve coastal fishing villages from four selected coastal districts in Kerala. She found that one third of the households in marine fisheries sector were still marginalized with limited or no access to basic financial services including that of microfinance. She further stated that microfinance had played an important role in financial inclusion of fisher households in coastal Kerala, with higher levels of financial inclusion being associated with SHG membership. Informal borrowings were found to be lower with increasing level of financial inclusion and with having access to microfinance. She suggested that microfinance operators should give more stress on thrift aspect so that individual savings should be promoted with a view to reducing the inflexibility associated with the present form of microcredit.

Raja Reddy and Reddy (2012) analysed the quality and sustainability of Self Help Groups in India. The main objectives of the study were to know the quality of SHGs, to access the credit point and issues under the SHG movement. The study covered a sample of 1942 SHGs from 41 districts in 8 states. The researchers indicated that there were wide disparities in SHGs credit linkage with banks. They concluded that SHGs and their institutions were evolving an ecosystem to support and realize the vision of poverty free India and SHGs needed sustained training and capacity building support as well as self help promoting institutions.
2.4 REVIEW ON PROBLEMS OF AVOIDING MICRO FINANCE LOAN

Ghate (1992) in his article entitled “Interaction between the Formal and Informal Financial Sector: The Asian Experience” discussed the nature of interaction between the formal and informal financial sector in the developing countries which is a subject with important policy implications. The pattern of the interaction between the two sectors has important implications for the prospects of successes of the two major policy approaches often advocated towards the informal sector offering a stronger competition so as to induce it to improve its terms and promoting linkages with it so as to take advantage of a large informal sector. This paper draws on the experience of Asian countries to address these issues.

Hume and Montgomery (1995) in their article entitled “Cooperatives credit and the Poor: Private Interest, Public Choice and Collective Action in Sri Lanka” provides a counter argument to the proposition that cooperatives are not suitable organizations for providing benefits to poor people. The study shows the weakness in public choice theory one which is flawed when trying to understand local forms of public actions. The paper details how the SANSA thrift and credit cooperative societies in Sri Lanka have become progressively more focused on the poor, including women and other particularly disadvantaged groups. Based on field work and survey of members, data are presented in the study to show how SANSA has brought real benefits to poorer members and there is evidence of some graduation above the poverty line. Additionally, these thrift and credit societies provide a safety net for poor people since they reduce household vulnerability when faced with seasonal distress.

Guar (1996) in his article entitled “Empowerment of Rural Poor-An Indian Experiment” describes the experience of State Bank of India in linkage
banking and analyses the pros and cons of linkage banking and highlights the view that SHGs may eventually be the only viable route for rural lending as transaction cost would get reduced and recovery would improve. The paper also cautions that as these groups are informal in nature, the recovery of the bank dues through the legal process may pose complications. Suit may have to be filed in individual capacity against all the members of the group and in this process the members who either have not taken the loan or are repaying their dues regularly in the group may get unnecessarily penalized. Hence, the author highlights the need for suitable legislation regarding liability of members of SHGs.

Morshed (2000) in their article entitled “Distant voices: Micro credit finance and reviews of the NGO field workers in Bangladesh” listed the experiences of implementing micro credit programme among the poor in Bangladesh through NGOs based on what academics have written and what field workers of NGO have conveyed to the researchers in the height of their experiences in different reigns of Bangladesh and also the research covered micro credit in Bangladesh, what NGOs say and what NGOs do, defining the target group, problems of repayment of microcredit and pressure on the field workers. At last they concluded that a vast majority of the poor are not yet covered by NGOs, field workers prefer the not so poor and better educated clients, which is against the stated objectives of NGOs. Microcredit is necessary for the poor to take up income generating activities but it is no panacea. NGOs should provide microcredit with other services.

Peck (2001) in their article entitled “In search of credibility, transparency and the micro finance industry” discussed in two parts aiming to clarify the different steps in the financial evaluation process of micro finance industry. The first section discusses the key elements involved in the financial disclosure and evaluation of Micro Finance Institutions, while highlighting
various transparency initiatives that are taking place. The second section
summarizes challenges and next step to be taken towards building
transparency in the micro finance industry.

Martin (2003) in their article titled “Poverty Reduction and Micro
finance-Assessing Performance” reviewed the various methodologies of
assessing the performance of micro finance. Major international partners and
micro finance network on the development of impact assessment tools that
address specific dimensions of poverty out reach. The paper also points out
that CGAP has developed and implemented a relative poverty targeting tool
and synthesizing this approach with absolute poverty measures. CGAP has
been involved in developing social performance indicators linked to
millennium development goals to reflect the double bottom line in micro
finance. Building on these initiatives, the strategic task for the industry now is
to develop a common practical basis for accurately assessing poverty outreach
performance of the micro finance service providers.

Singh (2004) A study conducted by BL Centre for Development
Research, Lucknow reviewed the status of micro-finance and its implications,
and to institutional and non-institutional credit and problems faced by the
SHGs and finally analyzed the impact of micro-credit on the socioeconomic
empowerment of rural women especially in U.P. and Uttaranchal. The sample
of 224 respondents belong to SHGs in 143 Villages of 28 development blocks
of the two states included in the study. Apart from this, it also covered 1120
beneficiaries and 173 officials and non-officials in the areas of the sample.
Major findings of the study were NGOs and voluntary organizations were
actively engaged in promoting SHGs and microfinance. The research team
suggested that there is an urgent need to streamline all the procedures for
applying, seeking and releasing of credit from banks. They concluded that
regulation of microfinance service was necessary and SHGs need both
marketing and institutional support to handle all the activities in an independent manner.

Bharathi (2005) analysed the activities taken up by farm women SHGs and found out the problems faced by the members of SHGs. The study was conducted in Dharwad and Hubli taluks of Dharwad district and Gadag taluk of Gadag district. She adopted a research design for this study which was ex-post facto in nature. Both primary and secondary data were used. Total sample size constituted 120 respondents who were selected by using purposive sampling method. Data was processed and analyzed using statistical techniques like frequency, percentage, mean and standard deviation, mean rankings and paired t-test. She found that most of the respondents were illiterate and had lesser participation in extension activity. Based on the findings, she suggested that there was a need to educate women, impart better skills and technical knowhow, enhance the confidence level as well as improve their status by increasing the social awareness. She suggested introducing a number of entrepreneurial activities for the economic empowerment of women in agriculture.

Guerin and Palier (2005) examined challenges of microfinance institution in Bangladesh, Indonesia and the Philippines. They found that certain experiments are very positive and are connected with true success stories, while elsewhere the results are very mixed and sometimes even worrying. This heterogeneity of results is due as much to the diversity of the projects, their methods of action, the target public, and the context of intervention as to the methodologies of evaluation. They suggested that it is possible to guard against the risks of failures and perverse effects through the concept of solidarity-based economy.

Gupta and Das (2005) in their article titled “Micro finance in India: Empirical Evidence, Alternative Models and Policy Imperatives” analysed the
reasons for lacklustre performance of both public and private sector banks in extending credit to weaker sections is which high level of Non Performing Assets (NPAs). However, growth in SHG credit has been uneven. The southern states are seen as SHG developed states while Bihar, Madhya Pradesh are among those characterized as SHG backward. But besides the SHG model in extending credit to the weaker sections, several models exist for extending micro credit to the poor and weaker sections.

Thorat (2005) analyzed the sectoral issues and challenges faced by microfinance institutions in India. He pointed out that the banking system was not able to internalize lending to the poor as a viable activity but only as a social obligation. He stated that loans to the poor were part of social sector lending and not commercial lending; the poor were not borrowers, they were beneficiaries; poor beneficiaries did not avail of loans, they availed of assistance. He further stated that microfinance has reduced the incidence of poverty through increase in income, It enabled households that have access to it to spend more on education than non client households. It has empowered women by enhancing their contribution to household income, increasing the value of their assets and generally by giving them better control over decisions that affect their lives. He suggested that microfinance institutions need to be challenged to make an increasing contribution to “scale” consistent with cost, sustainability and efficiency of operations.

Herschel (2009) analyzed the impact of Self Help Groups in 800 villages covered by Tata Steel Rural Development Services, as well as Strengths, Weaknesses, Opportunities, and Threats (SWOT) of SHGs in Jharkhand. He particularly focused on the issues of market linkages and development of collaborations between SHGs working with bamboo and jute for retail. He found that some of the barriers currently being encountered by SHGs and proposed a plan for future action using the 5P’s marketing model
and Porter’s 5 Forces. He observed that SHGs were making a positive impact on the citizens of the 800 villages surrounding Jamshedpur in as far as allowing groups to be formed and savings and inter-loaning structures put in place and monitored. He concluded that there was a lot of room for improvement in terms of converting SHGs into mechanisms for increasing rural women’s incomes.

Anurag Priyadarshee and Ghalib (2011) in their paper “The Andhra Pradesh microfinance crisis in India: manifestation, causal analysis, and regulatory response” examined the problems of microfinance institutions in Andhra Pradesh. The problem of a mishap occurred due to extensive lending which resulted in over-indebtedness. They explored the reasons that led to such circumstances. They described the policy implications of the various regulatory measures that the Government subsequently took to harness and regulate micro-lending practices in the State.

Sriram (2011) analyzed the microfinance industry in Andhra Pradesh state in India. He pointed out that three significant problems of the microfinance institutions are the allegation that the microfinance institutions are charging usurious interest rates, the clients have borrowed from multiple microfinance institutions and the microfinance institutions are resorting to coercive recovery practices. He suggested that while the RBI could use the state governments as instrumentality to carry out its inability to deal with the above regulator of microfinance institutions. He concluded that it is important for RBI to play its role rightfully and effectively.

Venkatesh and Kala (2011) analyzed the empowerment of women through self help bank linkage programme in India. According to their study, there are more than 2000 NGOs included in the NABARD SHG-Bank linkage programme. They found that apart from running families, the rural women bring income with dynamic activities ranging from traditional work in the
fields to working in factories or running small and petty businesses. They further stated that they can be improved entrepreneurs and progress managers in any kind of human development activities. They suggested that microfinance programmes should offer women with specific modified products through suitable methodologies, which can offer competitiveness to their business but also well being to them and their families.

Yimer (2011) analysed the problems in repayment of micro finance loan in Ethiopia. The primary data were collected from mainly 80 women beneficiaries who have achieved in the past three years and over the years. He stated that the respondents were unable to repay the loans due to relatively higher interest rate, no regular loans, health and death of family members, small loan ceiling and short repayment period. He further stated that the above problems have an adverse implication on women’s involvement and utilization of micro finance program in Ethiopia.

Alok and Joseph (2012) analysed the problem of regulating the commercialization of microfinance institutions in Andhra Pradesh state in India. They revealed that due to the controversies that have plagued the market, especially in Andhra Pradesh, there have been a lot of calls for an independent regulator in the market. The study further revealed that legally it is very difficult to regulate the microfinance sector because there is a multitude of ways to incorporate the microfinance institution. They recommended that there should be a division in the regulatory mechanism on the basis of transactions and on the basis of ensuring internal governance mechanisms that would ensure a semblance of uniformity for the MFIs in the state.

Bidnur (2012) analysed the problems faced by women SHG members during their entrepreneurial activities. She reported that the monthly income of majority of sample respondents has increased after joining
SHGs and the savings of sample respondents has gone up after they became members of SHGs. She further pointed out that the majority of sample respondents are satisfied after joining SHGs. She recommended that it is necessary to empower more and more women in social, cultural, economic, political and legal matters, for the interest of the family in particular and the nation in general.

2.5 REVIEW ON SATISFACTION AND IMPACT OF MICRO FINANCE LOAN

Back and Taylor (1976) in their article entitled “Self Help Groups: Tools or Symbol” discussed the significant increase in the visibility of SHGs. One may rightfully question whether these groups represent a social movement and if so, what kind of social movement. In order to find their place within the society as well as within a study of social movements, distinguishing of Self Help Groups from other movements, and shows their unique characteristics in the present day society, with reference to the work of several social anthropologists.

Carr et al (1996) listed the ample evidence that women’s empowerment and noticeable impact on levels of poverty and well-being through micro finance. They further pointed out that they have increased not only their earning capacities, but also have overcome many barriers to women’s participation in economic development. They documented the experiences of seven Non-Governmental Organisations in India, Pakistan, Bangladesh and Sri Lanka who have been successfully working with rural and urban poor women to evolve strategies for bringing about women’s empowerment. They concluded that the women going beyond the normal descriptive accounts, are also building organisations, which are becoming ever more autonomous and self-reliant.
Bass and Rouse (1997) in their paper entitled “Poverty Alleviation: The role of rural institutions and participation” stated that most of the approaches to poverty alleviation focus on income and subsidy measures; however, there is a growing realization that these measures alone are not sufficient. The growing amount of literature on the important role that ‘Social Capital’ and institutions play in the development process indicates that there is a social institutional dimension as well. The article focuses on the institutional dimension of rural poverty alleviation and outlines why institutions and capacity-building should be fundamental elements of any strategy aiming at alleviating rural poverty. The paper also highlights the potential role and function that rural institutions and grassroots organisations can play in poverty alleviation efforts. The article is based on normative analysis and field experiences in implementing anti-poverty programmes not organized by the rural institutions.

Eric and Deardan (1998) in their article entitled “Comprehensive Impact Assessment Systems for Non-Governmental Organization Micro Enterprise Development Programmes”, reviewed the monitoring and evaluation systems of four Non-Governmental organizations providing business development services to micro enterprises in developing countries.

Cheria et al (2000) described the micro finance practitioner-led evaluation process and findings. According to them, the programme needs improvement for the client’s satisfaction about their lives. In their assessment, 350 members of Self Help Group members were interviewed from six Gram Vidial branches of Kovilpatty, Kallupatty, Manikandan, Viralimalai, Keeranoor and Annavassal. They recommended that the NGO needs further improvement in satisfying the customers in their well being.

Bandyopadhyay et al (2002) in their article titled “Convergence of Programmes by Empowering Self Help Groups and PRIs” revealed that the
effectiveness of SHGs would be considerably enhanced if a symbiosis could be worked out between them and Panchayat Raj institutions. The paper advocates that the key to this is the integration of SHGs with the democratically elected and empowered Panchayat when the requisite devolution of powers, functions and authority to the later takes place. The author suggests a scheme, which will allow SHG and panchayati Raj institutions to work in tandem and reinforce others work. The paper suggests that unless there is some compelling force, instead of being responsive they might turn out to be a sterile elected bureaucracy as has happened in some states. To enhance their responsiveness, accountability and transparency, there should be an institutional and functional linkage with the Self Help Groups.

Banerjee (2002) in his article titled “Evaluation Study of Self Help Groups” focused on the impact of SHG in terms of achievement of expected benefits such as access of poor to institutional credit, undertaking income generating activities, employment generation, increase in income level, repayment performance, overall socio economic development etc. A sample of 70 groups proportionately distributed among the identified NGOs based on their number of groups linked with the banks, was selected at random for the purpose of the study. The study reviewed the progress of SHG bank linkage programme, discussed the experience of banks on credit outreach, recovery performance, transaction costs and group members on their handling of savings and credit products and related norms under the self help groups bank linkage program on income, employment generation and social development of SHG members.

Burjorjee et al (2002) in their book explained the rationale for taking gender considerations in micro finance programmes and examines women’s productive role. They described that how micro finance enhanced
the effectiveness of women on household risk management, and highlights the methods that they have proven successfully. They concluded that micro finance plays an important role not only in financing women’s income generating activities but also in helping to reduce the vulnerability of their families by supplying the resources that can be invested, borrowed against to mitigate economic risk.

Hunt and Kasynathan (2002) reviewed the reflections of micro finance on women’s empowerment in Bangladesh. He stated that different loan packages designed to meet the needs of women from different socioeconomic groups, including interest-free loans, group loans, loans at 5 per cent interest rates, and loans with long grace periods before repayments are due were given to the rural women in Bangladesh. He further states that the women have received enough training and gained enough regular income to be able to repay the loan. He concluded that micro finance loan must also be re-assessed in the light of evidence that the poorest families and the poorest women are not able to access credit. A range of micro finance packages is required to meet the needs of the poorest, both women and men.

Mayoux (2002) examined the best practice implemented by the MIFs in India for women Empowerment. She stated that women need a diversity of provision, both in view of their own individual needs for different types of savings, loans, insurance, and pensions and so on, and in view of the differences in needs between women and men. She further stated that the potential contribution of microfinance programmes to women’s empowerment, realizing this contribution is dependent on, rather than a substitute for, adequate welfare provision and feminist mobilization and it therefore inevitably requires a more comprehensive framework for women’s participation at all levels, rather than imposition of particular models depending on the particular donor fashion extant at the time.
Cohen and Wright (2003) in their article entitled “How micro finance organisations become more client led?: Lessons from Latin America” which is concerned with documenting the processes that take place within organisations when they become more client-responsive. In particular, it uses the framework was used to examine how the market-led micro finance agenda can be institutionalized at the level of the MFO. Attention was focused on how training in client assessment can build capacity in MFOs to gather client information and that using this data effectively can lead to improvements in the delivery of products and services. This analysis was made at two levels: the MFOs and a network organization. The two approaches offer viable alternatives for building capacity within MFOs.

D’Silva and Pai (2003) in their article entitled “Social Capital and Collective Action”, examined whether social capital is important for successful development outcome at the grassroots in forest protection and watershed development. Three villages of Adilabad district in Andhra Pradesh are the focus of the study. The article develops indicators of social capital to determine the extent of collective action elsewhere in the country. The study has a larger theoretical purpose of identifying the conditions under which social capital can be formed and sustained at the village level to enable collective action. The study reveals that selection of women headed self help groups has provided women an opportunity to play a role in decision making while also promoting gender equality with little resistance from men.

Halder and Shanthana (2003) in their article entitled “Poverty Outreach and BRAC’s Micro finance Interventions: Programme Impact and Sustainability” based on the experience and evolution of a large micro finance organization, BRAC, which is working in Bangladesh. It is stressed that poverty is not homogeneous but is manifested in different ways and in different contexts. The study goes on to discusses impact assessment studies
conducted on BRAC’s initial programme-rural development programme – that provided significant data to substantiate BRAC’s positive effect on poverty alleviation as well as providing information that led to subsequent programmatic shift in emphasis.

Harper and Malcolm (2003) in their paper entitled “Grameen Bank Groups and Self Help Groups-What are the differences?” attempted to describe the Grameen Bank groups and SHGs and compare their sustainability, their outreach and impact on the poor and their institutional feasibility. The paper concludes that it is unnecessary to introduce the Grameen system in India since the banking network already exists. What is needed is a system for reaching the poor, which demands the minimum of institutional change and the SHG system to serve the purpose.

Vijayalakshmi (2003) suggested that an aggressive campaign should be undertaken to create awareness among the rural housewives about the benefit of micro finance schemes and benefit of micro finance schemes and motivate them to join SHGs in large numbers. She further suggested that the government should consider granting concessions and relief in export SHGs products.

Basu and Srivastava (2005) highlighted the inadequacies in rural access to formal finance in the states of Andhra Pradesh and Uttar Pradesh in India. They conducted a survey from 6000 sample rural households from two Indian states- Andhra Pradesh and Uttar Pradesh. The study indicated that rural banks serve primarily the needs of the richer rural borrowers and the rural poor faced severe difficulties in accessing savings and credit from the formal sector. The study further reported that the main source of informal borrowing is from moneylenders followed by friends and relatives. The largest uses of informal loans are for meeting family emergencies and social expenditures arising from events such as births, marriages, deaths. They
concluded that private sector micro financiers need to acquire greater professionalism, and the government can help by creating a flexible architecture for micro finance innovations need to fulfill the demands of the rural poor.

Beatriz and Morduch (2005) stated that an overview of a range of issues including informal marketers, savings and insurance, the role of women, place of subsidies, impact measurement and management incentives. They integrate theory with empirical data citing studies from Asia, Africa and Latin America. They concluded that the conventional assumptions about how poor households save and build assets and how institutions can overcome market failures.

Holvoet and Nathalie (2005) in their article titled “The Impact of Micro finance on Decision Making Agency: Evidence from South India” analysed the evaluations of the effects of Micro finance programmes on women’s empowerment which generated mixed results. While some are supportive of micro finance’s ability to induce a process of economic, social and political empowerment, others are more skeptical and even point to a deterioration of women’s overall well-being. This article formally tests the impact of some of the suggested changes in programme features on one particular dimension of empowerment: decision making agency. Using household survey data from South India, the author explores the importance of the borrower’s gender and the lending technology for intra-household decision-making process. It is shown that direct bank-borrower credit delivery does not challenge the existing decision making patterns, regardless of whether men or women receive the credit. These findings change when credit is combined with financial and social group intermediation. Women’s group members seriously shift overall decision making patterns from norm-guided behavior and male decision making patterns to more joint and female decision
making. Longer term group membership and more intensive training and group meetings strengthen these patterns.

Kabeer (2005) examined the impact of microfinance with respect to poverty reduction and empowerment of poor women. He stated that while access to financial services does make vital contributions to the economic productivity and social well-being of poor women and their households, it does not “automatically” empower women, just as with other interventions, such as education, political quotas, etc, that seeks to bring about a radical structural transformation that ensures the true empowerment of women. He concluded that microfinance offers an important and effective means to achieving change on a number of different fronts, economic, social and perhaps also political.

Holvoet and Nathalie (2006) studied the impact of microfinance programs on women’s empowerment from rural South India. He stated that there is a differential impact on gender relations of ‘Transformatory’ and ‘Instrumentalist’ Women’s Group Intermediation in Microfinance Schemes. He selected a sample of 100 members from two different groups. He explored whether schemes that appear to be very similar on the surface may actually hide deeper differences that can help explain their diverging outcomes. He suggested that by acknowledging the higher costs incurred by programs that invest in social intermediation, group capacity building and networking, policymakers may wish to consider the appropriateness of financially rewarding individual lending organizations for the beneficial spill-over effects generated.

Lakwo (2006) explored the impacts of microfinance on the empowerment of married rural women in Nebbi district, in Uganda. He found that married women who have the ‘money advantage’ are engaging in daily income-generating activities without losing track of their positions as wives,
mothers, aunties, mothers-in-law, and grandmothers. As such they have gained ‘power to’ do things that social norms previously denied them like engaging in male gender enclosed activities. He recommended that a policy that engenders microfinance industry and an integrated approach to build client-MFI sustainability should be adopted; impact assessment to hold MFIs gender-accountable should be institutionalized.

Samuel (2006) analyzed the impact of Self Help Groups on the socio-economic empowerment of members in Dindigul district of Tamil Nadu. The specific objectives were to study the structure, purpose and functioning of SHGs and the income generating activities of the group. A total of 30 groups from 6 villages were selected. For the data collection three members from each self-help group were selected randomly. The total sample size was 90 for the study. The used sources of data were primary and collected through the personal interview method with the help of a structured schedule. He found that lack of training or skill up-gradation problem was a moderate one and government rules and regulations were relaxed. He suggested taking-up income generating activities to promote employment opportunities. He concluded that the members were empowered after joining the SHGs in terms of both social as well as economical aspects and they helped in the overall development of their families.

Bhuvan (2007) analysed the role of micro finance to improve the rural poor women’s lives in Karnataka. The main objective is to study the growth and pattern of Micro finance and evaluated the business performance of the micro finance providers. Out of 27 Districts in Karnataka 9 district were chosen for the study. The results indicated that there was a positive impact of the NGO’s on the SHGs. She suggested that major steps taken in the direction of impart proper education to both the staff as well as the members of the SHGs. She concluded that micro finance may be easily
possible through refinance support provided by the reputed institutions who involved in micro finance.

Geethamma (2007) studied the bank linkages to know the impact of MFIs on the socioeconomic empowerment of the rural poor in Kolar district. She stated that majority of the SHG members were linked four to six times to Pragathi Grameena Bank and easily availed loan also and the overall index of socio economic empowerment of women increased after joining SHG. She suggested that there was a need to impart literacy, technical knowhow by the institutions because most of the SHG members were illiterate. She concluded that members were empowered both socially and economically, which helped in the overall development of their families.

Somavia (2007) has analysed the changes happening in women through microfinance in Tanzania. He pointed out that small and big change which happen to women by the microcredit. He observed gender equality and decent work through microfinance in Tanzania. He stated that the strategies for advancing gender equality through microfinance through internal and external sources. He concluded that works to enhance economic opportunities for women by developing tools and strategies specific to the needs of women entrepreneurs and by working to ensure gender is mainstreamed throughout the programme.

Swain and Wallentin (2007) examined whether microfinance empowered women in India. She revealed the microfinance empowered the women with respect to the control of resources, changes in behavior and decision-making made in the right direction and women are in the process of empowering themselves. She suggested that a lot needs to change to make women truly empowered and if women empowerment is to be pursued as a serious objective by SHG programmes in particular and the larger micro finance community in general, greater emphasis needs to be placed on
training, education and creating awareness in order to achieve a larger and more lasting empowerment.

Armendariz and Roome (2010) studied the promotion of women through microfinance initiatives in Bangladesh. They pointed out that the promotion of women in microfinance initiatives and the bias against men is taking place in the absence of solid empirical evidence on the effects of this approach on the balance of power in households and on the health, education and well-being of all household members. They suggested that empowering women via an additional tool, namely by giving them the possibility voluntarily to invite their partners into the group, might help to accelerate the process for change in those social and institutional norms.

Ruby (2008), examined the role of Kudumbashree Project in women empowerment through micro financing in Kerala. She stated that the majority of the respondents were running micro enterprises as a means of their livelihood. Kudumbashree has been successful in generating self employment opportunities by enabling members to start micro enterprises. The results indicated that among the five dimensions of empowerment attained by the respondents through Kudumbashree, social/cultural empowerment stood first followed by familial empowerment and then personal empowerment. Interestingly economic empowerment achieved got only the fourth position. Political empowerment was found to have the last position. She suggested that effort should be made to enhance them by winning the confidence of the urban poor people and the authorities should explore new areas related to micro enterprises and the information should be communicated to the women entrepreneurs. They should be provided with the necessary assistance for introducing such innovations. He concluded that the local self governments should create necessary avenues for imparting proper and adequate training to the micro entrepreneurs to run their enterprises on a
cost effective basis and awareness classes must be arranged for them at the local level.

Tejmani Singh (2009) stated that microfinance tries to assist the communities of economically excluded for achieving greater levels of asset creation and income security of the household and community level through five key players viz. National Bank for Agricultural and Rural Development (NABARD), Reserve Bank of India (RBI), Self Help Groups (SHGs), Micro Finance Institutions, Non-Government Organizations.

Zakir Husain (2009) stated that participation in SHGs reduces women’s tolerance of domestic violence not only by empowering her economically but also by increasing her awareness. They further stated that after joining the SHGs, the respondents reported that they were treated with greater respect and accorded more importance by their household members, increase in status within the household and increase in self respect of the respondents.

Bansal (2010), studied the impact of microfinance on poverty, employment and women empowerment in rural Punjab, India. She stated that these poor people are malnourished and most of them are unemployed. And the poverty alleviation has remained the major focus for development practitioners since the independence of India. She collected data from 190 people as the sample size for her survey. She found that that the micro-loans provided under the programme were mainly utilized for unproductive purposes, and it had a limited impact on employment and income generation. She recommended that there was a need to make occupational training an integral part of microfinance programme. She concluded that the programme participants must be motivated and assisted to utilize the group loans for productive purposes only.
Dabali (2010) analysed the impact of women self help groups on the socio-economic status of its members. He stated that women self help groups had a positive impact on the economic and social status of its members. He utilized both primary and secondary data for his study. The study comprised of 12 northern districts of Karnataka. Total sample size was 12 self help groups and the sampling technique used was random sampling method. The results indicated that the members acquired more skills during the interaction like dealing in banks, post offices etc., He recommended that the appropriate policy measures to be taken and prompt service ensured to SHGs only through the credit linkages which may be shifted from one bank to another within the locality. He concluded that awareness, perception and involvement were more in SHGs so that the socioeconomic status of its members developed very well.

Getaneh (2010) studied the impact of micro finance on empowerment of rural women in Amhara region of Ethiopia. He stated that the women has proven to increase the positive impact of micro finance programs since women are more likely than men to spend their income on household and family needs. He observed that the micro finance has played a major role in many gender and development strategies because of its direct relationship to both poverty alleviation and to the empowerment of women. He opined that increasing women’s access to micro finance services will enable women to make a greater contribution to household income and improving standards of living. He concluded that providing access to micro finance loans for income-generating activities can significantly increase the women economic resources, thereby reducing her overall vulnerability.

For sampling he had selected a total of 450 respondents for the study. He found that there was improved credit availability through the banking network to the rural women, who so far remained out of the institutional credit delivery. Most of the respondents informed that they started micro enterprises or income generating activities in agriculture and allied activities such as rearing sheep. A considerable number of respondents started diversified income generating activities in non-farm sector. Majority of the respondents’ income increased as a result of the income generating activities which supplemented their family income. He suggested that the bank managers should be motivated or trained and they should feel comfortable in financing SHGs. All books and registers such as minute book, savings ledger, members pass book and cash book should be maintained only by SHGs. Motivational training for IGA/micro enterprises should be organized to develop the entrepreneurial capabilities and to access improved production technologies. Women should actively participate in protests against social problems such as child marriage, dowry, domestic violence and alcoholism. Welfare and development programmes of the government may be implemented through SHGs.

Rathod (2012) analysed the empowerment of women through Microfinance in Maharashtra state in India. He pointed out that SHG have created positive impact in Maharashtra state. He further stated that women’s empowerment has acquired an important place in government policy, non-government-advocacy and academic research. He opined that to make microfinance more effective, insurance and cash transfer services have to be strengthened in rural areas and massive capacity building efforts by all stake holders e.g. banks, NGOs, Panchayat, NABARD and government departments. He suggested that guidance to balance family and work
responsibilities, social and political issues, such as, women’s rights and community problems. Training in decision making, planning women’s ownership, control and participatory governance in microfinance programme will enhance the empowerment of women in rural areas in the state.

Seetha Devi (2010) analyzed the impact of bank finance on the members of Self-Help Groups in Salem District, Tamil Nadu. A sample of 484 members was included for the study. She stated that there was a need to promote women's access to income generating activities by developing and supporting small-decentralized enterprises. As women's mobility is limited, they are not exposed to the outside world and have low self-esteem, which inhibits their participation in any entrepreneurial activity. She further stated that women should organize themselves as a group by which they get the benefits of collective perception, collective decision-making and collective implementation of programmes for common benefits. She suggested that SHGs can take a step further and start a campaign to impart functional literacy to their members. At the village level, they can run a special centre with a team of volunteers to promote literacy among its members.

Aruna and Jyothirmayi (2011) analyzed the relationship between SHG- bank linkage program participation and women empowerment. They investigated on the SHG bank linkage program in Hyderabad in Andhra Pradesh state. He further stated among the six factors microfinance seems to be having significantly greater influence on women empowerment. They concluded that women’s empowerment became a critical pre requisite of the socio-economic development of any community.

Ali Khan and Noreen (2012) attempted to explore the socioeconomic determinants of women empowerment, focusing on the
women who have availed the micro-credit at Bahawalpur district in India. They selected 600 female clients of Bahawalpur microfinance institutions randomly. They found that females using loan by themselves have better effects of microfinance on empowerment as compared to the loans utilized by other members of the household and microfinance as a major explanatory variable of the study has shown positive effect on empowerment of women but not as much as it was expected. They suggested that along with provision of education and family protection the enlarged volume of microfinance and its utilization by the women must be ensured. Microfinance institutions should strengthen and expand their support to women for their empowerment.

Sadighi (2011) stated that micro finance is a useful tool to fight against poverty and starvation. These tools have ability to change and improve human’s life, especially the poor people. He further stated that the applicants for micro finance mostly include family women, pensioners, homeless people, frugal workers, small farmers and micro entrepreneurs. He concluded that micro finance has proven that supplying financial services to poor people is a powerful tool to decrease poverty so as to make them able to establish finance, increase income and decrease vulnerability against economic pressures.

Sarumathi and Mohan (2011) analyzed performance of women SHGs in Pondicherry. They stated that the role of microfinance in women’s empowerment have three dimensions namely psychological, social and economical. The study further revealed that women are economically and socially empowered after joining SHG and getting micro finance more than 92 per cent of SHG members reported that poverty level reduced by participating in micro finance program. The SHG members don’t face any type of problems or compulsions from leaders or from other members in the
group. The members are given full freedom to express their opinions. The study further had pointed out that most of the women are not aware of the trainings organized by the NGO. The NGO shall actively take part in various training sessions provided to all women members wherein they can gain more knowledge about the various income generating activities. They concluded that women are performing well nowadays but all they need is a way to develop their skills and talents by participating in various training programs.

Das (2012) analyzed whether socio-economic empowerment of women through SHG-Banking Linkage Programme is a boon for development. He highlighted the role of SHG as a financial intermediary for enhancing women empowerment in India. He conducted a survey from Nagaon Districts of Assam and most particularly in the Lumding Development Block, Dhalpukuri Development Block and Udali Development Block. He found that micro finance related loan and its productive utilization were found to be causing significant differences in women empowerment levels. He suggested that SHG-Bank Linkage of micro finance programme has a profound influence on the economic status, decision making power, knowledge and self worthiness of women participants of SHG linkage programme in Assam.

Honnurswamy and Dandgund (2012) analysed the problem of poverty in India. They stated that poverty reduction in rural India would be possible only through microfinance. They concluded that India is always depending on rural area for development. If the rural area will develop automatically nation will grow faster. With the help of establishment of the microfinance, it is possible to remove poverty in villages.
Jagadish (2012) He highlighted the role of SHG programmes in the eradication of poverty in Anantapur district of Andhra Pradesh. The main objectives were to study the poverty levels by various agencies at all India level and, to study the relationship between poverty and SHG and its development and to find out the positive and negative impacts of the SHG Program. For the purpose of analysis he took the entire district of Anantapur. Altogether 53,470 SHGs were working in the district. Both primary and secondary sources were collected. He suggested that the rural women SHGs should encourage democratic participation and some changes in economic structures to make them provide public services, resources and opportunities. He concluded the effectiveness of SHG in poverty reduction, particularly the assessment of strategies adopted by the members.

Lokhande (2012) investigated whether micro finance really contributed to the socioeconomic empowerment of group members in Konkan region of Maharashtra. He stated that the there was significant growth in average monthly income of the respondents after joining the groups and starting their own economic activities. He further reported that after joining the groups, majority of the respondents felt respected by family members and expressed feeling more secured because of financial and social support extended by the groups. He suggested that there is a need of employing long term policy measures to empower women in its true sense. Some key issues such as training, awareness and viability of the group activities need to be addressed in order to strengthen women empowerment process through micro financing

Rajendran (2012) reviewed the various empirical studies carried out in India. He observed the positive effect of microfinance through SHG on economic, social, political and psychological empowerment, increase in
income and employment opportunities, development of leadership qualities, enhanced participation in community activities and high degree of participation in domestic as well as in the society. He concluded that studies carried out in India, as evident from the above literature review, indicated that micro finance and Self Help Groups, by and large, contributed to the development of core poor in terms of economic well being, alleviating poverty and empowerment leading to overall development of the rural poor.

Sharma (2012) addressed the micro finance problems and challenges for micro entrepreneurs in India. He stated that the micro entrepreneurs are facing various problems on availing micro finance loan due to inability to offer marketable collateral for loans, poor institutional viability of micro enterprises, lack of knowledge about micro finance services, shortage of financial capital, inability to exploit growth opportunities, few organizational resources and poor governance, low bargaining power and vulnerability to economic shocks. He suggested that the MFIs provide multipurpose loan, consumption loan or composite credit to the micro entrepreneurs for income generation, housing improvement and consumption support. He concluded that the women entrepreneurs must develop the capacity to generate and maintain their means of livelihood and produce excess that will eventually lead to savings.

Lakshmisha and Suresh (2013), examined the contribution of microfinance and microfinance programme to empower the rural women in India. They stated that microfinance has proved to be successful in empowerment of women reducing dependency on money lenders, easy access to credit to their members and savings and moderate economic benefits. There has been tremendous growth in the progress of SHG Bank linkage. NABARD's SHG Bank linkage programme has been a major effort to connect
thousands of SHGs across the country with formal banking system. They concluded that microfinance programmes have confined themselves to distribution of loan to women but receipt of a loan and utilization of loan guarantees improving the economic status of women.

2.6 RESEARCH GAP AND CONCLUSION

The forgoing review of literature show that many studies have been conducted on analyzing the impact of micro finance loan. Further few studies also focused on problems of micro finance institutions. But it is very difficult to trace the studies on management of microfinance in general and especially savings of SHGs, distribution of micro finance loan, effective utilization of micro finance loan, problems in obtaining loan and repayment of loan and satisfaction on implementation of micro finance program have not been analysed so far. Hence, the present study has been undertaken to cover the above research gap in the micro finance sector.