CHAPTER II

REVIEW OF LITERATURE

Micro-credit and micro-enterprises have been recognized as factors that contribute to the economic development of a nation. The SHG – Bank Linkage Programme in India has gained momentum only since 1992, though it has been an old concept. In order to understand the concept of self help groups and also to identify the areas already investigated, some of the important studies already undertaken and related to the objectives of the present study have been reviewed for a span of more than two decades.

Studies Related to Foreign Countries

Churchill (1995)\(^1\) undertook a study entitled “Get Ahead Foundation Programme” to assess the impact of micro-enterprise credit on the small scale enterprises, on the living conditions of entrepreneurs and their families and on the benefits to the next generation in the programmes of the Get Ahead Foundation in South Africa. He points out that micro-credit has a positive impact on the monthly profit but little impact on job creation.

In the study entitled “The Guinea Rural Enterprise Development Project”, Creevey, Ndour and Thiam (1995)\(^2\) analysed the impact of enterprise providing micro-credit on participants, enterprise performance, individual income and family well-being. They have come to the following conclusions: i) Micro-credit has a positive impact on enterprise income for repeat borrowers but no impact on assets and employment, and ii) At the household level, there is no overall impact on the household assets except on running water in houses and no impact on children’s education. This study has established that micro-credit has created a positive impact on enterprise income.


The study conducted by **Brenda Sennott (1996)**\(^3\) entitled “The Success or Otherwise of Rural Financial Mobilisation in Less Developed Countries: Effectiveness of Savings Club Zimbabwe in Addressing the Development Needs of the Poor” establish that an effective method of mobilisation of savings in rural areas in less developed countries is through small self-sustaining groups based at the grass-root level.

**Hashemi, S.M., Schuler, S.R. and Riley, A.P. (1996)**\(^4\) investigated whether women’s access to credit has any impact on their lives, irrespective of who had the managerial control. Their results suggest that women’s access to credit contributes significantly to the magnitude of the economic contributions reported by women, to the likelihood of an increase in asset holdings in their own names, to an increase in their exercise of purchasing power, and in their political and legal awareness as well as in composite empowerment index. They also found that access to credit was also associated with higher levels of mobility, political participation and involvement in major decision-making for particular credit organizations.

**Montgomery, Bhattacharya and Hulme (1996)**\(^5\) in their study “Government Thane Resource Development and Employment Programme (TRDEP)” analyse the impact of the credit programme on income, productivity and poverty in Bangladesh. They find that significant change in household income has led to a decrease in the percentage of expenditure on food, and that the better off among the poor benefit more from credit. To use credit effectively, the household has to reach a minimum economic level.

**MacIsaac, N. (1997)**\(^6\) has studied that micro-credit initiatives resulted in better output as far as poor people, and women in particular, are concerned. The micro-credit

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provide a paradigm shift in microfinance and contributed in defeating the notion of poor risk and not creditworthy when it is concerned about poor community. Various studies reported that most borrowers focus on marginal gains, whereas, very small ratio results in reasonable and sustained rise in income. The poorest borrowers get less gain when compared with middle and upper category of poor. Moreover, 10-15% of the population are not included in micro-credit schemes.

Abdul Hayes, Ruhul Amin and Stan Becker (1998) have analyzed the relationship between poor women’s participation in micro credit programmes and their empowerment by taking both SHG and non-SHG members in rural Bangladesh. They have split the concept of women empowerment into three components, and measured separately, in order to arrive at a better understanding of their underlying factors and their relationship to women’s empowerment. The results have shown that the SHG members are ahead of non-members in all the three indices of empowerment. Moreover, the non-members within NGO programme areas have shown a higher level of empowerment on the autonomy and authority indices than do the non-member within the comparison areas. Being empowered by their new sources of financial income and related credit group supports, female recipients of NGO credits might have asserted their autonomy and authority vis-a-vis their husbands’ restrictions and dominance in related household affairs. It has been further observed that education, house type, annual income, etc., tend to be positively associated with autonomy and authority indices, along with the positive association of the duration of NGO membership and non-agricultural occupation. The implications of these findings have been that NGO credit programmes in rural Bangladesh not only brought about rapid economic improvement in women but also hastened their empowerment. The NGO credit members are reported to be more confident, assertive, intelligent, self-reliant and conscious of their rights. It has been suggested that apart from the role of NGOs, the government must also have a large network of credit programme for the rural poor women to increase their economic solvency and enhance their empowerment. The complementary role of NGOs and Government can handle the issue.

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**Khandker & Shahidur, (1998)**

Micro-credit to be used as a tool for poverty reduction is depended on many local dimensions. High population growth rate, low economic growth and most importantly, unequal distribution of resources is among the major characteristics of a developing nation. Moreover, low productivity and unemployment also play their role. When poverty is caused due to unemployment, it can be rectified by creating more jobs, and when it is caused due to low productivity it can be measured investing in human capital. In various countries including Bangladesh, poverty is caused as lacking of investment in physical and human capital. In such a scenario, the best way to deal with poverty is to increase jobs and investing in development of human capital.

A study entitled “The Impact of Zambuko’s Micro-Enterprise Programme in Zimbabwe: Baseline Findings”, conducted by **Carolyn Barnes and Erica Keogh (1999)** identifies the impact of participation in the Zambuko programme upon clients and their households highlight that there is great scope for capturing ‘the clients’ ability to save if the legal issues can be resolved. The reality of hungry seasons and periodic shortages of working capital are responsible for their poverty, which can be improved with savings and/or insurance products. Easier access to group funds could help women overcome periodic crisis and might prevent some exits.

**Khandker, S. (2001)**

drawing from Bangladesh, the pioneer of the microfinance movement and the home of large-scale microfinance operations, the paper has assessed whether microfinance really benefited the poor. It has identified the participants of a microfinance programme and their characteristics and assessed the impact of microfinance on short-term and long-term welfare indicators of programme participants, as well as all participants in a local economy. The study has concluded that, what micro-finance can do for the poor depends on the poor’s ability to utilize what microfinance offers them. Programmes made a difference to poor participants by raising their per capita income and

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consumption as well as household net worth. The welfare impact of microfinance has also been positive for participating and non-participating households. The programmes had spillover effects on the local economy, but with a little impact. It is also well established that microfinance programmes reach an overwhelming majority of the poor and women to whom formal financial institutions are inaccessible. As the majority of microfinance clients are poor, the survival question of microfinance is linked with the dynamics of poverty.

Rein Dekker (2001)\textsuperscript{11} in his study “Transaction for the Cash Economy: the Design, Description and Analysis of a Microfinance Programme in Indigenous San Communities in Western Botswana” explores whether a culturally sensitive and participatory development programme in the form of micro credit and savings could contribute to the increase of individual and community assets as well as to improve the ability of San participants to handle the demand of cash economy, thereby increasing their social and economic self-sufficiency.

Falaiye, C. (2002)\textsuperscript{12} in his study on the impact of micro credit on rural Nigerian women, has found that the micro credit has positively changed the clients’ self-esteem, confidence, leadership abilities and decision making process; has contributed to their household’s well-being and increasingly sought solutions to their own problems and the community.

According to Asemelash (2003)\textsuperscript{13} the microfinance provided to the poor has brought a positive impact on the life of the clients as compared to those who do not get access to these microfinance services. He showed that microfinance has brought a positive impact on income, asset building and access to schools and medical facilities in the study area.


Study by **Khandekar, S. (2003)**\(^{14}\) carried out an exercise by estimating the effects of microfinance on consumption, poverty and non-land assets for participants, non-participants and an average villager, assuming that microfinance programmes have spillover (externality) effects. He states that it is clear that what microfinance can do for the poor depends on the ability of the poor to utilize what microfinance offers them. He further says that microfinance provides a window of opportunity for the poor to access a borrowing and saving facility. In other countries, these facilities also provide organizational help, training, safety nets, empowerment and financial and other help during crises. Microfinance organizations can alleviate liquidity constraints, stabilize consumption and enhance both income and consumption for the poor, thereby augmenting the welfare of the poor. The results are resounding - microfinance matters a lot for the very poor borrowers and also for the local economy.

**Ahmad, Naveed and Ghafoor (2004)**\(^{15}\) observed the role of microfinance in reducing rural poverty. The study was conducted to evaluate the role of microfinance provided by Khushhal Bank Limited (KBL) for poverty reduction in District Rahim Yar Khan – Pakistan, to determine the relationship of microfinance with income, crop production, asset formation, farm expenses and saving. It was found that microfinance has positive relation with saving, farm expenses, crop productivity and income and asset formation. Moreover, microfinance is effectively serving the poor people and increasing their standard of living by giving them proper loan for cotton, livestock and working capital in the said district.

The study by **Cynthia. K. Sander (2004)**\(^{16}\) has examined the effects of micro enterprises on poor women in the United States. Household income, income from the business and poverty status have been examined and comparisons drawn among three groups of women; low-income group who participated in one of seven US micro enterprise assistance programmes, low income self-employed women not attached to

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micro enterprise assistance programmes, and low-income women working and not self-employed. The findings cast doubt on the effectiveness of micro-enterprise assistance programmes.

**Pierre Chue, M.B., Ruth Dickson, M.D. Michael Sanderson, and Austin Mardon (2004)** in their study “The Impact of Self Help Groups on People with Schizophrenic”, analyse that consumer initiated and controlled Self Help Groups could be an effective community support to people with schizophrenia. Despite the fact that it is widely acknowledged that consumer initiatives should be part of any modern health-care reform strategy, there have been a few systematic assessments of the impact of Self Help Groups and certainly no evaluation of Self Help Groups for people with schizophrenia. Without professional involvement, most Self Help Groups collapse soon after starting.

**Alemu (2006)** in her study found out that the poor have smoothed their income in the study area. However, there was fungibility in the sense that clients were using the loan for unintended purposes.

**Operations Evaluation Department of Asian Development Bank (2007)** had conducted a Special Evaluation Study to assess the extent to which selected Asian Development Bank (ADB) microfinance projects have reduced the poverty of rural poor households and improved the socio-economic status of women in developing member countries. Bangladesh, Philippines and Uzbekistan were selected for the study, representing three of the five operational regions of ADB. The projects selected for in-depth review were: (i) the Rural Micro-enterprise Finance Project in the Philippines, (ii) Participatory Livestock Development Project in Bangladesh, (iii) Second Participatory Livestock Development Project in Bangladesh, (iv) Rural Livelihood Project in Bangladesh, and (v) the Small and Microfinance Development Project in Uzbekistan.

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**Notes:**


The results of the focus group discussions in the three countries indicate that the microfinance projects had positive effect on the status of women, particularly in the household. The following changes were observed: (i) Greater role in household generation of cash, (ii) Greater involvement in making major expenditure decisions and generating cash savings, (iii) Ability to generate more income on their own and greater role in business decision making, (iv) Acquisition of more skills and expanding their network of friends and support system, and (v) Increased acquisition of assets. These observations were supported by the results of the sample surveys in Philippines and Bangladesh of women that participated in microfinance programmes. These surveys showed an increased role of women in accessing finance, managing their businesses, and improved relationships between husbands and wives, joint decision making and sharing of household responsibilities.

Jahangir Alam Chowdhury. M (2009) had intended to assess whether the participation in the micro-credit programme of the Grameen Bank helps participating women to create self-employment for them through starting micro-enterprises. The results indicate that women are not using their micro-credit loans from the Grameen Bank for starting micro-enterprises, as the socio-cultural environment is not conducive for women to start a micro-enterprise of their own (as Bangladesh is a Muslim predominant country). It was found that the participation in the micro-credit program of the Grameen Bank does not enhance the ability of participating women to start their own-managed micro-enterprises. But the same participation significantly enhances the ability of husbands of women members to start micro-enterprises and also significantly increases micro-enterprise capital of participating households.

Muhammad Akram and Intiaz Hussain (2011) assessed the contribution of microfinance in raising the living standard of low income people of District Okara,

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Pakistan and it is concluded that microfinance is efficiently serving the poor by increasing their income level and improving their living standard.

**Appah, Ebimobowei, John, Sophia.M and Soreh Wisdom (2012)** investigated the relationship between microfinance and poverty reduction in Bayelsa State of Nigeria. The analysis of the data revealed that there is a significant relationship between microfinance and poverty reduction in Bayelsa State; there is a significant difference between microfinance and traditional rotating system; there is significant difference between loan repayment by the women and poverty reduction in Bayelsa State and significant difference between microfinance and the status of women in Bayelsa State, Nigeria. The conclusion drawn from this study was that microfinance alone cannot reduce poverty in any society where basic infrastructures like good roads, steady power supply, good transportation system, etc are nearly not available for the women to benefit from the introduction of microfinance. The study therefore recommends among others that the governments in developing economies like Nigeria should, as a matter of national priority, provide the basic infrastructural facilities to enable small business owners grow; the National Poverty Alleviation Programme (NAPEP) should be well strengthened to reduce the level of political manipulation by political leaders in the country; and a reduction in the interest rate for microfinance institutions and other stringent issues about microfinance model of poverty reduction should be adequately and seriously applied to minimize the level of poverty in Nigeria.

**Studies Related to India**

Chikara, O.P. (1993) has studied the impact of institutional credit on weaker sections and has found that there exists a wide gap between the credit requirements and the credit supplied by the financial institutions which may lead to repeated borrowing from private agencies. This would create a problem of indebtedness and may bring these people under the clutches of private money-lenders.

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Yaron (1994)\textsuperscript{24}, Besley, (1994)\textsuperscript{25} have underlined that the microfinance institutions remain most successful ones in terms of outreach and performance in delivering credit services to the poorest of the poor women, and small artisans in the rural and urban areas, reduction in adverse selection of borrowers, development of collateral substitutions and offering cost effective approaches to formal institutions.

Hemalatha Prasad (1997)\textsuperscript{26} of the National Institute of Rural Development, Hyderabad, have carried out two studies, one in Salem district in Tamil Nadu and another in the Tribal Development Project area of Andhra Pradesh to understand the process of economic empowerment of women. In Salem district, 11 blocks have been covered under (IFAD) International Fund for Agricultural Development programme. This project has broadly envisaged empowering rural women by expanding their resources, improving access to credit, raising the level of awareness, better access to health and establishment of a viable model for women’s development. The findings of the study have revealed that the intermediate objective of social enhancement through group dynamics and the bringing of rural women into the mainstream of credit delivery seem to have been achieved with reasonable success.

Karmakar, K.G. (1997)\textsuperscript{27} in his study “SHGs in Orissa: Some Conceptual Issues” studied the performance of the credit linkage of all the Self-Help Groups, the Non-Governmental Organisations and the Banks in Orissa upto March 1995. One of the findings showed that a few Non-Governmental Organisations started “savings and credit programmes” to the marine fishing folk through the Self-Help Groups. For lending, they relied mostly on mobilisation of savings. Since the amount of saving is very small, the credit from the savings to the community was inadequate to meet their requirements. Loans were provided for growing crops, blacksmith's work, making of hill brooms,


trading and business. Repayment was 100 percent among the woman Self Help Groups. The choice of the members of the Self-Help Group was limited to a few activities only, because, the amount of micro-credit available was small in the initial years of the linkage programme.

Mayoux (1997)\(^{28}\) argues that the impact of microfinance programmes on women is not always positive. Women that have setup enterprises or sometimes women end up being employed as unpaid family workers with little benefit. She further points out that in some cases women’s increased autonomy has been temporary and has led to the withdrawal of male support. It has also been observed that small increase in women’s income leads to a decrease in male contribution to certain types of household.

Mehrotra, C.K. (1997)\(^{29}\) has made a comparative study of the State Bank’s performance with Self-help Groups. In his view, the State Bank of India’s financing scheme for Self-Help Groups has been quite encouraging. The branch officials themselves encourage the poor to form Self-Help Groups in a number of centres. They also utilise the services of the Non-Governmental Organisations for the very same purpose. He points out that with the help of the reputed Non-Governmental Organisations in States like Tamil Nadu, Kerala, Karnataka and Andhra Pradesh, good progress has been made possible by the State Bank in the Self-Help Groups schemes. He states that the Self-Help Groups have promptly repaid 80 percent to 90 percent of the finance given to small-scale units by the branches. To sum up, the author stresses that the self-help group is a good concept and every effort should be made to ensure its success. He also states that the self-help groups may eventually be the only viable units of source on account of low transaction cost, high percentage of recovery and mobilisation of rural savings through the informal system.


Moin Qasi (1997)\textsuperscript{30} in his work “Self Help Groups – A Novel Approach to Rural Development” makes an attempt to study the reasons for the linkage of members of Self-Help Groups in rural development. According to his findings, common bonds like caste, sub-caste, blood, community, and place of origin or activity linked the members of Self Help Groups. He stated that woman Self-Help Groups are more effective than others and they have more chances for survival. Although social homogeneity is used in establishing these groups, the real objective is for economic factors, the author stated. The author further insisted that while providing support to self-help groups it is necessary to keep in mind the sentiments and emotional values of rural women. The support provided must be sensitive to their feelings, appropriate and timely.

Nilanjan Sengupta (1998)\textsuperscript{31} in his study “Empowerment: A Socio-Psychological Approach to Self Help Groups Formation” identifies the different forms of community organisations, which involve people’s participation and the role played by them for the empowerment of these organisations. He also discusses social learning as an empowerment strategy for increasing the participation of people at the grass-root level. Further, he gives the project design for people’s participation at the grass-root level. According to him, social awareness among the group members has to be created first and then they could move towards economic empowerment. The researcher feels that to ensure the development of skills and consciousness, for sustainability of any activity in the long run, social and psychological empowerment is a must.

Modkey (1999)\textsuperscript{32} has studied the functioning of SHGs. According to the study, a) The SHGs usually generated a common fund out of small savings from persons or groups collected on a regular basis by curtailing unproductive expenditure. The internal savings thus generated were supplemented by external resources loaned or donated by voluntary agencies involved in promoting and strengthening the SHG. b) The credit


needs of the members were usually assessed at monthly meetings, and c) The SHGs collectively ensured repayment of bank loans. Thus, the SHGs had been a tool for providing access to credit for the poor.

Morduch, Jonathan (1999)\(^{33}\) had stated that microfinance was started with the goals of social mobilization of marginalized communities, particularly women. As early as 1999, there was evidence that is difficult to scale up lending to households which are just above poverty line.

Puhazhendhi (1999)\(^{34}\) has analyzed the functioning of SHGs, on performance, sustainability, empowerment of women, economic impact on the members, future potentials, etc. He has observed that SHGs in TamilNadu are performing well towards social change and transformation, leading to a positive direction of empowerment of the members and promotion of microfinance.

Puhazhendi.V and Jayaraman.B (1999)\(^{35}\) have found that the informal groups of rural poor with active intervention of NGOs, adequately supported by training and financial assistance, have ensured and also significantly improved women’s participation both economic and social aspects. The group approach has gained more importance as evidenced by the recognition accorded by the Government of India in the ongoing income generating programmes. The SHGs have become the focal point of the development schemes under the unified poverty alleviation programme ‘SGSY’, launched in April 1999 by the Government of India. NABARD’s commitment of empowering atleast 100 million poor through one million SHGs by the year 2008 would further increase the emphasis of group approach among the rural poor, especially women. Further reduction in transaction cost of lending to the rural poor through SHGs, when compared to the normal lending, and increased recovery performance, reinforce the group concept in the rural credit delivery through formal institutions.


Jay Anand (2000)\textsuperscript{36} in his study “Microfinance in Kerala” studied the Community Development Society model in 1993 for the emancipation of the poor women of Alappuzha in Kerala State. It is evident from this survey that those members who have some unit activity earlier could use the micro-credit effectively for expansion or modification and they reaped the maximum benefit. In some cases, the failure of group activity has led to a financial crisis and imbalance for all the members, while it is not complex in individual activities. It is observed that a few women dominated the group.

Karmakar, K.G. (2000)\textsuperscript{37} in his study “Rural Credit and Self Help Groups: Microfinance Needs and Concepts in India”, examines the existing credit delivery system in India with special reference to the credit needs of the rural poor. He studies the importance of the micro-credit needs for tribal women in rural areas and the micro-enterprises in the non-farm sector in Orissa. The study focuses on the availability, credit requirements and the problems faced by the tribal people in availing it. It is felt that the setting up of micro-enterprises, particularly in the non-farm sector, would go a long way in reducing poverty in rural areas. According to him, the micro-credit approach through self-help group would be the only best mechanism to deliver credit to the rural poor.

Lakshmikanthan, K.R. (2000)\textsuperscript{38} in his study titled “Self Help Groups in the Life of Rural Poor – A Philibhit Case Study” stated that most of the membership of the Self-Help Groups consisted of small landholders and agricultural labourers. He states that facilities for entrepreneurial development are available within the group only at the micro level when compared to the large basic functions like market study, providing resources, general production management and marketing management. The literacy rate of the members of some self-help groups has improved from five percent to 90 percent.


Mahab Sen. (2000)\(^{39}\) has attempted to find out the development of Self Help Groups promoted by Sree Mahila Samity and its impact on women members. The findings of the study have been i) The individual loans were mostly used for productive purpose, ii) The rate of recovery was very high compared to the rate of recovery of the formal institutional system, iii) group dynamics was an instrument for change in the quality of life of the poor people, and iv) The study also revealed that other than economic activities, the group worked towards primary education, basic health care of family, safe drinking water and environment protection. The study has found group cohesion, group action, need-based credit and timely repayments to be the essential elements of sustainability of the groups.

Mayoux, L (2000)\(^{40}\) has critically analysed fifteen case studies and concluded that women's empowerment needs to be an integral part of policies. Empowerment cannot be assumed to be an automatic outcome of microfinance programmes, whether designed for financial sustainability or poverty targeting. More research and innovation on conditions of microfinance delivery is needed. Cost-effective ways of integrating microfinance with other empowerment interventions, including group development and complementary services are still lacking. Unless empowerment is an integral part of the planning process, the rapid expansion of microfinance is unlikely to make more than a limited contribution to empowerment.

The study entitled “A Study on Women Self-Help Groups in Andhra Pradesh”, by Mohana Rao, R.M (2000)\(^{41}\) concluded that SHGs showed a positive impact on the households of the members in respect of building of self-confidence and social development skill and formation and social empowerment of members.

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Raman, N.P.Y. (2000) in his work “Self-Help Groups – The Kerala Experiment”, shares his research experience of the Primary Agricultural Co-operative Society of Kerala with Self Help Groups. His study shows that though both the groups avail themselves of the loan for the same purpose, the recovery of loans from the self-help groups is 95 percent to 100 percent while it is 60 percent to 70 percent from the members of the Primary Agricultural Co-operative Society. The reason cited is that the members of the self-help group are to pay only a 4.5 percent rate of interest against the usual 9.5 percent interest after deducting the State Government incentive of 5 percent. The low rate of interest and the government incentive make a large difference between the income and profitability of members covered under self-help groups and the others not covered by the self-help groups. The sample study shows that only 10 percent of the members of the Primary Agricultural Co-operative Society have been brought under the concept of self-help groups. Even among these, only 60-70 percent are actually benefited by the scheme and the rest are cultivators of crops other than food-grains, fruits and vegetables. He proves in his study that the self-help group concept has not only apparently reduced the poverty but also yields encouraging results. The self-help group concept has created further a positive impact on the functional efficiency of the Primary Agricultural Co-operative Society as well.

Sundari, S. and Geetha, N. (2000) in their work “Poverty Credit and Micro Enterprises”, examine the gender disparity in access to institutional credit. In their opinion, the disparity is gradually narrowing down over a period of time. Hence, the empowerment of poor rural women will be possible only if they are trained and imparted skills for a certain employment. According to them, skill training include enterprise development, increased access to credit, new approach to markets and social, economic and political strategies and the like.

The National Bank for Agriculture and Rural Development (2000)\textsuperscript{44} has conducted a study on the impact of microfinance (MF) on the living standard of self help group members. The study has aimed to find out how far the Self Help Group- Bank Linkage programme had lightened the burden of life of an average member of Self Help Group and to analyze the betterment of household by gaining access to microfinance. There were perceptible and wholesome changes in the living standard of the self help group members, in terms of ownership of assets, increase in savings and borrowing capacity, income generating activities and income levels. The study has also revealed that almost all the members developed a savings habit in the post self help group situation and the average borrowings per year per household has increased. The study has concluded that the involvement in the group has significantly contributed to improving the self-confidence of the members. The feelings of self-worth and communication with others has improved, after association with the self help groups and the members have been relatively more assertive in confronting with social evils and problem situations. As a result, there has been a fall in the incidence of family violence.

Barbara and Mahanta (2001)\textsuperscript{45} in their paper have stressed that the SHGs have helped to set up a number of micro-enterprises for income generation. Rastriya Gramin Vikas Nidhi’s credit and saving programme in Assam have been found successful as its focus is exclusively on the rural poor. It has adopted a credit delivery system designed specially for them with the support of a specially trained staff and a supportive policy with no political intervention at any stage in the implementation of the programme.

Dadhich, C.L. (2001)\textsuperscript{46} has conducted a case study of Oriental Bank Grameen Project at Dehradun District in Uttar Pradesh, for assessing the benefits of the project and economic viability. The main findings of the study have revealed that a large number of women had taken up subsidiary occupation and consequently their family incomes had

\textsuperscript{44} National Bank for Agriculture and Rural Development (NABARD), Report on Impact of Finance on the Living Standards of SHG Members, 1999-2000, Mumbai.


substantially increased. An analysis of figures relating to the income and expenditure of a specialized micro credit branch has revealed that the branch had become a profit-centre right from the second year of its operation. The recovery of the loans had been more than 100% of the demand. The study has also revealed that the borrowers under Oriental Bank Grameen Project had both the advantage of fine rate of interest as well as hassle-free credit, whereas their counterparts elsewhere had been paying exorbitant rates of interest.

Das Gupta (2001) in his paper on ‘Informal Journey Through Self Help Groups’ has observed that micro financing through informal group approach has effected quite a few benefits viz.: (i) Savings mobilized by the poor, (ii) Access to the required amount of appropriate credit by the poor, (iii) Matching the demand and supply of credit structure and opening new market for FI's, (iv) Reduction in transaction cost for both lenders and borrowers; (v) Tremendous improvement in recovery,(vi) Heraling a new realization of corruptionless credit, and (vii) Remarkable empowerment of poor women. He has stressed that SHGs should be considered as one of the best means to counter social and financial citizenship and not as an end in itself.

Lakshmanan (2001) in his study on rural Tamil Nadu have observed that the saving of SHGs has increased. Majority of the groups have obtained revolving fund and there has been transparency in administration. Members have engaged themselves in production of mats with sufficient encouragement and support of their husbands. The problem faced by them includes high cost of raw material. It has concluded that the SHG is really a boon, which gives financial autonomy and makes the participants economically independent.

Madheswaran S. and Dharmadhikary Amita (2001) in their study on “Empowering Rural Women through Self Help Groups”, examined the SHG mechanism

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of micro credit scheme as an effective and financially viable tool in channelizing credit to the rural poor. In this study, an attempt has been made to analyze the impact of Self Help Groups in providing credit to rural women and to help them to uplift their economic status. The analysis has been based on a survey of three villages of Pune district, conducted during 1999, where the Maharashtra Rural Credit Programme was implemented. The study has revealed that the Maharashtra Rural Credit Programme was successful to some extent in its objective due to a combination of factors such as i) SHG-Bank linkage, ii) Credit being made available for consumption purpose, ii) Easy and periodic availability of credit due to rotation of savings and iv) Active participation of the NGOs. The study has concluded that micro credit should be used to meet the current demands of the rural women and this would lead to a gradual improvement in the quality of their life and would enable them to identify activities for economic betterment.

Manimekalai, N. and Rajeswari, G. (2001)\textsuperscript{50} have studied the impact of SHG in creating women entrepreneurship in rural areas of Tamil Nadu, by taking 150 SHG members. They have found that the SHGs have helped to initiate micro enterprises including farm and non-farm activities, trading and service units. It has been reported that there was a significant difference in the mean performance of the entrepreneurs based on their age, education and previous experience. The microfinance has facilitated the women to have economic and social empowerment, a sense of leadership, organizational skill and management of various activities of a business, right to acquiring finance, identifying raw materials, marketing, etc. by themselves.

A study conducted by \textbf{NABARD (2001)}\textsuperscript{51} has revealed that the SHGs, particularly of women, have been emerging as an effective medium of delivery of credit from the banks. Besides creating social awareness, the SHGs have also paved way for the empowerment of the rural people through the concept of regular savings and linkage to the financial sector. This, in turn, would help in improving the standard of life and as such the SHGs could be supported by those agencies of rural development and poverty alleviation programmes.


\textsuperscript{51} “NABARD moots marketing centers to promote rural products”, \textit{The Hindu}, December 10, 2001.
Puhazhendhi, and Satyasai (2001)\textsuperscript{52} have attempted to evaluate the performance of SHGs with special reference to social and economic empowerment. Primary data, collected with the help of a structured questionnaire from 560 sample households in 223 SHGs functioning in 11 States representing four different regions across the country, has formed the basis of the study. The finding of the study has revealed that the SHGs, as institutional arrangement could positively contribute to the economic and social empowerment of rural poor, and the impact on the latter was more pronounced than on the former. Though there has been no specific pattern in the performance of SHGs among different regions, the southern region could edge out other regions. The SHG programme has been found more popular in the southern region and its progress in other regions is quite low, thus signifying an uneven achievement among the regions. Older groups have had relatively more positive features like better performance than younger groups.

Rekha Goankar (2001)\textsuperscript{53} in her study, concluded that the movement of SHGs can significantly contribute towards the reduction of poverty and unemployment in the rural sector of the economy and the SHGs can lead to social transformation in terms of economic development and the social change.

Sharma K.C (2001)\textsuperscript{54} has viewed that SHGs are a means for women empowerment. Their participation in the economic activities and decision-making at the household and society level has been increasing and making the process of rural development participatory, democratic, sustainable and independent of subsidy. Thus, micro-financing through SHGs is contributing to the development of rural people in a meaningful manner.

The National Institute of Bank Management (2001)\textsuperscript{55} has studied SHGs in four districts of Maharashtra promoted under Maharastra Rural Credit Project (MRCP). The study has observed that 69 percent of the Groups were of the size 11-20, 50\% of the


members were illiterate, 55 percent of the office bearers had at least secondary level of education and the average savings of the Self Help Groups in MRCP had been Rs.24/- per month per member. This rate was more for new groups than for the old groups. The study has also found that the average amount of savings mobilized amounted to Rs.10,658 per group and that the Self Help Groups in MRCP had started lending their own thrift capital from the eighth month of their formation.

Chavan (2002)\textsuperscript{56} examined the role of micro-credit on poverty reduction by using comparative analysis approach was used. There was a treatment group (beneficiaries) and a control group, comparison showed the change and increase in the incomes of both groups from 1988 to 1992. The results showed that micro-credit programmes and institutions have generated a positive change in the income of borrowers but this change has only been marginal, it means due to their small scale of operations have made minimalist impact on earnings and employment generation for the rural poor.

Dwarakanath H.D (2002)\textsuperscript{57} has analyzed the characteristics and growth of self-help groups in Andhra Pradesh and has found that the SHGs using the loan facilities from the banks have produced more than a variety of 50 products. Among them, the brass items, hosiery, candles, carpets, coir items and pickles have been important products. In addition, the study has observed that the women groups have started to educate their own group members as they have realized the importance and significance of literacy, while a lot of enthusiasm has been generated and the SHGs have had a greater vision in empowerment of rural women and for overall human development.

Gurumoorthy T.R (2002)\textsuperscript{58} in his work, “SHGs- Economic Empowerment through Self – Reliance”, studied the micro-credit funding agencies and the amount sanctioned by them. In his view, Self Help Groups have the power to create a


socio-economic revolution in the rural areas of the country. In his opinion, members of self-help groups must be prepared to undertake entrepreneurial activities at a smaller level with minimum capital requirements.

Mishra and Hossain (2002)\(^{59}\) have examined the success of micro credit intervention in India and have compared it with Orissa. It has been found that the repayment by the members to SHGs has been around 98\% and SHGs to banks was over 95\%. Underlining the strengths and weaknesses, the challenges to be faced have been brought out by the author. They are, the attitude of the banks needs to be changed, government should encourage and support NGOs to attempt group approach and create a favourable policy environment and the need for flexibility by banks in providing money to groups through SHPIs. These ought to be done as it is observed that microfinance does not address issues like reorganization of ownership of land and long-term sustainability of any activity.

Further, it has been observed that microfinance activities are oriented towards lending to individuals, using groups as a risk reduction mechanism. In the long run it may lead to establishment of another set of informal banking institutions which are in competition with money-lenders, traders, commission agents, etc. The study has emphasized the possibility of loss of resources of the poor if not protected adequately against any possible crisis.

A study conducted by NABARD (2002)\(^{60}\) covering 560 households from 223 SHGs in 11 States of India has elucidated that there has been a positive result in enhancing the standard of living of SHG members with respect to asset ownership, savings and borrowing capacity, income generating activity and income levels. The average value of the assets including livestock and consumer durable has increased. The housing condition of the people has improved from mud walls to thatched roofs to brick walls and tiled roofs. Almost all members have developed a saving habit in the post SHG period. Availing of loan for income generating purpose has increased considerably.


\(^{60}\) NABARD (2002), “SHG-Bank linkage: NABARD and Microfinance”.

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Similarly, the overall repayment of loans has improved and the average net income per household has also increased. The employment has increased by 18% between the pre and the post SHG conditions. The study has also noted that an association with the SHG has improved the member’s self-confidence, self-worth and communication.

Puhazhendi, V. & Badatya, K.C. (2002) have assessed the impact of the SHG bank linkage program of NABARD, in three Eastern districts in the States of Orissa, Jharkhand and Chattisgarh in India. It has covered the following aspects: i) Structure and performance assessment of SHGs promoted under the SHG bank linkage programme. ii) Quantification of the changes in the savings and borrowing patterns amongst group membership, iii) Impact of the program on the income and employment of members, and iv) Changes in the social conditions of member households as a result of their involvement in the SHGs. The Scheduled Castes, Scheduled Tribe and Backward Classes have constituted 83 percent of the samples covered during the study. The main findings of the study are: i) Different types of products enhanced member savings, iv) Changes were seen in the social conditions of member households as a result of their involvement in the SHGs. The Scheduled Castes, Scheduled Tribe and Backward Classes constituted 83 percent of the samples covered during the study. The main findings of the study are: i) Different types of savings products enhanced member savings in the groups, ii) The average loan per SHG member has been 123 percent, higher than the pre-SHG situation, iii) In the post-SHG situation, consumption oriented loans have been replaced by production oriented loans, mainly due to the skill training provided through the SHGs, iv) Recovery performance from members to SHGs has been 95 percent whereas it has been 86.6 percent from SHGs to banks, and v) The employment per sample household has increased from 303 to 405 person-days between the pre and post SHG situations. Social empowerment of SHG members has improved significantly in terms of self confidence, involvement in decision making, better communication, etc.

Sebastian Titus, A.P. (2002)\textsuperscript{62} in his study “Promotion of Women Entrepreneurs Through Self Help Groups” examines the promotion of women entrepreneurs through self-help groups. According to him, the women entrepreneurs who have started small enterprises expand them into large-scale units. Self-help groups have made readymade garments and export them. A women self-help group in Dindigul District runs a unit providing agro-services with a total turnover of Rs.12 lakhs or more per annum. But most of the other self help groups are not able to reach the expectations. Some of the reasons cited were non-availability of funds for investment, dearth of technical and managerial skills, inability to manage the labour force, dual role burden, lack of professionalism, gender bias and the like.

Sudha Rani. K, Umadevi, D. and Surendra, G. (2002)\textsuperscript{63} have undertaken a study to evaluate the social status of women in house management, leadership qualities, health and sanitation and economic status after participation in the Self Help groups. Out of 600 Self Help Groups established by Padmavathi Mahila Mandal, Tirupathi, Andhra Pradesh, 50 Self Help Groups have been randomly selected, and from each group two women members have been selected randomly as sample. The study has been based on primary data and a specially designed rating scale has been administrated to the sample to collect the information. The findings of the study have revealed that, in all the four aspects, there has been a positive correlation between the women’s educational status and empowerment. The study has also observed that the participation in Self Help Groups has enhanced the empowerment of women in these four aspects. Self-confidence among the women has increased along with their decision-making power during the period of participation.

Agrawal A.C (2003)\textsuperscript{64} has viewed that the success of any economic development programme depends to a great extent upon the active involvement of both men and women. If the rural women continue to be left out of the mainstream of economic


\textsuperscript{64} Dr.R.C.Agrawal, (2003) “Status and Role of Rural Women”, Economic Empowerment of Rural Women in India, RBSA publishers, Jaipur, 2003, pp. 41.
development and they are deprived of opportunities to realize their full potential, serious inefficiencies in the use of resources would persist. It is therefore, essential to implement such programmes which would promote the role of rural women in economic growth.

Gopal Singh and M.S Asmita Singh (2003)\(^5\) have reported that the only best solution for improving the present pitiable position of women is the formation of Self Help Group by women themselves, thereby making them economically self reliant and allowing them to take their own decisions independently. The strength of Self Help Groups is based upon the facts that people who are facing problems are likely to be committed to solving them. The authors have concluded that the economic participation of women through Self Help Groups will i) Enhance women’s confidence and decision making ability, ii) Develop in them leadership abilities, iii) Help them control and manage resources available to them, iv) Improve their inter-personal relationship, and v) Help women counter their unequal context and improve the quality of their lives on several fronts.

Hema Vyas (2003)\(^6\) in her research on influence of microfinance programme of SEWA Bank in India on women’s financial decision making within the household has confirmed that clients have gained from programme membership and have improved their knowledge, skill, attitude and financial decision making power.

Ritu. J, Kushawaha R.K and Srivastava A.K (2003)\(^7\) in their work, “Socio-Economic Impact Through Self Help Groups” examined the functioning of Self-Help Groups in Kanpur Dehat District. Twenty-five women from Self-Help Groups were selected as sample for the study. Ten women members from each self-help group and ten non-members from the same village were selected as respondents, to study the impact of

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the self-help groups on their socio-economic status. The results show that there is relationship between the self-help groups and the socio-economic status of women.

Falendra K. Sudan (2004)\(^{68}\) have examined the role of micro credit in poverty reduction. The study has been confined to 12 villages of Assar blocks of Doda district of Jammu & Kashmir. A total of 30 households have been surveyed out of which 20 have been individual beneficiary members of Self Help Group, 2 members of Self Help Group beneficiary under the SGSY, and 8 non-participating Self Help Group members not linked to the banks. The study has found that separate ‘all men’ and ‘all women’ self help groups functioning with an average size of 12-15 and 8-10 members respectively.

The members have been mostly homogeneous in terms of caste and levels of living. It has been reported that greater proportion of office-bearers have had at least high school level education. The average monthly savings of the self help group has been Rs.26 per member and Rs.3, 350 per group. Self help groups have extended interest free loans up to Rs.500 to their members to meet their consumption needs on rotational basis for a period not exceeding 6 months. Most of the micro enterprise activities preferred by the members are group based. More than one-third of the beneficiaries have taken up dairy farming. The targeted group has possessed some traditional skills for activities like rope making, basket making, spinning and weaving, etc.

Gariyali C.K and Vettivel S.K (2004)\(^{69}\) in their study “Women’s Own the Self Help”, found that the SHGs are not just a conduit for the loans, although loans are a critical milestone on the road map of the SHG’s healthy growth and empowerment. The women often complain that they are very active initially, but due to delays in obtaining credit they become lazy. Although an alternative way of enhancing the lending channels need to be explored, the rural cooperative banking network needs to be encouraged to lend to the SHGs, which can make credit available to them at their doorsteps.


Majumdar, N.A. (2004)\(^{70}\) has viewed that the rural credit should take a new avatar in terms of the credit delivery mechanism. He has also pointed out that two core causes for the present sickness of the rural credit institutions have been the high transaction cost and the poor recovery performance. He stated that the experiment of microfinance through the conduit of Self Help Groups has shown that transaction costs could be reduced drastically and repayment rates could be as high as 90%. The RBI and NABARD have been the leading force in the promotion and linkage of Self Help Groups to the banking system through refinance support and other proactive policies. Micro credit would be the most appropriate and economically feasible alternative in attaining the objective of growth and poverty alleviation.

Malhotra (2004)\(^{71}\) in her work has examined how women entrepreneurs affect the global economy, why women start business, how women’s business associations promote entrepreneurs and to what extent women contribute to international trade. It has explored the potential of microfinance programmes for empowering and employing women and also has discussed on the opportunities and challenges of using microfinance to tackle the problems of poverty. According to her, the microfinance programmes have aimed to increase women’s income levels and control over income leading to greater levels of economic independence. They have enabled women’s access to networks and markets, access to information and possibilities for development of other social and political role and also enhanced the perceptions of women’s contribution to household income and family welfare, increasing women’s participation in household decisions about expenditure and other issues leading to greater expenditure on women’s welfare.

Nirmala, V., Sham Bhat, K. and Buvaneshwari, P. (2004)\(^{72}\) in their study, have examined the determinants of earnings of rural women under SHG scheme in Pondicherry along with the benefits and problems experienced by them under the scheme. Data has been collected from a randomly selected sample of 134 SHG members.


through interview schedules. Simple averages, ratios, percentages, correlation, regression and Garret ranking technique have been used to analyze the data collected. The findings showed that majority of the respondents have been engaged in non-farm activities, which are traditional and less remunerative. The nature of occupation, higher asset possession and larger credit amount has significantly reduced the respondent’s monthly earnings, while higher income of husband has significantly raised it. The main benefits of SHGs have been found to be increased participation in social service and organized action as a consequence of new skills/ training received and better access to credit facilities. The major problems encountered by them in conducting their production activities have been non-receipt loans on time, difficulty in getting raw materials and labour and marketing problems. It is also recommended that the respondents should be encouraged to venture into more diversified and remunerative activities, and they should also be strictly made to utilize the credits for productive purpose alone. Further, training related to activity chosen by them should be imparted. The study has concluded that effective implementation of the schemes would reduce poverty and would empower rural women.

Wadiniale (2004)\textsuperscript{73} reported that slum women empowered by Saving Credit Programme in Baroda city. The study also reported that SHG programme has increased in monthly household income, 66\% women converted their houses into permanent structure and there was positive impact on health, social and cultural values.

Arul Kamaraj, J.M. (2005)\textsuperscript{74} in his study titled “Self Help Groups – New Mantra for Empowerment”, says that the self help groups undertake entrepreneurial activities at smaller level with minimum capital requirements. In future, the inbuilt strength of the Self-Help Groups will pave the way to undertake mega projects, like projects performed by joint stock companies, public sector enterprise and the like. The SHGs have power to create a socio-economic revolution in the rural areas India.


Holvoet. N (2005)\(^{75}\) finds that in direct bank-borrower minimal credit, women do not gain much in terms of decision-making patterns. However, when loans are channeled through women’s groups and are combined with more investment in social intermediation, substantial shifts in decision-making patterns is observed. This involves a remarkable shift in norm-following and male decision-making to more bargaining and sole female decision-making. She finds that the effects are even more striking when women have been members of a group for a longer period and especially when greater emphasis has been laid on genuine social intermediation. Social group intermediation had further gradually transformed groups into actors of local institutional change.

Naila Kabeer (2005)\(^{76}\) in a study concludes that while access to financial services can and does make important contributions to the economic productivity and social well being of poor women and their households, it does not “automatically” empower women – any more than do education, political quotas, access to waged work or any of the other interventions.

Reddy, C.S. (2005)\(^{77}\) in his work, “Self Help Groups: A Key Stone of Microfinance in India”, analyses that microfinance which has evolved over the past quarter century across India into various operating forms and to varying degree of success. One such form of microfinance has been the development of the Self-Help movement. Based on the concept of “Self-Help,” small groups of women have formed into groups and operate a savings-first business model whereby the members' savings are used to fund loans. The results from these Sell-Help Groups (SHGs) are promising and have become a focus of intense examinations as it is proving to be an effective method of poverty reduction.

The research titled “Empowering the Urban- women through Micro-enterprises: A Study” by Valsamma Antony (2005)\(^{78}\) has been on the general profile of the women

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entrepreneurs and the economic conditions under which they operate. The sample-size has been 108 women micro-entrepreneurs, mostly engaged in simple commercial ventures like pickle making, running small tea shops and petty shops etc., in and around Tiruchirappalli town. The survey report has been: 56% of the women micro entrepreneurs belonged to middle age group. 60% of them were without any formal education. Majority of them were engaged in sale of perishable consumption items and necessity for self-employment was the main reason for starting a particular trade. 56% of the women had previous experience in the business before they started. 53% of the units had a life span of upto 10 years and majority of the traders had a capital investment of below Rs.1,000. For 57% of the people, money-lenders were the major source of finance. Earnings ranged between Rs.50-Rs.200 for 73% of respondents. The interest paid by them ranged between Rs.100-Rs.500. 47 percent of respondents reported nil savings. The challenges faced by the entrepreneurs were bad debts, fluctuations in demand, stiff competition, etc., and 90% of them had regular customers and majority of them demanded additional capital upto Rs.5,000. Absence of cheap credit was the serious problem for majority of women entrepreneurs. It has been concluded that it is essential for the women to organize themselves into self help groups, to identify themselves under this banner and approach the bank for finance.

**Basu, S.C. (2006)** on an evaluation of the micro credit in India, has observed that SHG-Bank linkage programme has been found to be the largest and fastest growing microfinance programme of the world. As per the study, the estimated average financial requirements per poor ranges from Rs.2,000 to Rs.6,000 in rural and Rs.9,000 in urban resulting in a total microfinance demand upto Rs.50,000 crores. Hence, the microfinance agencies and NGOs are found to have a huge market potential. He has also pointed out that goods produced by micro enterprises have vast market and successful marketing of Self Help Group products would further strengthen the movement.

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Prabhu (2006)\textsuperscript{80} has stated that out of the two major models of microfinance in India, the SHG–Bank Linkage Programme (SBLP) has been by far the dominant model in terms of number of borrowers and loans outstanding. The cumulative number of SHGs linked has grown almost tenfold in the last five years, to achieve an outreach of about 31 million families through women's membership in about 2.2 million SHGs by March 2006. All SHGs have not been currently "linked" in the sense of having loans outstanding to the banks or federations, and only an estimated half of their members have been found to be poor. However, about 14 million poor households have been reached so far. Moreover, all the members have been found to save regularly, and have access to a ready source of small emergency and consumption loans in the form of loans extended out of the group's own funds.

A study conducted by Revathi, K. and Sumathi, I. (2006)\textsuperscript{81} to analyse the working of SHG in Trichy district covering 50 SHGs has revealed the following results. 95% of the members are in the age group of 25 to 45 years; savings per member has been around Rs.50 per month. Nearly 50% of the members belonged to the most backward class and 50% of the members below poverty line. Loans taken have been used for dairy activity. Loan repayment has been nearly 100%. The major implications of the study have been that women get empowered through the SHGs; the annual average savings have increased and they have played an active role in getting loans and handling cash effectively.

Smita G. Sabhlok (2006)\textsuperscript{82} in her study entitled “Self Help as a Strategy for Women’s Development in India”, says that the SHGs can make women contribute to economy. It has changed the lives of many in India. Group power has been found to be a patent force in giving collective empowerment and voice to the poor women in rural areas, but has not necessarily empowered them beyond the confines of patriarchy. There is a long way to go before reorientation of power relationships, both in the household and at the societal level.


Soundarapandian, M. (2006) in his study “Microfinance for Rural Entrepreneurs Issues and Strategies”, made an attempt to analyse the growth of the SHGs and the role of microfinance in developing the rural entrepreneurship. The study suggests that though there is a positive growth rate of the SHGs in States there is wide variation among States. Linkages of banks with the SHGs are found to cause this variation.

Subash Singh Yadav (2006) in his study “Self Help Group Movement in Rajasthan Bright Prospects” found that till February 2006 about 13 lakh rural poor families had access to financial services throughout the 98,500 SHGs in Rajasthan. During the last four years, the SHG-Bank Linkage Programme witnessed significant progress in Rajasthan. The performance of the Government Development Department, the NGOs and the banks under the programme has been commendable.

Vijaya Chandran Pillai, B. and Harikumar, V. (2006) have conducted a primary survey among a few Self Help Groups functioning in the State of Kerala focusing on the problems faced by them. The findings have revealed that majority of the groups had been unaware of the schemes of assistance offered by the government to the Self Help Groups. The training given had been inadequate to face stiff competition and members had been ignorant of the major raw material suppliers and their terms and conditions. The various problems relating to marketing had been lack of sufficient orders, lack of linkage with marketing agencies and lack of sale promotion measures, etc. Lack of stability, exploitation by strong members, weak financial management, low return, inadequate financial assistance and non-co-operative attitude of financial institutions had also been some of the problems faced by the self help group members.

Anjugam (2007)\textsuperscript{86} has observed that socially backward, landless and marginal farm households participate more in the self help group programme. Possession of livestock and consumer goods by the member households has been found to deter the joining of the self help groups.

Gladis Mary John (2008)\textsuperscript{87} found that membership in SHG inculcated a great confidence in the mind of majority of women to succeed in day-to-day life. Positive change was found in the attitude of relatives and friends towards the women in SHGs.

Ranjula Bali Swain and Fan Yang Wallentin (2008)\textsuperscript{88} carried out an investigation to determine whether it is the economic or the non-economic factors that have a greater impact on empowering women. It is confirmed that policies and economic factors, behavioural changes and managerial control of women would make a significantly greater impact on empowering women. The result showed that for SHG members, economic factors, managerial control and behavioural changes are the most significant factors in empowering women.

A paper by Feroz and Chauhan (2009)\textsuperscript{89} looks into the repayment performance of SHGs with respect to dairy in particular. A sample of sixty Self Help Groups was drawn from two districts of Haryana State in India. Tobit model was used on hypothesized determinants. Degree of self selection, social ties, peer monitoring, peer pressure, peer support, dynamic incentive, group size, female percentage and loan amount were found to be related. The findings showed that loan amount had a negative influence and peer monitoring had a positive influence on repayment performance of the group. Self sufficiency and mean dependency ratio had a positive influence on delinquency.


rate which is contrary to general belief. To study the sustainability of SHGs, data was derived from a survey of 106 women SHGs in ten villages in the State of Karnataka.

Naveen. K. Shetty (2009)\textsuperscript{90} constructed a sustainability index comprising of eight indicators. Leadership, meetings, decision making, record keeping, accounting and monitoring, network and membership, conflict resolving capacity and dropout rate were the eight indicators used. Taking the group age as an explanatory variable, the results found that there was a positive association between group age and sustainability of the group. The per capital credit accessed by the group and the size of the group were also positively associated with age. The SHG lending rate negatively influenced the sustainability according to the study.

A paper by Paramasivan (2009)\textsuperscript{91} attempted to give a comprehensive overview of performance of SHGs in Namakkal District of Tamil Nadu. Growth according to area, bank account, economic activities undertaken by the members and training programmes organized forms the essence of the paper. The study is based on secondary data gathered from Government reports, RBI annual reports, etc. The major economic activities undertaken by members in the study area were selling of readymade garments, tailoring, computer operation, powerloom etc. The training programmes centered on tailoring, rope making, computer operation, etc. The study advocated promotion of more number of SHGs in the area, organization of awareness camps and strengthening of SHGs.

Raj Kumar (2009)\textsuperscript{92} in his paper studied the performance of Self Help Groups in Coimbatore District, Tamil Nadu, India. With a sample of 150 members the study focused on performance with respect to thrift and credit. Convenient sampling technique was used. The study found that there was no significant difference in period of membership, position of members, age of members, education of members, size and


annual income of the household against loan amount received. The study used ANOVA to test the significance. The study also found that the main reason for joining SHG was cited as getting bank loans, followed by socio-economic empowerment.

The study by Swain and Wallentin (2009)\footnote{Swain Bali Ranjula and FanYang Wallentin, (2009), “Does Microfinance Empower Women?”, \textit{International Review of Applied Economics}, Vol. 23, No.5, pp. 541-556.} using household survey data on SHG from India adopted a general structural model where the latent women empowerment and its latent components (economic factors and financial confidence, managerial control, behavioural changes, education and networking, communication and political participation and awareness) are measured, using observed indicators. They show that for SHG members, economic factors, managerial control and behavioural changes are the most significant factors in empowering women.

Tejmani Singh, N (2009)\footnote{Tejmani Singh,N. (2009), “Microfinance Practices in India: An Overview”, \textit{International Review of Business Research Papers}, Vol. 5, pp. 131-146.} has attempted to give a comprehensive overview of all aspects of microfinance in India – its essence, the different institutions involved in its promotion, the different modes of delivery, its weakness and the challenges that lie ahead, the programme of microfinance that has made rapid strides in India. Microfinance is a participative model that can address the needs of the poor especially women members. The study was conducted in 13 priority states during the period from 2003-2007, actually focusing on growth of linked SHGs through microfinance. The main conclusion of this topic is that microfinance can contribute to solving the problem of inadequate housing and urban services as an integral part of poverty alleviation programmes. The challenges lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrowers, without improving unbearably high cost of monitoring to end use lenders. A promoting solution is to provide multipurpose loans or composite credit for income generation, housing improvement and consumption support.
Chandralekha Ghosh and Tanmoyee Banerjee (Chaterjee) (2010) tried to examine the influence of socio-economic, demographic and political factors on the employment status of the members based on primary data in the villages of North 24 Parganas, West Bengal, India. Loan usage pattern of self help group members was also analysed. It was concluded that the probability of success depends on various socio-economic, demographic factors of the household as well as on local politics. The most striking result that has been obtained is that local politics plays a very crucial role in determining the employment of the members. The political stability of the village ensures employment of the members whereas, as the village representative changes in a particular village, the employment of the self help group members gets affected. Moreover, local politics also affects use of loan. The political stability in terms of no change of village representative from a particular village during panchayat election, positively affects the size of the loan amount as well as positively influences the probability of loan use for self business or for husband’s business or for family business compared to that of loan use for family expenses.

Hephzibah and Selvi (2010) have said that Self Help Group Bank Linkage model proved to be the pioneer model among the various financial inclusion programmes. They have mentioned that SHG bank linkage model has narrowed the distance between the rural women and bank. They also further stated that the rural women have learned to use the banks for their own credit needs and this marks the success of the programme.

Mansuri, B.B. (2010) has stated that micro-financing programme of Nabard through SHG is working very effectively, and microfinance can do wonders to the rural poor living even in remote villages in improving their economic condition and protecting

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them from the clutches of the village money-lenders. The overall performance of SHG Bank Linkage Programme of NABARD is remarkable as it is the largest micro-financing programme in the world and it is moving towards the right direction for empowering women and to alleviate poverty in rural areas.

According to Rajendran and Raja (2010) microfinance and self help groups are effective in reducing poverty, empowering women, creating awareness and ensuring sustainability of environment which finally results in sustainable development of the nation.

A paper by Tripathy and Jain (2010) draws upon a primary research conducted in two districts each of Haryana and Orissa State. It assessed the governance issues in the operation of SHGs. The main problem areas were found to be low financial base due to absence of appropriate credit linkages, non-provision of socio-economic incentives to members and lack of group’s commitment to task accomplishment. It is concluded with policy lessons which can help in improving the implementation of rural self employment programmes.

Amutha. D (2011) has analysed the economic empowerment of women though SHGs in three villages of Tuticorin District of Tamilnadu. Totally, 238 respondents were selected from 18 SHGs of three villages by using simple random sampling method. Empowerment signifies increased participation in decision-making and it is this process through which people feel themselves to be capable of making decisions and the right to do so. Women’s participation in decision-making in family is an important indicator for measuring their empowerment. The analysis shows that 66 percent beneficiaries reported decisions are being taken by their husbands. Yet, more than 34 percent respondents accepted that they do participate in decision-making process. Thus, the socio-economic


conditions of women have demonstrated that their status has improved since the joining of SHGs and availing microfinance. The study revealed that there is significant difference between participation in decision-making in family and SHG women members in Tuticorin District.

**Renuka and Susan Thomas (2011)**\(^{101}\) had stated in their study that financial inclusion is an important element through which the welfare of the poor can be improved. Microfinance industry has delivered remarkable results in a short-time and any policy action such as regulation should therefore concentrate first on the protection of the borrower from the distribution practices of the MFIs, rather than focus on prudential regulation. Policy measure should be implemented on a time-line to facilitate robust and stable growth of the industry that promises to deliver a scalable financial solution to poverty alleviation.

**Shing S. Dilan, (2011)**\(^{102}\) reveals that there was a drastic change in social status of women after joining the programme and articulated SHG programme as a change agents for social and economic empowerment of rural poor particularly women.

**Sushil Kumar Mehta, Hari Govind Mishra and Amrinder Singh (2011)**\(^{103}\) in their study have found that most of the members of SHGs are economically weak. The overall findings of the study suggest that SHG – Bank Linkage Programme has significantly improved the access to financial services for the rural poor and has considerable positive impact on the socio-economic conditions and the reduction of poverty of SHG members and their households. It has also empowered women members substantially and contributed to increased self-confidence and positive behavioral changes in the post-SHG period as compared to the pre-SHG period.

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Angel Anila, A (2012)\textsuperscript{104} has examined the role of SHG in developing socio-economic status of rural women, and to identify the satisfaction level of self-help group members in SHG activities in Tirunelveli district. Self Help Group is an important tool which helps the rural women to acquire power for their self supportive life and nation building efforts. The empowerment of women through SHGs would lead to benefits not only to the individual women but also for the family and community as whole. Empowering women is not just for meeting their economic needs but also for more holistic social development. The SHGs empower women and train them to take active part in socio-economic progress of the nation. It has been concluded that Self Help Group is an important tool which helps the rural women to acquire power for their self supportive life and nation building efforts.

Kamini, S (2012)\textsuperscript{105} in her study “Empowerment of the Urban Women through Self Help Groups in Coimbatore District” seeks to explore the impact of participation in SHGs on the empowerment of women in the context of the great importance being given to the group approach while conceptualizing any programme for urban women. The study looks at various dimensions of empowerment - material, cognitive, social and rational. Involvement in SHGs has enabled women to have a say in the community affairs and they have been able to tackle day-to-day problems such as lack of drinking water and electricity, access to health services and children’s education.

It is found that the women, by joining SHGs, become independent and even help their family members in time of their need by availing loans from the banks. They are not only economically independent but they also improve their confidence level and try to find solution for the problems they are facing in their day-to-day life in their group meetings. They have taken their decisions independently in all aspects and decide matters on their own accord. Due to high rate of illiteracy and lack of perseverance in acquiring skills, they are not able to avail the full benefit of SHGs. By lacking these soft skills, they find it difficult in learning new skills like computer training, EDP, etc.


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Paneer Selvam, R. and Radjaramane, V. (2012)\textsuperscript{106} in their study to examine whether there is improvement in the status of women who are members of SHG, collected primary data from 190 women sample respondents selected at random from 34 villages of seven taluks of Coimbatore district indicated that the status of women has improved after becoming members of SHG groups. The awareness of the sample respondents in terms of various factors including family politics has also improved.

Sanjay Kanti Das (2012)\textsuperscript{107} in his study attempts to explore on much debated question about the role of SHG as a financial intermediary for enhancing women empowerment. A primary sample study has been carried out to capture the realistic experiences and observations from the beneficiaries of SHG (under SGSY) of selected blocks in Nagaon Districts of Assam. The microfinance related loan ailment and its productive utilization found to be causing significant differences in women empowerment levels were analyzed. The empirical findings of the study suggest that SHG-Bank Linkage of microfinance 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.

In the light of the studies reviewed above, the present study aims to analyse the Self Help Groups that lead the society by undertaking Income Generating Activity (IGA) to strengthen the standard of living of people living in rural areas which is a rarely explored area in research. Hence, an attempt has been made to evaluate the loan, savings and investment pattern, impact of microfinance among respondents and the constraints faced by them due to their association with Self Help Groups.
