CHAPTER - III

REVIEW OF LITERATURE

Chapter - III will explain the literature, secondary data, theories and impact studies related to urbanization, slum and conditions of poverty lingering in slums, SHGs, microfinance, unorganized sector and women empowerment.

Studies on Urban Slums and Self-Help Groups

Several authors have evinced keen interest on studies related to SHGs in different areas like rural and tribal areas. Many of these studies cover the socio-demographic, economic status, educational aspects, SHG functioning, SHG services to members, and its impact at the level of members and community. The review of literature gives an idea, and helps the researcher in knowing about other researchers’ findings and their contributions to the impact of SHGs in urban slums.

Age

Puhazhendi, V, and Badatya, K C (2002) conducted an impact study for NABARD and found that the mean age among the SHG members was 18 to 55 years. Rangi et al. (2002) found that 70 percent of the respondents of the SHGs were in the young age group of 25 to 45 years, 18 percent were 45 to 55 years, 6 percent were 55 to 65 years, and 4 percent of the respondents were less than 25 years. Only one respondent was of more than 65 years of age. Uma, V (2006) institutional impact study found that 41 percent of the respondents in the intensive mandals were between 36 and 45 years, while 48 percent of
the respondents in the moderate mandals were between 26 and 35 years. The Loyola College of Social Sciences, Kerala (2004) reported that the majority of respondents (43.3 percent) belonged to the age group of 31 to 40 years.

**Education**

Rangi et al. (2002) reported that 70 percent SHG members at ‘Fatehgarh Sahib’ were educated and the rest 30 percent were illiterate. Among the educated category of the respondents, the majority (57 percent) had taken education from fifth to middle standard and about 29 percent were educated up to 9th and 10th standards. Therefore, even the educated groups of the respondents were not highly qualified.

Vasudevarao’s (2004) study in three districts of Andhra Pradesh found that illiterates formed only 11 percent, while 60 percent had been to school. Loyola College of Social Sciences, Kerala (2004) reported that a majority (65.2 percent) of respondents had educational qualification above high school level. Uma (2006) institutional impact study found that 70 percent of respondents were in moderate mandals, and 61.7 percent of respondents in intensive mandals were illiterates.

**Family Type and Size**

Prasad, (1998) reported that the dominant category was a nuclear family with an average family size of five. Rangi et al. (2002) observed that 56 percent of the respondents had up to five family members, whereas 44 percent had 6 to 10 family members. The latter categories of the respondents were living in joint families. It concluded from the above
studies that the majority of women SHG members belonged to nuclear families. Loyola College of Social Sciences, Kerala (2004) reported that the nuclear families were 67 percent, joint families were 7.7 percent and extended families were 25.3 percent in the respondent families. Loyola College of Social Sciences, Kerala (2004) reported that the total population stood at 2049 in 400 families selected for the study. Thus, the average family size was 5.12.

Religion

Loyola College of Social Sciences, Kerala (2004) reported that the majority (60.00 percent) of respondents belonged to Hindus, followed by Christians (36.8 percent) and the remaining (3.3 percent) were Muslims.

Caste

Uma (2006) institutional impact study found that 72 percent of the respondents in the moderate mandals belonged to the Scheduled Castes and 44 percent respondents in the intensive mandals belonged to the Scheduled Tribes.

Marital Status

Loyola College of Social Sciences, Kerala (2004) reported that the majority (79.5 percent) of respondents were married and 12.8 percent were either widows or separated women.
Men Helping Women in Household Works

The Uma (2006) institutional impact study found that 75 percent of the respondents in intensive mandals and 80 percent of the respondents in moderate mandals have been reported to improve in physical and social mobility after joining SHGs. Loyola College of Social Sciences, Kerala (2004) reported that men helping women in household works increased; the statistics reported that 11 percent increased in cooking, 12.75 percent increased in bringing water or fuel, 15 percent increased in cleaning the house and 20 percent increased in bringing vegetables from the market.

Own House

Loyola College of Social Sciences, Kerala (2004) reported that a great majority (84.25 percent) of respondents had their own houses with land ownership certificate from the government, while 8.25 percent lived in joint families and the rest 7.5 percent lived in rented accommodation.

Type of Housing Facility

Loyola College of Social Sciences, Kerala (2004) reported that the type of housing is *kutcha* (bamboo or mud houses) 16 percent; semi-*pucca* (cement/bricks house) 56.7 percent; and *pucca* (cement/bricks house) 27.3 percent.

Other Facilities

Loyola College of Social Sciences, Kerala (2004) reported that 85.5 percent of respondents have land ownership certificate, 76.3 percent were electrified, 83.3 percent
have sanitary latrine facility, 81 percent had access to clean drinking water within 150 metres.

**Problems Faced by Families**

Loyola College of Social Sciences, Kerala (2004) reported that 6.5 percent children were school dropouts, 28 percent of respondents were drug addicts or alcoholics, and 16.8 percent of the families were entirely women headed families. At the same time, no infant mortality was being reported.

**Occupation**

The Uma (2006) institutional impact study found that 60.5 percent of the respondent families in moderate mandals were involved in agricultural labour; while 35.8 percent of the respondent family’s intensive mandals were engaged in agricultural labour. Loyola College of Social Sciences, Kerala (2004) reported that the majority (53 percent) of respondents were the earning members and were employed in agriculture and allied fields, daily labourers, self-employed and salaried. On the contrary, 43.8 percent were homemakers, and the remaining 3.2 percent were unemployed and students.

**Income**

Loyola College of Social Sciences, Kerala (2004) reported that the majority of respondents (85.2 percent) had a monthly income of less than Rs 2,000. About 16 percent had a monthly income of less than Rs 5,000. Only 3.3 percent had an income above Rs 3000, and only one family earned above Rs 4,000 per month.
Land Holding

Loyola College of Social Sciences, Kerala (2004) reported that more than 10 percent of the total families were landless. The absence of affordable and legal housing forces urban poor to squat on public lands. Lack of land tenure also gets in the way of local governments providing legal services to such settlements at levels similar to those provided to the rest of the city. Over time some of these settlements get listed/ notified by the local governments and become eligible to receive services.

Possession of Other Assets

Loyola College of Social Sciences, Kerala (2004) reported that the majority of respondents (63.7 percent) did not have any deposits except the thrift savings. Insurance (24.3 percent) and Chits (7.5 percent) were the two methods used by the respondents towards asset saving.

Number of Years as Members of SHGs

The institutional impact study (Uma, 2006) found that 50.6 percent of the SHGs in the intensive mandals were formed more than 5 years back. The growth and development of a SHG depends on this age factor and was an important variable for the sustainability of this institution. Loyola College of Social Sciences, Kerala (2004) reported that the great majority of respondents (80.8 percent) had been members of the SHGs for more than three years. In addition, another 15.5 percent had more than two years of experience. Only 3.7 percent had less than two years of experience as members of SHGs.
Participation of Women in Decision-making within the Family

Loyola College of Social Sciences, Kerala (2004) found in his study that in the families, the role of women increased in various fields, such as education of children (40.7 percent), investment/loans (58.2 percent), menu decided by women (32 percent), health care (38 percent), women mobility (62 percent) and recognition of women’s contribution (48 percent).

Level of Knowledge of Members about Legal Rights of Women and Children and

Loyola College of Social Sciences, Kerala (2004) reported that on an average a great majority (79.88 percent) of respondents had awareness on the legal rights relating to women and children. The Uma (2006) institutional impact study found that 86 percent of respondents in intensive mandals and 84 percent respondents in the moderate mandals gained and improved their knowledge after joining SHGs.

Level of Information on Government Programmes and Schemes

Loyola College of Social Sciences, Kerala (2004) reported that the knowledge of respondents about governmental programme was much below expectation (34 percent). The Uma (2006) institutional impact study found that 48 percent respondents in intensive mandals and 41 percent in moderate mandals reported improvement in access services from the government after joining the SHGs.
Savings Bank/Post Office Accounts before Joining SHGs

Loyola College of Social Sciences, Kerala (2004) reported that a great majority of respondents did not have savings account in any bank (76.75 percent) or in a post office (80.25 percent) before joining the SHGs.

Source of money for meeting the emergent needs of respondents before they joined the SHG

Loyola College of Social Sciences, Kerala (2004) reported that a majority (55.25 percent) of respondents depended on moneylenders for borrowing loans to meet the emergent needs of their family just before one year from joining the SHG.

Amount of thrift saving by members

Loyola College of Social Sciences, Kerala (2004) reported that the majority of respondents (63.75 percent) had a total thrift saving between Rs 1,001 and Rs 2,500.

Availing loan from SHGs

Loyola College of Social Sciences, Kerala (2004) reported that the majority (87 percent) of respondents had utilized loans from the SHG for consumption purpose.

Availing loan from Banks for income generation

Loyola College of Social Sciences, Kerala (2004) reported that only 14 percent respondents utilized direct bank loans for income-generating activities. Most of these loans were taken for agriculture (21) and animal husbandry (26). A few (6) respondents
used it for petty businesses like provision stores, and the remaining (3) respondents used it for the production of edible bakery items. The NABARD impact evaluation of SHGs covered by the bank-linkage programme (Puhazhendi & Satyasai, 2000) study covers that the borrowing for income-generation activities increased from 50 percent to 70 percent. It estimated that 112 households, or 47.8 percent, of the poor had crossed the poverty line.

**Utilization of Consumption Loans and Repayment Status of Consumption Loan**

Loyola College of Social Sciences, Kerala (2004) reported that nearly 45 percent respondents did not utilize consumption loan. The same study (2004) reported that the majority of respondents (70.6 percent) had already repaid the full amount of consumption loan.

**Attended Gram Sabha before and after Joining SHGs**

Loyola College of Social Sciences, Kerala (2004) reported that the study clearly indicates there was a marked (22.5 percent) increase in the participation of respondents in a Gram Sabha after they became members of SHGs. A Gram Sabha means a body consisting of persons registered in the electoral rolls comprised within the area of Panchayat at the village level. In the same way, The 74th Amendment to the Indian Constitution and the II Administrative Reforms Commission (2005) have endorsed establishment of area sabhas in municipal areas.

**SHG Impact at Various Levels**

**Assets**

A study of 72 SHGs undertaken by Harper (1998) reported that 31 percent of the families of poorer members increased their assets. The NABARD impact evaluation of SHGs
covered by the bank-linkage programme (Puhazhendi & Satyasai, 2000) study covers that the average value of assets per household (including livestock and consumer durables) raised by 72.3 percent to Rs 11,793 during the three-year period.

**Food Consumption**

A study of 72 SHGs undertaken by Harper (1998) reported that 44 percent respondents improved their food consumption. ‘A Study on the Self-Help Group (SHG) – Bank Linkage in Andhra Pradesh’ conducted by APMAS (2003) among 400 SHGs observed that they did not spend as much on food as they needed to.

**Education**

A study of 72 SHGs undertaken by Harper (1998) reported that 15 percent respondents improved their education. ‘A Study on the Self Help Group (SHG) – Bank Linkage in Andhra Pradesh’ conducted by APMAS (2003) among 400 SHGs observed that education levels and ability to negotiate with other bodies had also improved. Uma (2006) institutional impact study found that 79 percent of respondents from intensive mandals and 83.9 percent respondents from moderate mandals have reported a significant improvement in the education of children after joining the SHGs.

**Income Generation and Employment**

Puhazhendi & Satyasai (2000) impact evaluation of SHGs covered by the bank-linkage programme study covers that the average net income per household from income-generating activities, where loan amounts were deployed, increased from Rs 20,177 prior
to group formation to Rs 26,889. Employment increased by 17 percent and the average saving per member was about Rs 1,000 in 1998–1999.

‘A Study on the Self Help Group (SHG) – Bank Linkage in Andhra Pradesh’ conducted by APMAS (2003) among 400 SHGs observed that employment opportunities for the poor had not increased significantly after the SHG intervention. The Uma (2006) institutional impact study found that 48 percent of the respondents in the intensive mandals and 73 percent of the respondents in moderate mandals have availed loans through the SHGs for income-generation activities, such as dairying, small business and purchase of raw material.

**Dependency on Loans**

‘A Study on the Self Help Group (SHG) – Bank Linkage in Andhra Pradesh’ conducted by APMAS (2003) among 400 SHGs observed that the significant proportion of the respondents in the study expressed that they were not yet free from local moneylenders. The Uma (2006) institutional impact study found that 10 percent of respondent households in the intensive mandals and 20 percent of respondent households in the moderate mandals have availed credit for agricultural inputs. This finding indicates that financial benefits are being availed primarily for consumption purposes.

**Income**

The NABARD (1996–1997) study found that the economic impact was assessed through a net increase in family income, which was found to have more than doubled for the
sample groups during the period of participation in the SHG. Findings of a study on ‘SHG – Bank Linkage Programme for the Rural Poor – An Impact Assessment’ was conducted by Puhazhendi & Badatya (2002) for NABARD among 115 SHG members of 60 groups in states, namely Orissa, Chhattisgarh and Jharkhand which revealed the positive impact of SHGs. According to this study, there was an increase of Rs 12,319 in the family income of the SHG members after the intervention of SHGs, while 45 percent of the households were observed to have accumulated assets after joining the SHG.

‘A Study on the Self-help Group (SHG) – Bank Linkage in Andhra Pradesh’ conducted by APMAS (2003) among 400 SHGs observed that the realization of improvement in family income was better for the upper caste people than that of the backward and scheduled caste people. The Uma (2006) institutional impact study found that 60.5 percent respondents in the intensive mandals and 77.8 percent respondents in the moderate mandals have reported an increase in the household income after joining the SHGs.

**Social Impact**

The NABARD (1996–1997) study found that the identified social impacts were related to literacy levels, housing facilities and food security. ‘A Study on the Self-Help Group (SHG) – Bank Linkage in Andhra Pradesh’ conducted by APMAS (2003) among 400 SHGs observed that the levels of confidence, self-reliance, ability to make decisions, leadership quality, etc., had increased.
**Women Empowerment**

The NABARD (1996–1997) study found that the empowerment of women was observed in the form of participation of financial decisions in the family, checking liquor addiction of male family members and sending children to school. The group was also found to be influential in the community with some women becoming the members of village *panchayats* (Puhazhendi, 2000). Findings of a study on ‘SHG – Bank Linkage Programme for the rural poor – An Impact assessment’ conducted by NABARD (Puhazhendi & Badatya, 2002) found that on social levels, a significant improvement in the status of women was seen in aspects such as joint decision-making at the household level, freedom to talk freely with outsiders and officials, freedom to demand for own rights, do away with domestic violence, exposure to outside world, etc.

**Real SHGs Presence**

The APMAS (Reddy & Subramanya Reddy, 2008) found discrepancies in the list of stated SHGs (1646 groups) and the number of SHGs actually present in the field (1204 groups).

**SHG Functioning**

The APMAS (Reddy & Subramanya Reddy, 2008) observed significant inefficiencies existing within the operational activities carried out by the SHGs, such as irregular bookkeeping, books not being written during SHG meetings, and failure by members to record accurate minutes after each SHG meeting, mainly arising from their lack of knowledge on how to do so. APMAS discovered unfavourable savings and lending
practices taking place within SHGs. The loan and savings amount was collected outside SHG meetings, groups were not charged interest for loans advanced from their own savings, groups generated more savings by dividing previously accumulated savings and interest among the members to create new savings, and members repaid their loans through adjustments being made against their savings. The Uma (2006) institutional impact study found that about half the number of SHGs (55 percent) in all the six mandals fell into B grade as per NABARD Critical Rating Index (CRI) assessment. The distribution between the intensive and moderate mandals is 48 percent and 60 percent, respectively. Around 35 percent of the SHGs scored Grade A and the intensive mandals (37 percent) were slightly ahead of the moderate mandals (33 percent).

SHG Performance Assessment

Another study of 70 SHGs was promoted in Tamil Nadu through four leading NGOs, ASSEFA, MYRADA, DHAN Foundation, and LEAD, Trichy, undertaken by NABARD during 1996–1997 (Puhazhendi, 2000) results showed that the performance of the groups was assessed using a scoring system covering indicators, such as homogeneity of groups, regularity in holding meeting attendance at meetings, increase in the rate of savings, share of production loan to total loan, training, NGO involvement and effective leadership. Almost 61 percent groups were found to perform well, 29 percent were average and 10 percent were poor performers.

Reddy & Sandeep (2012) observes that the financial management, governance and human resource ranges from weak to average quality for a majority of SHGs. The EDA
Rural Systems Pvt Ltd & APMAS (2012) addressed a wide range of issues including cases of dropouts from SHGs and internal politics, and issues of social harmony and social justice, community actions, bookkeepings, equity, defaults and recoveries and sustainability of SHGs. Singh (2012) also studied SHGs programme of Peoples Education and Development Organisation and makes an attempt to evaluate social and economic impact on households of SHGs members. They observed that members involved in SHGs programme have increased involvement in decision-making, awareness about various programmes and organisations. Moreover, the members get information about the different sources of credit and also reported that there are the evidences of household income, food security and increased standard of living. The EDA Rural Systems Pvt Ltd & APMAS (2012) observed that 30 percent of SHGs in the sample were involved in community actions. They access the quality of SHGs on different parameters like involvement in social harmony, social justices, community action, etc. They further observed that only 15 percent of SHGs have good quality of records that are maintained by the group members.

Sharma (2007) shows that the SHG movement has not get success in some north-eastern states for reasons that are peculiar to the region. The study also observes the banking constraints as a factor that the quality of SHG in northeast India. In another study conducted by Haryana Community Forestry Project, (Govt. of Haryana, 2007) assessed the quality of SHGs in a self-style way which comprises nine broad indicators which includes organisational capacity, saving and credit, financial management, micro-enterprises, skill development, awareness and attitudes, empowerment and influence,
networks and linkages, and plans and visions. The APMAS (2009) reported that the SHG programme has resulted in social and economic benefits to a significant percentage of the sample groups. Despite all round support from the Government of Assam, NABARD, NGOs, RRBs and active participation of primary members, the condition of SHGs in the state is far from satisfaction. The study also reveals that the proliferation of SHG has posed a serious challenge to sustain this movement by maintaining quality of SHGs, and, hence, the quality assessment of SHGs is now being considered as a key concern. The study also articulated some serious challenges like uneven growth of SHGs in different parts and uneven quality of SHGs across the country and issues related to their sustainability.

Kumar (2012), while comparing the differences in quality of SHGs between SHGs under the umbrella of federations and other SHGs which are not part of federation, observes that federation type SHGs are functioning well. He assesses the quality of SHGs by using NABARD CRI and also advised all banks to access the quality of SHGs using the CRI before every credit linkage. Roy (2007) has undertaken quality assessment of SHGs in West Bengal and this was done by using 20 indicators like group meeting, members’ participation, group discipline, savings, micro-credit, financial management, economic and social initiatives and linkages with institutions. Sahu (2010) assessed the quality of SHG in northwest India based on the 13 indicators Thus, in group formation; homogeneity in economic status should be given weightage. Continuity in the perusal of social causes and issues, group processes, and other social parameters should be considered while fixing determinants of group quality.
**National level Study on SHGs**

The study, conducted by the National Network of Enabling Self-Movement (Enable) (Raja Reddy & Chandra Sheker Reddy, 2012) in eight states with uniform sample size showed that the financial empowerment of women in SHGs attracted active support from the male members of the family unlike earlier. The study was conducted in Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Maharashtra, Rajasthan and West Bengal. About 68 percent of households showed that husbands are sharing household work bringing down the burden of women. Not just bringing down the work burden, the women also confirmed a significant increase of 57 percent in the habit of savings and higher availability of credit. A majority of women had reported that they had equal access to family income like her husband or senior male head of the family, with regard to sale of household produce and repayment of hand-loans. Their share in decision on the use of a loan was also equal. More support from male family members could be because of the realisation about benefits being brought in by the women as members of SHGs, the study said. There seems to be higher social acceptability for women at the village level. About 59 percent were now being invited to the *Gram Sabhas* while there was a noticeable increase in SHGs addressing village issues (Sridhar. G, 2012).

**Summary**

The researcher reviewed the various concepts, policies, theories, secondary data, literature and studies related to Self help groups, poverty, women empowerment, microfinance, urban development and slums. During review of literature, the researcher studied 15 impact studies on SHGs in rural areas and observed that various sampling sizes like 115,
162, 223, 214 and 1942 etc. and these studies selected the sampling size by using cluster sampling, multi-stage sampling and other sampling methods. From this review, the researcher observed that all members were under middle age, and a majority were nuclear families and belonged to Hindu religion and schedule caste. Their family size was of five and had very less land ownership. After joining SHGs, women education and awareness levels increased, SHG women started taking their own decisions, they used loans for the education of their children, and for the purpose of food, health and other consumption needs. All the SHGs functioned moderately, and they have slowly started accessing large size loans from SHGs and banks. The sample size and sampling method observed in various impact studies.