CHAPTER I
INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

The Self Help Group model which started over two decades ago has seen a tremendous growth covering a large number of people, primarily women. The great Eleanor Roosevelt had said, “The future belongs to those who believe in the beauty of their dreams.” Today, emerging from the shadows are many women who have courage to dream. The vision of many such contributing women is indeed a welcoming change. These women in groups are playing a major role in rural development, poverty alleviation and empowerment of women of our nation. They pool up small saving regularly in their groups which helps the communities in accessing credit. Their performance is highly dependent on the group cohesion, abilities of group members, leaders in managing the group affairs and focusing on members’ self-reliance. The successful journey towards women empowerment through SHGs movement is significantly geared with the support rendered by Non-Government Organizations, Government agencies and in recent years banks are also playing a vital role in helping them to get established.

The committee on financial inclusion headed by Dr. C. Rangarajan has observed that the self help group bank linkage has emerged to be a major plank of the strategy for delivering financial services to the poor in a sustainable manner and thereby offers the poor a greater scope of accumulating capital both economical and social.

SHGs are the brainchild of Grameen Bank of Bangladesh. It is formed by Prof. Mohamed Yunus of Chittagong University in the year 1976. He made hectic efforts with the mission to help the poor women of Bangladesh to overcome poverty and to become economically independent. During the process, he suffered great difficulties and humiliations.
At last he succeeded in his mission through the formation of women groups with help and support from the Grameen Banks\(^3\). The world recognized and appreciated his services and honoured him with the world renowned Nobel Prize for his yeomen services to society.

In this line of efforts Tamil Nadu Corporation for Development of women introduced various schemes for the empowerment of women in Tamil Nadu.

They are

1. Tamil Nadu Women’s Development Project (Mahalir Thittam)
2. Setting up of Recreation Centres for women.
3. Provision of free gas connections to newly married couples under poverty line.
4. Assistance for formation of SHGs.
5. Entrepreneurship Development Programme for women (EDP).
6. Assistance to vocational and skill training programme (VTP)
7. World bank assisted Tamil Nadu empowerment and poverty reduction project.

Each project had its unique features which helped rural women in uplifting their life style in the society. The Tamil Nadu Women’s Development Project was started on an experimental basis during 1991-92 in Dharmapuri district funded by International Fund for Agricultural Development (IFAD).

It received a thrust and was extended to Salem, South Arcoti, Madurai and Ramanthapuram district in the period from 1992 to 1994. By 1995-96 the project was well established and was taken up as a model for further growth and was extended to all other districts in a phased manner under the state budget. This project is, more popularly known as “Mahalir Thittam” was implemented with the support of NGOs. Mahalir Thittam created awareness among women of their own strengths, resources and ability to face risks. Thus the
emergence of “Mahalir Thittam” in states of Tamil Nadu geared the growth of SHGs in a faster phase.

The SHGs movement in India, especially in Tamil Nadu has crossed many milestones. The mushroom growth and successful stories have attracted the men folks also which paved for the emergence of Men Self Help Groups. The study area Thanjavur district is witnessing a speedy growth of women SHGs. It is not an exaggeration to say that every woman in Thanjavur district is a member of any one or the other women self help groups. This has broken the long silence of women and has taken the great leap in empowering women.

As Pandit Jawaharlal Nehru in his ‘tryst with destiny speech’ stated “To awaken the people it is the women who must be awakened, once she is on the move the family moves, the village moves and the nation moves”. As he dreamt and emphasized the need for the empowerment of women, this revolutionary change is coming true with the emergence of SHGs which has influenced the performance of many women in the nation as a whole.

1.2 STATEMENT OF THE PROBLEM

In the post-independence period, India has achieved significant progress on the industrial and economic fronts. But the progress didn’t trickle down to the poor people and women. Consequently, widened disparities were noticed between urban and rural sector, upper classes and disadvantaged low classes and between men and women who failed to get their proportionate share in the achievement of progress, poverty existed to the core.

The five - year plans were introduced in India with various schemes to empower rural population, thus the scenario started to reform. The sixth five - year plan had an exclusive project named STEP (Support to the Training cum Employment Programme) for empowering rural and poor women, by employing, educating, preventing womenfolk from atrocities and giving them a value in life was the core concept of the project. The urge to live a better life and chances to employee was continually encouraged by introduction of various schemes by the Government.

One among the schemes was introduction of Self Help Groups (SHGs) in 1983 brought in a reduction in the level of poverty. Self- Help Groups enable the women to earn their own livelihood besides participating in the process of development. This movement witnessed a mushroom growth in the nation. Each and every state in the nation encouraged its people to join the movement. Till date the SHGs movement has a dominating and deep rooted
growth in the entire nation. The emergence of SHGs and the performance of its members brought in a positive effect. Tamil Nadu is one among the states of the nation which gave an opportunity to its members to earn their daily bread and improve their standard of living.

In Thanjavur district the emergence of this socio-economic engineering of SHGs and its performance has uplifted the social and economic status of poor women and brought them out from the clutches of financial bondage. Thanjavur, which is basically an agricultural district, is being greatly benefited by this scheme. Its major water resource is from Cauvery River. Due to the dispute between the Governments of Tamil Nadu and Karnataka water supply been irregular. This affected the lives of many farmers which in turn lead them to face social and economical problems. Further, this also led to the problem of rural unemployment and underemployment which affected the poorest segments. Amidst these consequences, the boom in the life of poor sparked after the establishment of the Project Mahalir Thittam (Ma Thi) by Tamil Nadu Corporation for development of women limited on December 9, 1983 under Companies Act, 1956.

The project aimed to promote economic and social empowerment of women through a network of Self Help Group formed with the active support of Non Governmental Organizations and Banks. Mahalir Thittam created awareness among women of their own strength, resource and ability to face risk. The project brought in confidence and self reliance in the minds of womenfolk. The performance of these groups in the district has grown in leaps and bounds. Due to the prompt repayment of their initial loans facilitated them to reach the next higher stage of development.

Therefore the issues listed below gain relevance to the study.

a) The performance of Self Help Groups is analyzed through reviewing its origin and growth in the district.

b) The marketing performance enlightens various strategies adopted for the success.

c) The financial performance capitalizes views on modes of obtaining and repayment of loans in a prompt manner.

d) The overall organizational performance brings in the qualities like that of planning, decision making, participation and leadership, changes in lifestyle and facing future with confidence.
The core of SHGs in India has built around an important aspect of human nature the feeling of self worth. An amazingly large number of formal and non-formal bodies have partnered with NABARD in this unique process of socio economic engineering.

1.3 REVIEW OF LITERATURE

Review of literature is an insight into the various research studies already undertaken related to the study, giving scope for further research on the aspects uncovered. It is an important component of a research study; it serves as a base for the researcher to gain knowledge of a theme and to avoid duplication of work. The review includes articles (based on research studies) published in leading journals, books and reports. The researcher has reviewed many literatures relevant to the subject of study, “A study on the performance of Women Self Help Groups in Thanjavur District”, and a brief account of the review of literature is presented here. The researcher has classified reviews into five major parts namely

i. Literature relating to performance of Self Help Groups,

ii. Literature relating to institutional linkages of Self Help Groups,

iii. Literature on marketing aspects,

iv. Literature on Financial, Income generation aspects and

v. Related literature from foreign countries.

1.3.1 Literature relating to performance of Self Help Groups

NCSW⁴ Report on “National perspective plan for women, Government of India, ministry of Human Resource Development” states that self help groups have taken the form of a movement for women especially rural women’s social and economical development. SHGs have arisen out of the perceived problems of women’s lack of access to resources both at the house hold and village level. In the past 20 years, SHG have become significant institutions for rural development in India. This has been particularly true in the case of poor women.

D.H.Mahamood Khan and G.M.Dinesh⁵ in their report “Role of Women in Panchayat Raj Institutions”, analyzed the participation of women and found that
they are only from name sake, but in reality, it is male family members who hold the power. Views on improving women’s participation, education, and training for women members, public and family encouragement, government encouragement through provision of more powers of funds, and seats for women, and make their attendance in the meeting compulsory.

J. Usha Rao in her study “Women in a Developing Society” concluded that women form an important segment of the labour force and economic role played by them cannot be isolated from the total framework of development as the role and degree of integration of women in economic development is always an indicator of economic independence and social status.

Bimlasen in her report “Women Power: The changing scenario” mentions that the empowerment is an active proves of enabling women to realize their identity, potentially and power in all spheres of their lives. There are several indicators of employment. At the industrial level, participation in crucial decision-making process, ability to prevent violence, self-confidence and self-esteem, improved health and nutrition conditions and at the community level, existence of women’s organisation.

Gudaganavar Nagaraj and Gudaganavar Rajashri in their report “Empowerment of Rural Women through SHG” have examine and highlighted the progress of SHGs in India from 1992-93 to 2006-07. They have also highlighted the region-wise progress of SHGs and employment of women through SHGs. They concluded that no development is possible without empowerment of women.

Chandrashakar and U.M.Lokesh in their report “Role of SHGs in Socio – Economic change of vulnerable poor” have pointed out that the NGOs are useful in organizing Self Help Groups, in capacity building, developing access to the institutions and resources of the State. However, officials are suspicious of the role of NGOs who are perceived as
undermining their power. When NGOs are allowed to implement government projects there is too much bureaucratic meddling. The long list of do’s and don’ts of government procedure accords ill with NGO thinking and approach. In the recently restructured self-employment programme in the form of the Swarna Jayanthi Gram Swarozgar Yojana (SGSY), group schemes through the formation of SHGs have been overwhelmingly preferred. However, in none of the North-Eastern States below poverty line (BPL) lists are ready to organize households into SHGs to implement the programme.

Kumararaja\textsuperscript{10} in analyzing “Performance of SHG in Tamil Nadu” observed that SHG women are currently involved in economic activities such as production and marketing of agarbathis, candles and soap, readymade garments, pickles, pappad, vathal, fur toys, bags, palm leaf products, ornament, eatables, coir mat and other coir products, mattresses, chaples, leather goods and so on. The SHG women monitor the normal and proper functioning of the ration shops, maintain vigil on brewing of illicit liquor and help the aged, deserted and widows to obtain loan. In addition to savings, the SHGs are engaged in village cleanliness, repair to village approach, adult literacy campaign, backyard garden, health check-up camps, prohibition in the village, banning tobacco consumption and sales, AIDS awareness and so on. The project has achieved 100\% repayment in case of lending to SHGs, by banks and 95\% in internal lending of Self-Help Groups. Repayment rates of direct borrowers have increased from 30 to 70 per cent. Banks disburse the credit to SHGs within seven days at their doorsteps. SHGs help in forming Village Development Council (VDC). These VDC members are involved in social and infrastructural development works. He has made an attempt to evaluate the performance of SHGs in Tamil Nadu. The study highlights the progress of SHGs in India and in Tamil Nadu. It reveals that there has been a steady progress in the number of SHGs and amount of loan sanctioned. The study concludes that a timely and regular check of the micro-
credit through SHGs will contribute to a healthy progress and to the overall development of rural women.

A. Abbas Manthiri in his study on “Socio–Economic Impact of Women Self Help Groups in Madurai District” evaluates the changes in the occupational income, assets’ position, saving and independence of the members and in the rate of interest on loan, housing conditions and the impact of SHG programme on economic and social outcome and empowerment of women.

Dr. Dwarathi and B. Kumaresan in their article “Quo Radius”, expressed that to help the villages and villagers themselves, people should realize the potentiality within an individual so as to contribute to the process of rural development. The SHG approach promotes participation among people to a noticeable degree, in the development of capacity building towards self–sustenance which ultimately results in the growth process.

Malcom Harper in his study “SHGs–Some Issues from India Small Enterprises Development” pointed out that SHGs work out a new concept in development and in the recent years this SHGs have been emerging as a major strategy for the promotion of formal credit to the poor.

M. Balakrishnan in his article “Micro credit opportunities and challenges” discussed the objectives of SHGs, formation and the mode of functioning of SHGs. It also dwells on length the importance of micro credit in enhancement of the quality of life of the millions of the rural poor in the country. The study also points out the challenges that SHGs have to encounter during the course of their functioning.

Moin Qasi in his study “Self help groups- A Novel Approach to Rural Developing” made an attempt to study rural development. According to him members of Self
Help Group were linked by a common bond – like caste, sub – caste blood, community place of origin or activity. He concluded that women self help group’s were more effective.

V.Puhazhendhi and K.J.Sayasai in his report to NABARD “Micro – Finance for Poor- an Impact Evaluation” found that the average size of the sample Self Help Group was 16 members. The size of groups was observed to relatively larger in the older groups of more than three years than the younger groups of age less than two years. About 30 per cent of the members longed to the backward class whereas 31 percent and 33 percent of the members were form forward class and schedule caste, tribe’s community respectively. They also observed that about 24 of the members were able to write and 26 percent of them could sign.

Modkey in his article, “Self Help Groups and micro credit sustaining rural women”, stated that Self Help Groups usually generated common fund out of small savings from persons or groups on a regular basis by curtailing unproductive expenditure sometimes the internal savings generated were supplemented by external resources loaned or donated by voluntary agencies involved in promoting and strengthening the Self Help Groups. The credit needs of members were usually assessed at monthly meetings. The Self Help Groups collectively ensured repayment of bank loans. The Self Help Groups thus provided access to credit for the poor. The transaction cost was low because of constant and effectively supervision the loan was properly utilized and repayments were prompt.

Mano Thangaraj in his article “The Self Help Groups movement in Kanyakumari district” pointed out that the district witness a silent revolution with the help of the SHGs movement. SHGs not only enhance the members’ livelihood but also provide them an opportunity to improve the rural economy. Be it handicrafts, goods or utility products or producing organic manure, SHGs have forged into almost all fields and are well networked.
A. Suriakanthi in her study “Need for Literacy of SHGs Social Welfare.” A random survey of 120 groups showed namely 95 per cent of the members and 75 per cent of the office bearers are illiterate. 50 per cent of SHGs survey shows that only literate members prepare the minutes and accounts on behalf of the office bearers who are illiterate. It is found that illiterate members do not even know the amount saved by them. He strongly insists on the necessity of imparting basic education to all members of SHGs.

S. Sundari and N. Geetha examined the “Poverty, Credit and Micro Enterprises” and has stated that the empowerment of poor rural women would be possible only if they are trained and imparted skills for a certain employment. According to this, skill training included enterprise development, increases access to credit, new approach to markets, socio-economic and political strategies and the like.

T. Chiranjeevulu in his study “Empowering Women through Self – Help Groups in Warangal district, Andhra Pradesh”, these micro enterprises belong to chilly processing units. Each group raised a share capital of Rs 15,000. These group members belonged to backward classes, scheduled castes and schedule tribes. The reasons stated that the conversion of consumption based Self Help Groups led to employment generation and empowerment of women.

Rao R.M. Mohan in his study entitled “A study on women Self Help Groups Map” conceded that, Self Help Groups showed a positive input on the member’s households in respect of building of self confidence and social development skill and formation and social empowerment of members.

Ritu Jain, R.K. Kushawaha and A.K. Srivastave examined “The functioning of Self Help Group in Kanpur Dehat District”. Twenty five women of Self Help Group were selected as sample for the study ten women members from each Self Help groups and ten non-members from the same village were selected as respondents to study the impact of Self Help Group on their socio-economic status. The results showed that there is a relationship between the Self Help Group and socio-economic status of women.

U.T. Damayanthi in her article “Development of women and children in Rural Areas impact study,” concluded that by analysis the socio – economic impact of the programme
on the beneficiaries, the study, “presented a disquieting picture of the district where the majority of the assisted households were not able to derive, significant benefit from the scheme so as to enable them to have a marked improvement in their levels of living, although a significant percentage of them 43 percent could realize somewhat reasonable impact on their living standards consequent upon the programme, she concluded that the programme in a way failed to achieve its desired objective of uplifting the rural poor and bringing them to the mainstream of economic development as majority of the assisted household could not take much advantage out of the programme and they still remained below the poverty line of income.

G.Wamanathan\textsuperscript{25} deputy manager (Agriculture) of State Bank of India asserted that involvement of women’s Self Help Group in land based activities had changed a chronic defaulting manargudi area into a good recovery of small banks given to farmers and farm labours in the past was very poor in the area. But a new idea of involving Self Help Groups, comprising mostly form women was mooted and the bank tried it as a pilot project and gave the original owners their lands back.

K.Raghavendra\textsuperscript{26} in his report “Self – Help Group linkage banking- challenges of training – role played by National Centre” that the average participation level of SHG members has been quite good. Officials of Commercial Banks and Regional Rural Bank’s together account for 50 per cent of total participation followed by Co-operative banks at 45 per cent and the balance 5 per cent by Non – Governmental Organisation’s. Southern region accounts for over 2/3rd of total participation.

V.Pughazhendi and P.C.Jayaraman\textsuperscript{27} undertook a study on “Women’s Participation and Employment Generations among the Rural Poor” through informal group of Mysore Resettle and Area Development Agency (MYRADA). At Chitradurga District in Karnataka and Erode District in Tamil Nadu. The analysis of these groups in different stages of development showed in Tamil Nadu the share for non-productive purposes was reduced from 76 per cent in old groups, and for new groups 43 per cent increased from 29 per cent and 57 per cent in established groups. 43 per cent of the household stated that there was increase in income of about 0.5 per cent during the groups post formation stage.

S.Mohanam\textsuperscript{28} in his paper “Micro credit and empowerment of women”, role of NGO discussed the relevance of micro-credit to women and their empowerment
considering the historical perspective of involvement, of women in the thrift and credit activity and the role of NGO in the share of micro-credit, the rich experience of NGO in the share of credit union and their grass root involvement with the poor and their problems is a potential factor that affirm their leveled role in the sphere of micro-credit. The specific task and role of NGO’s in the sphere of micro-credit can be summarized as the formation of SHG, nurturing of SHG facilitation role, resource mobilization and formation of people’s organization.

N.Manimekalai and G.Rajeswari\textsuperscript{29} in his study “Empowerment of Women through SHGs” study undertaken among SHGs formed by NGO in rural areas of Trichirapalli District. The NGO namely Society for Education and Village Action Empowerment (SEVAE) has been working in 362 villages and helping almost one lakh women beneficiaries consisting of different awareness or self employment like petty shop, processing production centers. A sample of 70 women’s from seven villages was taken by NGO for random study. The primary data was collected on socio-economic background of the SHG, nature of activities of micro-enterprise and the problem and prospects of such enterprise.

V.S.Sugumaran\textsuperscript{30} in his study entitled “A study of the Activity for Social Alternative (ASA) in Tiruchirappalli, Tamil Nadu”. It’s a non-governmental organization that engages in rural development activities including micro-finance and enterprise development. The enterprise developments are focusing on several sub sectors. ASA proposes to add value to the services of micro enterprise for improving their performance with this factor in mind. ASA joined hands with entrepreneurship development institution of India (EDI) Ahmadabad, an internationally acclaimed resource centre and premier in entrepreneurship development. This initiative is an effort to address the needs of the enterprise supported by ASA in particular and micro enterprise sectors in general.

V.Prasad\textsuperscript{31} in his report “Self Employment Women set to change face of Kolar.” In his report he stated that in many villages, community issues like drinking water, roads, electricity and health services were addressed by the women’s groups. The women involved themselves in various activities like desalting of tanks and working towards child development in addition to income generating activities.

T.D.Arun Kumar\textsuperscript{32} in his study “Profile of SHGs and their contribution for poverty alleviation.” observed that majority 53.33 per cent of the groups had medium level of performance, 33.30 per cent category had high level of performance and remaining 13.33 per cent of groups belonged to low performance category.

P.Selvi and T.Rathna Krishnan\textsuperscript{33} in their study entitled “Role performance of SHG leader,” observed that the majority of the SHGs leaders forming 88.30 per cent performed the specified leadership roles to the medium level followed by 11.7 percent of them in lowland.

B.Nataraj\textsuperscript{34} in his study on “Role and performance of SHGs in rural credit-an economic analysis” reported that the average savings per group and average savings per member in case of Regional Rural Banks sponsored SHGs was better compared to Non – Governmental Organisation promoted SHGs.
1.3.2 Literature relating to institutional linkages of self help groups

D. Nagayya and D. Koteswara Rao in their report “Micro Finance and support organizations in southern states of India”, stated that micro finance refers to credit provided to the poor for self-employment and other financial and business services. They review the recent trends in the SHG-Bank Linkage programme at National and State level with special reference to Andhra Pradesh in detail and certain aspects of the other three Southern States namely Tamil Nadu, Karnataka and Kerala.

N. Nagaraj and M.G. Chandrakanth in their report “Economic performance of Self help groups in Karnataka” stated that an SHG is a group of about 10 to 20 poor women or men from a similar class and region, forming a savings and credit organisation by pooling financial resources at low interest with for fewer procedural hassles. ‘Savings first’ is the prime ethic of SHGs. The National Bank for Agricultural and Rural Development (NABARD), Reserve Bank of India (RBI) leading NGO’s and multilateral agencies included SHG as strategies component to mitigate poverty.

Asokan in his report “Micro-enterprises: An alternative strategy for poverty alleviation”, in his report he stated that among the three models of linkages introduced, the second model that is, SHG formed by NGOs and formal agencies but directly financed by bank is the best model. And he stated that the role of NGOs is very important to form SHGs.

Bhagwati in her report “Co-operative sector-changes required to operationally internalize concept of micro-finance”, stated that the micro-credit advanced through the mechanism of self-help groups linked to bank credit is associated with higher level of loan recoveries and that tree linkage project has facilitated socio-economic empowerment of weaker sections including women folk.

L. Joseph and K. Easwaran in their study “SHGs and tribal development in Mizoram, Kurukshetra” stated that in all parts of the country, self-help groups are organized by governmental and non-governmental organizations (NGOs). The government, banks and non-governmental organizations facilitate them by providing revolving fund, organizational and training, credit.

A. Subbiah and K. K. Navaneetha in their report in Kisan Journal entitled “Linking Self Help Group with Bank” opined that there are three models under the SHG-bank linkage programme, about 72 per cent of the SHGs are formed by NGOs or Government agencies and the like financed by banks. They stated that the programme has been advantageous not only to members of SHG but also to the banks.

G. S. Kala in her report “The linking of the self help groups (SHGs) with formal rural banking” stated after the launching of the pilot scheme by NABARD in February 1992 and that banking linkage of SHGs was possible because SHGs successfully collected savings, made loans and recovered them within six months.

P. Satish in his report “Some issues in the formation of Self Help Groups” in Indian Journal of Agricultural Economics concluded that the NGOs due to the nearness to the people and flexibility of operations seem to be better equipped to undertake SHG formation. Linking SHGs to bank helps in overcoming the problem of high transaction costs to banks in providing credit to the poor.
G.S. Kothal, Y. Dongre, T.N. Shridhara and M.S. Moodithaya in their report “Self Help Groups and the poor rural women” stated that there could be four different models of linkage between SHGs and banks. Acceptance of a particular model depends on the perception of the bank and the strength of the SHGs and the NGO. The programme of SHGs organized by various NGOs and banks in different part of the country is reported to be highly satisfactory.

N.V. Namboodiri and R. L. Shiyani in their report “Potential role of self help groups in rural financial deepening” presented that the Self help groups that are promoted by the Non – Governmental Organizations had a better saving performance compared to that of Self help promotional institutions. However, the repayment performance of the Self help groups promoted by the Self help promotional institutions was superior to that of Non – Governmental Organizations.

N. Pankaj in his report “Micro financing the self employment activities” reported that the SHG-bank linkage programme launched by NABARD in 1992 is a landmark in the field of micro financing in India. This programme aims to organize SHGs 10 to 20 persons from the economically homogeneous strata regularly save the amounts from their earnings.

Research done by K. Lalitha and G. Prasad “Empowerment of women DWCRA Programme Southern Economist”, focused on the experience of micro finance programmes in the context of liberalization. The author highlights the rural Indian society and India rural financing system. The study suggests eliminating the shortcoming of the existing rural financing system by establishing more microfinance projects and RRBs.

Shiralashetti and Hugar in their report “Micro – Finance: A study of SHG and Bank Linkage” have reviewed the progress of SHGs and their linkage to bank. The study is based on the secondary data collected from annual report of the NABARD. The main objectives of the study are to examine the progress of SHGs and bank linkage in India with a reference to Karnataka State. The study includes district-wise and bank-wise linkage of SHGs in Karnataka State. They conclude that SHG movement is a powerful tool for alleviating the poverty of the people.

According to S.C. Joshi in his study “Micro – Credit not Charity”, stated micro finance provides credit access to poor with no collateral obligations. It encourages savings and promotes income-generating activities. Loan is provided at the market driven rates of interest and peer pressure is used in repayment. Micro-finance is carried out through Self – Help Groups, where poor come together in the range of 10-20 by weekly, fortnightly and monthly meetings through their savings and loaning. It is hoped that through such interventions hitherto uncovered groups are covered with credit and in the process get empowered.

### 1.3.3 Literature on marketing aspects

Satpal Sunil Phougat and Silender Hooda in their report “Swarnajanthi Gram Swarojgar Yojana Programme implemented in Haryana” stated that there is lack of diversities in the Self – Help Groups activities in the state. Highest amount of resources have been spent on primary sector and mainly on milk cattle. There is less attention has given in other areas such as handlooms, handicrafts and other activities in the state. The problems of
marketing of goods by the SHG are a big constraint in achieving the targets. So, there is need for proper attention to solve such type of problems under SGSY.

K.R.Lakshmikandan\(^5\) in his study “Life of rural poor of philippic district in northern part of Utter Pradesh”, recommended providing more loans to SHG and marketing service and production management. The literacy rate of the members of son not SHG he’d improved from 5 per cent to 90 per cent.

D.N.Ganesh\(^5\) in his study “Brick maker becomes brick kilns owner”, stated that in Akola district of Maharashtra an SHG formed under SGSY in record time of one and half years, all the families belonging to BPL status have uplifted to “Owner of Brick Kiln” status. Their net profit per 1000 bricks amount to Rs.550/- to Rs.650/- approximately. And their turnover has increased to more than Rs.3.5 lakhs.

Asokan\(^5\) in his report “Micro – enterprises an alternative strategy for poverty alleviation” he mentioned that National Institute of rural development (NIRD) conducted a study on micro enterprises, which are developed by SHGs in Kerala. The characteristics of micro entrepreneurs under SHGs revealed that a high proportion (90 per cent) of them were unemployed prior to joining SHG and tailoring was found to be the most preferred activity (47 per cent). The study also found that the average monthly turnover of micro project taken by members of SHGs members was around Rs. 1917 and net profit worked out to be Rs. 700 per month. This indicates a high level of profit that is. 60 per cent of individual units have investments less than Rs. 5,000. A study conducted in Trchirapalli rural area found that before starting micro- enterprises their annual income was increased to the tune of Rs.50, 879.

D.N.Gosh\(^5\) in his study “A policy Approach for Agricultural Lending” studied that the share of allied activities in agricultural output, namely dairying, fisheries and poultry has been increasing significantly, the share of livestock in the gross value of agriculture (crop and livestock production) increased from under 16 per cent in 1970-71 to 26 per cent in 1995-96, that of fisheries went up over the same period from 1.7 percent to 3.1 percent. The share of non-food crop in the cropped area has increased from 25.7 percent in the triennium ending 1971-72 to 35.1 per cent by 1999-2000.

D.K.Desai\(^5\) assessed the institutional credit requirement for agriculture production in 2000 A.D. and observed that the growth rate of total credit between 1972-73 and 1982-83 was 17 per cent in nominal terms. The commercial bank share has more than doubled from 16.31 percent in 1972-73 to 35.85 per cent in 1982-83. He estimated short term credit requirement by taking the total value of crop output from the cost of cultivation scheme of government of India for the period from 1974-75 to 1984-85 and found that the growth rate in agriculture advance to be 16.28 per cent.

C.S.Ramalakshmi\(^5\) in her report “Andhra Pradesh shows the way DWCRA mela” pointed out that inadequate working capital, is the most serious problem restricting the performance of many DWCRA groups and also the group members need training for skill enhancement especially for items such as soft made garments, foot wear, woolen blankets etc.

P.A.Pathak\(^5\) in his report “Self help groups and their linkages with banks” stated SHG being comprised of group of persons, gets empowered to solve most of their problems of non-financial nature like raw materials, inputs supply, marketing, better adoption of technology education and training for realizing the human potential for development. The
SHG’s of Kerala have become centers for initiating social action against dowry system, alcoholism, illiteracy and divorce (NABARD 1997).

**1.3.4 Literature on financial and income generation aspects of SHGs**

R.Surekha Rao and G.Padmaja in their study “Self Help Group in Tirupatti, Andhra Pradesh” analyzed the socio-economic background of the respondents, their income, expenditure and their savings and the involvement of women in the SHGs, and their future plans and suggestions from this study, it become clear that women were very active in participating in the group and in saving money. Most of the women had started their own self-employment ventures such as petty shops, canteens, tailoring units, milk business and the likely and the loans had been taken from the groups and all of them were satisfied with the functioning of the group. It was suggested that women should undergo some vocational training to enable them to utilize the money in a proper way and to encourage the women; the NGOs should help them start new business activities like photo lamination, paper making, sericulture, basket, weaving and typing.

Y.C.Nanda, chief general manager NABARD at a seminar on “linkages of SHGS with financial institutions” held on 17-18 September 1994 at Daka in Bangladesh stated that the SHG or the thrift and credit groups were mostly informal groups whose members pool savings relend to the group on Rational or need basis. These groups have a common perception of needs and impact on, collective action. Many of those groups got formed around specific promotional activity. Promoted savings among the members used the pooled resources to meet the emergent needs of the members including the consumption needs. Sometimes the internal savings generated were supplemented by external resources loaned or donated by the voluntary agency who promoted the SHGS.

Rangarajan “Linkage banking for micro financing in India: Some models and issues”. In his paper he has discussed the features of some micro-level institutions. This could be linked to the banks. The author illustrated the system of linkages between the functional institutions and the various local institutions for reaching the poor people. According to him, each one of the Indian village could be treated as a social laboratory where various type of micro-level innovative experiments on development through credit could be conducted. He further pointed out that linkage are linking informal groups such self-help groups and involvement of non-government organization in micro-financing were vital experiments for sustaining poverty alleviation in India.

Usha Jumani “Women in Business: - Strengthening women’s economic Activities”, GENDER, vol.15, No.1. April, 1997. She has studied the reality of women in small business. She has described the main features of poor women’s economic activities in overall context of women in the economy, as well as of the small business. In her view especially poor women working in the informal sector of the economy are encouraged in business of small size using traditional labour intensive skills, generating small incomes, their works are highly decentralized depending on verbal transaction with few people are based on mutual trust. The credit needs of the poor women are small in size but the number of women in need of such credit facilities is very large. A detailed system will be considered important to record all banking transactions. According to her, to ensure, a high rate of repayment a band of dedicated officials and workers who are able to involve themselves, in the progress of the poor women’s life should be built.
S.S. Sangwan61 “Financing through self help groups: - An experience of an oriented Bank in Dehradun”. Analyzed the direct effort of oriented bank in organizing the SHG’s financing them. According to him, the success financing the SHGs depends upon the level of awareness of the persons. Their economic state and the type of ongoing activities. The group approach ensured a wide courage of poor families through bank credit and the response was comparatively higher than many other government schemes because of the direct involvement of the banks.

C. Rengarajan62 “Issues in rural credit, The Tamil Nadu journal of co-operation”, had dealt with the issue related to rural credit. He had pointed out that micro-credit was necessary but it was not a sufficient condition for the promotion of micro-enterprise and identification of inputs like livelihood opportunities business and production. The study stated that the bank linkage programme of self help groups had held to the externalization of a part of the bank’s work terms of the credit cycle like credit needs, appraisal, disbursal, supervision and repayment. This had led to the reduction of formal paper work and transaction cost.

M.D. Dodkey63 “Linkage of Self Help Groups with Banks in India, Cooperative perspective” reported that as on March 1997, 18 states and 2 union Territories were covered under the programme of linking of Self Help Groups with banks with the participation of 30 commercial banks. The programme had benefited nearly 1,50,000 rural poor families. The progress under the programme has been quite encouraging. The repayment of loans both at Self Help Groups level and bank level under the programme is excellent which is 100 per cent.

R.V.M. Kumaran64 in his MA sociology project report “Socio – Economic Background of SHG members” concluded that the earlier belief that poor was understandable and not creditworthy was increasingly being questioned nor and asserted that it was wrong to assure that the poor could not save. He said that the poor were indeed bankable and that the poor, if given an opportunity and professional encouragement, excelled in gaining access to management control over their own financial resources and helped themselves in their social political and economic development.

Aloysius Prakash Fernandez, Executive Directors of Myrada, Bangalore65 “Alternate Management System for savings and credit” says on effective management of SHG, funds and management, etc. As per the survey 2233 women were selected from 535 SHG groups from different area of Tamil Nadu and Karnataka. The study established the fact of the increase in their savings.

Jeya Anand66 in his study entitled “Micro finance in Kerala” studies the community development society model in 1993 for the emancipations of the poor women of Alappuzha in Kerala. It is evident from this survey that those members who had some unit activity could for use to micro credit effectively for expansion modification and reaped the maximum benefit. In some cases, to facilitate two group activities led to a financial crisis and imbalance for all the members which it is not complex in individual activities. It was observed that a few women dominated the groups.
N. P. Y. Raman stated his recent experience on the primary agricultural co-operative society, Kerala with SHG. His study showed that though both groups availed of the loan for the same purpose, the recovery of loan from the SHG was 95 per cent to 100 per cent. While it was 60 per cent to 70 per cent from the members of the primary agricultural co-operative societies. The reason cited was that the members of the SHG were to pay only a 4.5 per cent rate of interest against the usual 9.5 per cent interest after deducting the state government incentive of 5 per cent. The low rate of interest and the government incentive made a large difference between the income and profitability of members covered under SHG and the others not covered by the SHG. This is a how sample study showed that only 10 per cent of the members of PA co-operative society had been brought under the concept of the SHG. Even among those July 60-70 per cent were actually benefited by scheme and the rest whereas cultivator of crops, other food grains, fruit and vegetables. He proved in his study that the SHG concept has not only apparently reduced the poverty but also yield encouraging results. The SHG concept has created further a position impact on the functional efficiency of the primary agricultural co-operative society as well he stated.

Rein Dekkar in his study “Transaction for the cash economy”, designs the description and analysis of micro-finance programmes which indigenous. Communities in western Botswana explore a culturally sensitive and participating development programme in the form of micro-credit. Savings contribution to the increase of individual and community assets as well as improve ability of participants to handle the demand of cash economy thereby increasing their social and economic self – sustainability.

T.R. Gurumoorthy studied “SHGs – Economic Empowerment through Self-Reliance” stated that the micro credit funding agencies and the amount sanctioned out of 27,000 SHGs 5400 were linked with banks and the banks advanced credit to then to the extent of Rs 9 crores. In his view SHG have power to create a socio-economic revolution in the rural area of the country. In his opinion member of SHGs must be prepared to undertake entrepreneurial activities at a smaller level with minimum capital requirements.

Thomas fisher presented a study entitled “Beyond micro credit putting development bank into micro-finance”. This book analyses Indian micro finance in depth to explore how development can be put back into micro-finance. It sets out how micro-finance can be designed in practice, to contribute to a wide range of developmental objectives including, providing social and economic security, promoting livelihoods, building democratic people organizations, empowering women and changing within the society. This important book therefore puts development back at the heart of micro finance and provides the most comprehensive analysis available of micro finance practice in India. It will attain a wide leadership among micro finance practitioners, NGOs and funding agencies and be of significant interest to those engaged in development studies, economics and sociology. It will serve as a valuable supplementary development economics.

EDI development Institute of Indian Ahmadabad conducted an “Advanced Training in Micro finance” on the campus. The reflective evolution of the micro-finance industry has led to a greater focus on the financial liability of micro finance Institution (MFI). A variety of measurements has been used to measures MFIS performance of many of which has been recognized as standard indicators a closer examination. It is evident that these
standard indicators are being calculated and applied in many different ways. This has led to confusion among practitioners and analysts as well as to considerable distortions when comparing MFIG. The industry recognizes this deficiency and agrees that developing standard definitions of financial terms and some common indicators is an important next step in its development. This step would make comparison between MFIG more meaningful and promote more transparency in MFI reporting.

A Study conducted by NABARD revealed that the SHGs particularly women, were emerging as an effective medium of delivery of credit from the banks. Besides creating social awareness the SHGs also gone the way for empowerment of the rural people through the concept of regular savings and linkages to the financial sector. This, in turn, helps in improving the standard of life and as such the SHGs could be supported by those agencies concerned with rural development and poverty alleviation programme.

Stephen Jamob studied “Micro finance and its impact on children and women.” This study explores the type of impact that micro finance has on women and children, more specifically on women empowerment health, nutrition, children’s education, child labour and additional income spent on children’s food education and health.

M.V.Gadgil Managing Director NABARD, “Studies on self help groups of the rural poor”. The seventh five year plan has emphasized the need for associating voluntary agencies closely with rural development programmes, particularly the poverty alleviation efforts. This report points out that the initiative of formation of self help. The groups forming the subject matter of case studies have come into existence for achieving certain avowed objectives. Despite differences in the composition of groups, social characteristics of members and types of activities pursued, the one common feature characterizing all of them is the desire to secure greater economic strength through group formation and collective efforts, especially when they find that delivery mechanisms are not reaching them to the desired extent. In their search to find solutions for meeting their pressing credit needs the groups have evolved some innovations in regard to promoting thrift, pooling their small savings and utilizing the resources so generated to, meet the members essential credit needs, including consumption. The formal credit institutions, which are required to broad-base their rural clientele and finance in ecologically risky areas, could perhaps look into these innovative experiences with a view to devising more appropriate instruments and policies. On the other hand, the self help groups as well as promotional institutions will have to appreciate that banks have to functions in a given socio-legal framework, necessitating observance of certain formalities and procedures. However, a closer dialogue between self help groups and the bankers possibly lead to widening of the access of the poor to formal credit and harnessing the energies of these groups by securing a better impact of credit assistance. The study report is being published in the hope that it will be read with interest by the bankers, voluntary agencies, officials and other concern with rural development.

C.L.Dadhich, his report “Microfinance – A panacea for poverty alleviation : A case study of oriented grameen project in India” stated that effective implementation of micro-finance can be a means not only to alleviate poverty and empower woman but also be a viable economic and financial proportion.

I.Sathya Sundaram in his report “Micro finance: Opportunities and Challenges, Southern Economics Publications” stated that micro-finance in India is making
steady and satisfactory progress. NABARD has set a goal of covering 10 million poor that is one third of the country’s poor population through one million SHG’s by 2003.

Y.S.P. Thorat in his report “Rural Credit in India: Issues and Concerns” stated that micro-financial services provided to the poor in sustainable manner is consistent with high repayment rates. Which meant that if the services to the poor were provided in a sustainable manner than the beneficiaries would go in for repayments that are quite high in consideration to a staggered manner of provision of services.

B.B. Barik and Vannan “Promoting Self help groups as sub – system of credit Cooperatives” reported that the project of linking SHGs with banks has gained momentum in India from 1992. And he reported that three broad models have emerged, model-I: Bank-SHG, member formed 14 per cent, model-II: bank (facilitating agency) SHG-members formed 70 percent and model-III: Bank-NGO-MFI-SHG-members formed 16 per cent of SHGS linked during the 1999-2000.

M. Selvachandra “Microfinance through self help groups” stated that SHG and its linkage with banks is an important vehicle to promote micro finance in India. This programme helps to promote financial transactions between formal banking systems with the informal SHGs as clients.

N. Pankaj “Micro financing the self employment activities” reported that the SHG-bank linkage programme launched by NABARD in 1992 is activities land mark in the field of micro financing in India. This programme aims to organize SHGs 10 to 20 persons from the economically homogenous strata regularly same the amounts from their earnings.

Savitha conducted Studies “Women empowerment on decision making in agriculture – an economic study in Mysore district, Karnataka” the most popular model for the dispensation of micro credit in India is the group lending model. As per Sa-dhan (Industry Association of Community Development Finance Institutions in India) data, group loans account for 93% of the microfinance in India.

Shyelendra in his report on “A micro finance institutions” stated the overall performance of the self-help group (SHG) intervention of the Sadguru Water and Development Foundation (SWDF) in India and identifies possible ways to take it forward for promoting savings and credit activities. The study was stated that Self-help groups have become an important instrument in the delivery of microfinance services like savings and credit for the poor.

Roshan Singh, A.K. Singh and Balister studied the “Pattern of flow of credit in Bichpuri development block of Agra district in Uttar Pradesh”. They found that the pattern of financing agriculture was similar both at the national and district level. The proportion of bank finance to agricultural showed a steady but slow increase over a period of four years. The overall share of large farmers in total finance to agriculture was much higher as compared to the small and medium farmers in all the years (1972 to 1977). The share of small farmers showed an increasing trend mainly during the years 1976 and 1977 when deliberate efforts were made to direct the flow of bank credit in favour of small farmers.

M. Ramdass “Equity and Efficiency in Flowing of Institutional Credit Financing agriculture” measured the institutional credit flow in Pondicherry and observed that the short term credit advance by the institutions had grown enormously, while the long
term credit lagged behind. He suggested the need for institution to come forward to provide long term credit and utilize the saving mobilized in rural areas exclusively for rural investment.

G.S.Pradeep kumar\textsuperscript{85} used growth rate analysis to analyze “The growth in physical and financial performance indicators of horticultural producer’s cooperative marketing society limited, Bangalore”. The indicators considered were membership share capital, owned funds, sales, inventories, fixed assets, current assets, total assets, current liabilities and total liabilities.

T.S.Nair\textsuperscript{86} reviewing recent trends in “Rural financial intermediaries and commercial banks in India” indicated that the commercial banks credit to rural areas during the late 1980’s and early 1990’s has shown a deceleration in growth. The relative proportion of bank credit flowing to priority sector, especially agriculture was fallen below the target of 18 per cent at a national level since the mid 1980’s.

Abate Adinew\textsuperscript{87} studied the “Agricultural Credit Policy and Institutional Financing in Karnataka” shown significant compound growth rate over the study period. Compared to the growth in term loan (13.0 per cent), the growth in crop loan (17.2 per cent), which is a major index of agriculture production finance has shown a higher growth rate in Karnataka state during the study period. Similarly, the growth in agricultural advances (12.5 per cent) has shown higher growth rate in direct agricultural advances (10.9 per cent). However the share of agriculture advance and weaker section had shown a declining trend during the study period. The recovery performance of agricultural advances in commercial banks, regional rural banks and co-operative banks has shown a positive trend. Only the recovery performance of primary cooperative agricultural and rural development bank had shown a declining trend. With respect to the problems encountered in Agriculture credit system misutilization of loan amount by borrower, willful and deliberate default by borrowers and diversion of income generated out of the investment have found prime importance in the order.

P.G.Vishvanath\textsuperscript{88} conducted a study in the “Management appraisal of district central co-operative bank in Uttar Kannada District of Karnataka” and found that growth in number of branches, employees and membership was positive and significant. Except borrowing (8.17 percent) all other financial variables showed a positive and significant growth. The recovery percentage for the selected Karnataka District Central Co-operative bank branches was found to be more than 90 per cent.

K.V.Reddy and N.Gupta\textsuperscript{89} studied “The credit management in Self Help Groups(SHG’s) under South Asia Poverty Alleviation Programme (SAPAP)” revealed that the data on purpose wise allocation of credit showed that sample groups allocated 34 per cent, 22 per cent and 22 percent of the total credit to small businesses, animal husbandry and agriculture respectively. Under animal husbandry, members take loan to purchase milch animals, sheep and goats, under agriculture members take crop loan to purchase, plough and bullock carts. The other major purposes include domestic consumption (13 percent) and clearing of old debts (7 percent) and share of health and education is only three per cent. Thus the members in the sample groups have taken credit mainly (78 per cent) for productive/income generating activities during the study period.
J.J. Thanarathnam\textsuperscript{90} while studying “The working of primary agriculture co-operative banks”, analyzed the loan dispersed by the bank. He had used the annual average growth rate of different types of loans given by banks. It was found that the average annual growth rate for the period 1996-97 to 2001-02 with regard to short term loan was 2.07 per cent, for jewel loan it was 1.35 per cent deposit loan has 3.44 per cent of growth rate. It was really appreciable and it really showed the performance of the bank. According to the amount of loan dispersed by the bank, a large percentage share was taken by the jewel loan in all the six years and the amount was small with regard to deposit loan.

P. Ramappa and M. Sivasankaraiah\textsuperscript{91} studied that “The share of agriculture loan in the total priority sector advances” was considerably large and fluctuated from 73.02 per cent in 1993-94 to 76.79 per cent in 2004-05. It was also evident that of the total agriculture loan in 2004-05, crop loan alone accounted for 93.31 per cent. Among non-agriculture activities retail trade/business enterprise received large quantum of loan followed by Self Help Group’s. The percentage share of non-priority sector in total outstanding advances showed increasing trend from 15.16 in 1993-94 to 34.2 in 2004-05. It signifies the change in the lending pattern of the Rayalseema Grameena bank in Andhra Pradesh.

P. S. Rangi, M. S. Sidhu and Hajit Singh\textsuperscript{92} in their report “Economic empowerment of rural women through self help groups: A case study of Fategraph Sahib District (Punjab)” reported that about 59 per cent of the borrowings were for consumption purposes in the household. However, about 32 per cent of the respondents reported those consumption loans were exclusively for routine family expenditure because employment was not regularly available to the respondents’ households. About 18 per cent of them took credit for repair of their houses and about five per cent each used it for the study of their children and installation of hand pumps. It was found that about 71 per cent of these bank loans were for productive purposes. Among the productive purpose, dairy farming was the most dominant (about 32%) followed by tailor shop (about 19%), cloth shop (about 10%), grocery shop (about 6%) and electrical shop (about 3%). The loans for consumption purposes accounted for about 29 per cent of the cases. The routine family expenditure was dominant reason for taking loans, for this purpose. The other purposes were social functions, medical treatment and house repairs.

C. Gangaiah, B. Nagaraja and C. Vasudevulu Naidu\textsuperscript{93} conducted study on “Impact of SHGs on income and employment generation” reported that on an average the loans received generated 184 person days of employment per household. Non-farm activities generated higher number of person days of employment. Idly shop, cloth business and tailoring generated 300 each and 240 person days of employment. They also found that SHGs had favourable impact in generation of income in the village selected. The average income generated was Rs. 19,578/- . Income generated in the selected activities shows that it b varies from Rs. 5,000 per annum in case of idly shop to Rs. 26,541 in the case of agriculture.

L. Joseph and K. Easwaran\textsuperscript{94} conducted a study to identify “The constraints in functioning of SHGs and its impact on the members”. And it was found that 51.28 per cent of respondents had income between Rs. 25,000 to Rs. 50,000. Majority of respondents had assets worth below Rs. 1 lakh and more than one-half of the respondents as whole (51.28%) had assets below Rs. 1 lakh. They also studied the perceived impact of SHGs on tribal development. When studied the relationship between the composition and impact of SHGs.
The perceived impact of SHGs was found to be significantly associated with three variables: duration of membership, member’s participation and perceived group cohesion.

1.3.5 Related literature from foreign countries.

In the dissertation “Borrower Transaction cost credit rationing and segmented market. A study in the rural credit market in Vietnam”\textsuperscript{95} Dat Tram has analyzed the role of borrower transaction costs in a credit rationing mechanism and in segmentation of the rural credit market. The concludes that the two factors that are regulated that is lending interest rate and the asymmetric information problems were the cause of high borrowing transaction cost of formal credit rationing and segmentation of rural credit market.

G. Smith and Sabhlok\textsuperscript{96} in his paper “Self Help As a strategy for women’s development in India” states that the SHG movement in India has been a successful strategy for social development which places emphasis on self–reliance, human agency and action. The article states that SHGs are designed to stand on two pillars – credit (condition) and social reform (position) and they inspire the women to “think big”. It also states that group power has been found to be a potential force in giving collective empowerment and voice to the poor women in rural areas, but has not necessarily empowered them beyond the confined of particularly.

L. Richard Meyer and Seagio Navajas\textsuperscript{97} present “The challenge of growth for micro finance organizations”. This paper focuses on the difficulties inherent in the prudent management and growth of micro finance organizations and potential limits to the increased efficiency, profitability and sustainability that could typically be expected from their growth. This paper has illustrated the comparatively successful performance of Bancosol in terms of outreach and sustainability and has identified likely determinants of such success. The concluding section attempts to derive some general lessons for microfinance organizations about how best to address the challenges of reaching the gains from large while avoiding the dangers from the accelerations of growth.

In CGAP\textsuperscript{98} the paper “Commercialization and Mission Drift in the Transformation of Microfinance in Latin America” Addresses the impact of commercialization on the strategy and performance of microfinance institution (MFI) in Latin America. Another important objective of this paper is to evaluate the major achievements of microfinance in Latin America not only against the initial mission of many finance institutions in the region but also to generate employment and develop entrepreneurship.

Ezra Anyango\textsuperscript{99} together have village serviced loan association presented “Village Saving and loan Associations.” The objective of the study was to examine the performance of VSLA groups in Zanzibor after several years of operations independent of CARE or other non-governmental organizations (NGOs). It also sought to understand the outreach of the programme to the poorest members of the community and its ability to provide useful service and thereby having about a remarkable transformation in their lives.

B.V. Marjan Doorsma Facet\textsuperscript{100} presented “Community Based microfinance models in East Africa” and the rural finance scheme in Tanzania. This study involved in the promotion of community based microfinance initiatives elsewhere.

Carolyn Barnes and Erica Cogh, in their study entitled\textsuperscript{101} “The Impact of Zaimbuko’s Micro Enterprise Programme in Zimbabwe, Baseline Findings” identified the impact of participating in the Zambuko programme upon clients and their households and
highlighted the great scope for capturing the clients’ ability to have. The reality of hungry
seasons and periodic shortages of working capital are responsible for their poverty which
could be addressed with savings or insurance products. Easier access to group funds could
help women to overcome periodic crisis and might prevent some existing problems too.

Gupta and Davaloks\(^\text{102}\) in their study on “Micro –enterprise Development
Project” have attempted to evaluate the impact of micro enterprise loans on enterprises and
poverty alleviation in Jamaica and they concluded that micro enterprises could make a strong
economic source for the poor women in the study area.

Nail and Kabeer\(^\text{103}\) in their study on “Women’s Empowerment” conducted
South Asia, observed that opinions on the impact of micro finance have been divided
between those who see it as a ‘magic bullet’ for women’s employment and those who
consider their abilities as a panacea for development. The paper seeks to examine the
empirical evidence on the impact of micro finance with respect to poverty reduction and
empowerment of poor women.

Pitt and Kandkar\(^\text{104}\) have analyzed the impact of“A Group Based Lending
Programme for the poor on Household Behaviour in Bangladesh”. They found that credit had
a significant impact on boy’s schooling, but not on girls schooling and expenditure on food
and non food items. After joining SHG, many children of the poor families were able to get
proper food three times a day.

Montgomery Bhattacharya and Hulme\(^\text{105}\) in their study “Resource
Development and Employment Programme of Government” have analysed the impact of the
credit programme on income, productivity and poverty in Bangladesh.

Manfred Zeller\(^\text{106}\) in the study “Group – Based Financial institutions for Rural
Poor in Bangladesh at Institutional and Household Level Analysis” mainly focuses on two
model groups. One is Omilla model of rural development. The other is Graameen Bank
model analysis are of poverty, food insecurity and under nutrition, this study aims at the level
of group- based financial institutions focusing on determinates of placement, outreach, and
performance and at the level income generation as well as on welfare outcome. This study
also tries to investigate the micro finance outreach to the poor, financial sustainability and
impact. This study justifies the fact that the household income of the model has increased
considerably.

1.4 SIGNIFICANCE OF THE STUDY

Thanjavur is a district renowned for its agriculture and handicraft work. Majority people of the
district depend on agriculture, handicraft and few other opportunities to earn. Women of the
district were mainly engaged in maintaining their family, household works and helped their
spouse in agricultural activities. Emergence of Self Help Group brought in a silent revolution in the
district, brought out the untapped talents and abilities of women empowered them through the
prominence and its triumph due to its efficient performance.

The performance in the Self Help Group and the involvement changed the
perception of women folk of the district. The registered Self Help Group during the year 2009
was 1753 and in 2011 it was 4290. This enormous growth had been possible only through the
involvement and performance of SHGs in the district. The standard of living of the people improved, brought in a positive change in the economic status. Tremendous growth has been taken place in the district and the blossoming of the group showed an upward trend every year.

The researcher observed that the emergence of Women SHGs empowered women of the district and gave them a new pathway to lead life in a better way. This positive effect made the researcher to make an attempt to study the performance of the SHGs in the district. Though the study is undertaken in Thanjavur district, the findings, conclusions and suggestions are applicable to other districts and states of our nation. This can be used as a literature for further study to be undertaken in various sectors which in turn will help Government, Non – Governmental Organizations, Banks and Self Help Groups to take necessary policy on decisions to march towards enhancing performances.

1.5 OBJECTIVES OF THE STUDY

The following are the objectives of the study.

1. To assess the marketing performance of SHGs helps in getting a new insight on the ways of efficient sales promotional activities.

2. To evaluate the financial performance of SHGs aiming to highlight the problem that needs to be addressed in order to gear financial needs in future.

3. To appraise the organizational performance of SHGs and enhancing in gaining knowledge on the managerial aspects contributing in improving performance.

4. To analyze the problems faced by SHGs that act as hurdles in the performance.

5. To offer suggestions to the policy - maker for further growth and development of SHGs in future.

1.6 SCOPE OF THE STUDY

The role of institutional framework is vital in determining the space of growth and the quality of growth. SHGs are playing an important role in socio-economic change. The World Bank has stressed the role of institutions in its Report of 2005, as institutions for poor. The growth story of SHGs offers more insight in the social engineering of economic development. In this context this study offers some important elements for policy makers. The
findings would assist in motivating SHGs towards increased performance; identifying the impediments and deviations; and other government women welfare departments and NGOs to chalk out strategies for effective women empowerment. The present study has been undertaken to study the performance of SHGs in empowering women in Thanjavur district, which so far, has not been attempted. Data collection and conclusions arrived at in the present study would help to make the programmes for the development of rural Indian women more relevant and meaningful and to improve future strategies for development.

1.7 LIMITATIONS OF THE STUDY

The present study is confined to certain limitations. The primary data are collected from members of SHGs in the district. The authenticity of the results solely depends upon the data provided by the respondents. Moreover it was time consuming in collecting data.

At times of data collection a few members were not available, so extra visits had to be undertaken to meet them. As the questionnaire is in English the respondents needed translation into Tamil. It is done by spending extra time with them and clarifying their doubts and giving them a clear understanding on the meaning of the questions asked.

While collecting data members gathered at one spot and when questions were posed to one particular member without giving time for the member to answer some other member answered the questions immediately, so another visit had to be undertaken to get the views of the particular member.

1.8 OPERATIONAL DEFINITION OF CONCEPTS

1. Women Self-Help Group

Women Self Help Group is an informal voluntary homogeneous group consisting of 15 to 20 women members. The homogeneity is with respect to social background, heritage, caste or traditional occupation. The group is formed with a common cause of improving social status of its members.

2. SHG leader

Each group selects a leader among them and she will hold office for a period of three years. This leader manages the group members.

3. Facilitators

Facilitators are those who propagate the message, motivate rural women, organize SHGs, and train them to thrift, credit management and so on over a period of six months. For the present study the facilitators include the project officers of the projects.
sponsored by the central and state governments, NGOs, formal financial agencies like commercial banks, Regional Rural Banks and cooperative banks in Thanjavur district.

4. Meeting

A meeting is a gathering of members with a specific agenda, at a particular place and time. The meeting provides a platform for meaningful interaction and helps the SHG to perform its management function. It should be held in common place where all are free to come.

5. Savings

Savings is the income not spent, but accumulated for meeting minor emergency needs. The members save a minimum amount in regular interval. The savings money is the seed capital of SHG. Usually the amount is deposited in banks.

6. Income Generation Programme (IGP)

Income Generation Programme is a type of training provided to SHG members by Government or NGO’s or by Volunteers Resource Centre to improve skills, leadership quality, decision making concepts, brings out entrepreneurship qualities of SHG members and offering loan to members for micro enterprises activities and help in generating income.

7. Linkage

Linkages are links or relationship of SHGs with other institutions like financial institution and social welfare organizations.

8. Common fund

Common fund is the savings contributed by members regularly over few months until there is enough capital in the group to be lent. The fund is then lent back to the members as to others in the village for any purpose.

9. Documentation

Documentation is the written information used for future reference, acts as a legal proof at times of need. SHGs maintains documents in different forms like mini book, cash book, loan ledger, general ledger, bank pass book, cheque book and promissory note.

10. Microcredit

Microcredit is a powerful anti – poverty tool. Microcredit is a division of micro finance, which is the provision of a wider range of financial services. Micro credit programmes provide small loans to poor people for self – employment projects that generates income, allowing them to care for themselves and uplift their families.

11. Revolving Fund (RF)

Revolving fund is a fund which is given for the development of the SHGs. Totally, the fund is offered at Rs 50,000 by the bank and Rs 10,000 as subsidy by the Government through the project officers of Mahalir Thittam. The revolving fund is released by the bank, after getting subsidy form Mahalir Thittam.

12. Non – Governmental Organization (NGO’s)

NGO’s are parallel organization set up to implement the projects and policies of the Government for the social upliftment of the society. They are voluntary organization
working for the betterment of the rural especially the rural women, aged people and children. It is basically a non-profit making organization. It is an organization of private individuals who have interested in social principles. The NGO’s be socially oriented or economically oriented. In the case of the socially oriented NGO’s their activities are confined to social activities only. In case of microfinance NGO, it undertakes social intermediation along with Financial Intermediation.

1.9 METHODOLOGY

Methodology includes sample design, procedure for collection of data, method of analysis and tools of analysis of the study.

1.9.1 Sample Design

As per the reports published in various websites of Thanjavur district the number of registered units in the district during the study period 2009 is 1753. Among the registered units a sample of ten per cent is fixed which came around 175. A total of 200 units were chosen as sample by using random sampling method. After identifying the sample units data were collected from all respondents. Thus the total number of respondents in these sample units is 2422. Distribution of sample units on the basis of taluk is presented in Table 1.1.

<table>
<thead>
<tr>
<th>S.No</th>
<th>Taluk</th>
<th>SHGs</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Thiruvudau Maruthur</td>
<td>9</td>
<td>99</td>
</tr>
<tr>
<td>2</td>
<td>Kumbakonam</td>
<td>29</td>
<td>348</td>
</tr>
<tr>
<td>3</td>
<td>Papanasam</td>
<td>13</td>
<td>156</td>
</tr>
<tr>
<td>4</td>
<td>Thiruvaiparayar</td>
<td>31</td>
<td>394</td>
</tr>
<tr>
<td>5</td>
<td>Thanjavur</td>
<td>63</td>
<td>763</td>
</tr>
<tr>
<td>6</td>
<td>Orathanadu</td>
<td>31</td>
<td>372</td>
</tr>
<tr>
<td>7</td>
<td>Pattukottai</td>
<td>16</td>
<td>178</td>
</tr>
<tr>
<td>8</td>
<td>Peravurani</td>
<td>8</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>200</td>
<td>2422</td>
</tr>
</tbody>
</table>

Source: Primary Data

1.9.2 Collection of Data

The present study is based on both primary and secondary data. The primary data were collected based on the performance of marketing, financial and organizational of SHGs in the region, interview schedule is designed, pre-tested and finalized. For collection of
secondary data, the researcher visited the Libraries of different Universities, Colleges and other Educational Institutions, Websites, Books, Journals, Magazines and Reports. The balance sheets of the sample respondent units of SHGs, publications by NGOs, official records of the office of the Mahalir Thittam and NABARD, training material published by MYRADA, Bangalore, training manuals of different NGOs of India and Foreign nations, EDI (Entrepreneur Development Institute of India) publications were also used for collection of secondary data.

1.9.3 Method of Analysis

Likert type scale technique is used to ascertain the degrees of option and attitude towards the performance of the groups. The respondents are asked to express their opinion on each of the statements in terms of five degrees of agreement. On the basis of the degrees, a five point scale is devised. Each point on the scale carries a score. Respondents indicating the least favourable are given the least score and the most favourable is given the highest score which is specified as

<table>
<thead>
<tr>
<th>Five Point Scale</th>
<th>Scoring (in points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>5</td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
</tr>
<tr>
<td>No Option</td>
<td>3</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
</tr>
</tbody>
</table>

1.9.4 Tools of Analysis

In order to analyze the objective of the present study, the tools explained below were used.

Chi-square and F-test are applied to study the relations between marketing performance and respondent groups.

The chi-square test is applied with the formula

\[
\text{Chi-square} = \frac{\sum (O-E)^2}{E}
\]

Where \(O=\) observed frequency
E = Expected frequency

If the calculated value of Chi-Square is less than the table values at 5 percent level of significance the two attributes are considered independent and vice versa.
In order to analyze the relationship between special offers and pattern of purchase, the F-test is carried out.

\[
F\text{-test} = \frac{\text{Estimate of } \sigma^2 \text{ from means}}{\text{Estimate of } \sigma^2 \text{ from individuals}}
\]

If the calculated value of F-test is less than the table values at 5 percent level of significance, the two attributes are considered independent and vice versa. In order to ascertain the overall performance, the Kruskal Wallis test is applied.

To measure the financial performance, the compound growth rate with regard to savings, interest earned, fine, common fund, and income from other sources are estimated on the basis of the semi-log or exponential function of the following form:

\[
\log y = a + bt
\]

Where,
\[
Y = \text{Savings, interest earned, common fund} \ldots
\]
\[
t = \text{Time periods}
\]
\[
\text{‘a’ and ‘b’ are the parameters to be estimated.}
\]

\[
\text{Compound growth rate} = \left(\text{Antilog} b - 1\right)
\]

\[
C.V = \frac{\text{Standard Deviation} \times 100}{\text{Mean}}
\]

To measure the magnitude of variability in the savings, income, common fund, and fine, the coefficient of variation (C.V) is used. The monthly data shows seasonal movements and this helps us in deciding whether the upward or downward tendency is due to seasonal variations. Thus, the main aim of seasonal index is to determine the effect of seasonal variations on the value of a given phenomenon and to determine the size of the value of the variables.

Monthly seasonal indices are computed for a number of loans and amount of loan issued for agriculture, health care, consumption, housing, and income generating programmes using the formula given below:

\[
\text{Seasonal Index for a Month} = \frac{\text{Monthly Average for a Month}}{\text{Average of a Monthly Average}}
\]

By referring the Table given by Garrett, the present position estimated is converted into scores. Then for each reason, the scores of various respondents are added and divided by the number of respondents to arrive at the mean score. The mean score obtained for each factor are arranged in a decreasing order. The factor with higher mean score is given the first rank followed by second, third, fourth, fifth and sixth.

1.10 CHAPTER SCHEME
The thesis is organized into six chapters. The first chapter being “Introduction and Design of the study” deals with the introduction, statement the problem, reviews the available literature, scope of the study, objectives of the study, limitations of the study, operational definition of concepts, methodology adopted for the research work and arrangement of chapters.

The second chapter entitled “A theoretical outlook of SHG’s and Profile of Thanjavur district” presents a theoretical framework on concept, origin of Self Help Groups movement at international level, national level and at state level profile and origin of Self Help Group in Thanjavur district.

The third chapter captioned “Marketing Performance” analyses the marketing performance of Self Help Groups in Thanjavur district which covers with nature of business, nature of products, authority in material procurement decisions, choosing supplier, mode of material procurement, place of material procurement, special offer in procurement of material, objectives of marketing the products, product mix, pricing strategy, pricing policy, method of pricing, kinds of pricing strategy, promotional strategy, distribution strategy, marketing plan, relation between designation and knowledge about marketing, innovation, risk and profit in business, problems in running business, channels for marketing products, trends in purchase, profit and sales, trends in cost of distribution, trend in cost of sales promotion and packaging.

The fourth chapter “Financial Performance” deals with the analyses of financial performance of Self Help Groups in Thanjavur district, sources of fund, uses of fund, the mode of repayment, the various linkage with banks and all financial aspects with regards to the groups.

The fifth chapter titled “Organizational Performance” covers the various details on tenure of the sample SHGS, membership structure, literacy level of the leader, educational qualification of members, occupation of SHGs members, reasons for forming the SHGs, indicators of performance of SHGs, homogeneity of the groups, frequency of meeting, regularity in attendance, participation of NGOs in meeting, repayment performance, decision on financial transaction, share of production loan to total loan, utilization of common fund, increased rate of savings, training to members, awareness of rules and regulations, maintenance of books of accounts, problems faced by SHGs, awareness of the microcredit scheme, amount of microcredit applied by the respondent, sufficiency of credit, reasons for getting microcredit, extent of borrowing and nature of business, literacy level and the borrowings, size of the family and the borrowings, pre-loan occupation and the borrowings, present position of members in the SHG and borrowings and reasons for repayment of microcredit.

The sixth chapter “Findings, Conclusions and Suggestions” puts forth all the findings and suggestions in a nutshell.

References
1. NABARD, Performance during 2007-08 – Chairman’s address to media, NABARD Newsletter Vol – 18, p.12, March 2008.


53. Gosh, D.N., A Policy Approach for Agricultural Lending. Economic and
72. NABARD moots marketing centers to promote rural products, the HINDU dated December 10th 2001.
73. Stephen Jamob, Micro Finance its impact on children and women.


CHAPTER II
A THEORETICAL OUTLOOK OF SHGs AND PROFILE OF THANJAVUR DISTRICT

2.1 INTRODUCTION