CHAPTER I

INTRODUCTION

1.1 INTRODUCTION

India is a developing country. A majority of the population, that is 74.28 per cent, lives in 5,76,126 villages. According to the census of 2001 the female population was 49,57,38,169 crores in India constituting nearly half of the country's population. In the rural areas, women are prevented from enjoying the fruits of development. But they are regarded as the better half of men. It is also true that "Behind the success of every man, there is a woman". In reality, women contribute a lot to the success of men but they are not recognized properly. To raise the status of women, they must be empowered socially, economically and
politically. It is impossible to think about the welfare of the world unless the condition of women is improved. SWAMI VIVEKANANDA said that it is impossible for a bird to fly on only one wing.

Poverty is often the consequence of unemployment which being gender related leads to feminisation of poverty. To eliminate poverty especially among women they should be encouraged to undertake micro enterprises with available credit facilities by banks and other financial bodies. Mahatma Gandhi gave top priority to the elimination of hunger and poverty of every section of the society.

The Indian Government implemented many rural developmental programmes to create employment and to tackle special regional or individual problems for the economic prosperity of the rural people. Various government sponsored social and political developmental programmes were implemented for the upliftment of the rural poor.

The employment strategy of planned development should focus on the following:
To adopt an employment-intensive sectoral planning

To regulate technological change to protect and enhance employment and

To promote area planning for full employment.

The focus should be on expanding employment through labour absorbing technologies.

The expansion of infrastructure and social services i.e., road construction, rural electrification, water supply, rural schools, and community health schemes, besides irrigation, power and housing programmes will help to generate massive employment through expansion in construction activity and their secondary and tertiary effect in arousing agricultural productivity and income of the poor.

Unemployment has been increasing at an alarming rate during plan period not only because of ever increasing population but also because of a very low degree of success of the various employment and training schemes which have rarely achieved the target.
The Swarnajayanti Grama Swarargar Yojana (SGSY) is to assist the poor families to climb above the poverty line by ensuring appreciable sustained level of income over a period of time. This objective is to be achieved by inter-alia organizing the rural poor into self-help groups through the process of social mobilization, their training and capacity, and building the provision of income generating assets. The SHG approach helps the poor to build self-confidence through community action. Interaction in group meetings and collective decision making enable them in identification and prioritization of their needs and resources. This process would ultimately lead to the strengthening of socio-economic foundation for the rural poor as well as amelioration of their collective bargaining power.

Women and Credit

Credit is of particular relevance to women. It is a crucial input for expanding women's employment in small-scale enterprises. It encourages the adoption of improved technology to enhance the productivity of women's home based income generating and cost minimizing work. Further, a large number of studies have pointed out that increase in women's income improves their standard of
living and quality of life. The most important fact about credit is that it represents a form of economic empowerment, which can improve women's self-confidence and status within the family as independent producers\(^1\). Credit programmes can improve the bargaining power of the poor by providing an alternative to exploitative indebtedness. If women are provided access to credit, it will certainly act as a means to encourage their integration in the development of the country.

The origin of microfinance dates back to the beginning of the Cooperative Movement in Germany by Friedrich Raiffeissen in 1849, who mobilized savings from wealthy friends to give loans to the poor during a period of drought. However, this venture failed within a few years. After a series of failures, Raiffeissen established the first modern credit union in 1864 in which the members mobilized their own savings and granted loans to one another at low interest rates. Raiffeissen established 423 credit unions before his death in 1883 and is recognised as the Father of the Credit Union Movement.

The concept of 'micro credit' however, is a Grameen Bank innovation. In many low-income countries, microcredit programmes have emerged as an anti-

poverty instrument. It was at the International World Conference held in Mexico City in the year 1975 that the need for targeting women for credit programmes was recognized. In the 1980s, the success of the micro credit scheme of Grameen Bank among poor women in rural Bangladesh and the recognition of this scheme by a large number of academic studies have contributed to the spread of micro credit concept all over the world. However, the interest in micro credit reached its zenith with the Micro Credit Summit held in Washington DC in February 1997. A number of financial and development banks like the World Bank, International Fund for Agriculture Development, City Corp., Master Card, Chase Manhattan and American Express, etc. patronized the summit\(^2\). The Micro Credit Summit in Washington DC was followed by a number of identical initiatives. All of them addressed the issues of poverty through micro groups of women and input of micro credit, micro enterprise, technology and market support. In that year (1997) itself, eight million women were organized into SHGs and Grameen Bank, Bangladesh, SEWA Rural Gujarat and Working Women's Forum Tamil Nadu, were some of the mass initiatives made to address the issue of poverty. Currently, micro lending to the poor or women has been globally agreed upon as the basis

for the economic and social development of the 21st Century. In India, this universal concern found recognition in the Sixth Plan, i.e. 1980-85.

According to World Bank (1996) there are more than 900 active micro finance programmes functioning in 101 different countries. A survey conducted in September 1995 which included 206 programmes from 900 institutions, stated that total lending was merely $7 billion and deposit mobilization was over $19 billion. Another survey by World Bank shows that micro lending would reach nearly $12 billion worldwide by the end of 1997. The Grameen Bank of Bangladesh, Bank Rakyat Indonesia, Bolivia's Banco Solidario, Bancosol, etc. are recognized as the successful micro credit institutions of the world.

**Importance of Micro Credit Programmes**

Micro credit programmes provide financial services to individuals traditionally excluded from the banking system, especially women. The fundamental rational for making micro credit available to the poor is the recognition of the fact that their access to factors of production (credit being one of them) must be enhanced for them to be empowered. It is based on the
understanding that the latent capacity of the poor for entrepreneurship has to be supported through loans which are small, timely and most critically do not require physical or monetary collateral.

There are no two opinions about the soundness of the logic behind giving women access to credit. The rationale is that since finance is the lifeblood of economic activity, it will provide these people access to the much needed seed capital to generate income.

1.2 INDIAN SCENARIO

Micro finance has emerged as a major hope for the millions of rural poor in the country's development landscape in dealing with poverty with dignity. The enactment of the Co-operative Credit Societies Act, 1904 can be considered as the beginning of micro finance in India. But it was only after nationalization of the banks (1969) that micro finance was practised on a larger extent by banks. Thereafter, a large number of self-help savings and credit groups have been set
up since 1980s to make available credit facilities to the poor / women in both urban and rural areas. It was only in the 1990's that the institutions took up micro credit as a tool. Thus, rural development took deep roots in the country. According to the estimates of the working groups of NGOs there are about 30,000 NGOs in India. But we do not have any comprehensive account of the financial intermediation carried out by them.

Today in India there are 15,000 registered NGOs and many more non-registered informal groups. These organizations have touched the lives of an estimated number of 15 million persons. According to an international estimate 100 million persons have been helped world wide by NGOs of one sort or another.

Microfinance helps the NGOs all over the world in alleviation of urban and rural poverty through promoting micro enterprises as a solution to the problem of unemployment and underemployment among the poor. NGOs undertake the responsibility of forming self help groups, give training to members, and monitor business performance and promptness in repayment\(^3\).

In India also NGOs use this methodology for financing the poor. MYRADA in Karnataka and SEWA in Gujarat are the forerunners in this field in India. SEWA has promoted a cooperative bank exclusively for women and is engaged in financing income generating activities of women. Friends of WWB Ahmedabad, an affiliate of women's World Banking, New York networks with NGOs giving financial assistance to women groups. The Working Women's Forum (WWF), Chennai has organized women cooperative societies for pursuing income generating activities and facilitated empowerment of women. Attempts have also been made to replicate Bangladesh Grameen Bank Model of SHARE in Andhra Pradesh and RDO in Manipur.

1.3 TYPOLOGY OF NGOs IN INDIA

The institutions which are engaged in microfinance services in India follow three types of approaches namely.

i. The Grameen Bank Approach
ii. The cooperative Societies (which are members of a cooperative bank) approach

iii. The SHG programme approach

i) The Grameen Bank Approach

Some NGO's follow the model developed by the Grameen Bank of Bangladesh\(^4\). They undertake individual lending but all the borrowers are members of groups within which peer pressure is the key factor in ensuring repayment. Each borrower's creditworthiness is determined by the overall creditworthiness of the group. Savings are a compulsory component of the loan repayment schedule but they do not determine the magnitude or timing of the loan.

ii) The Co-operative Bank societies

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In the case of co-operative banks, all borrowers are members of the organization either directly or indirectly, being members of primary co-operative or associations which themselves are members of the bank. Creditworthiness and loan security are a function of co-operative membership within which peer pressure is assumed to be a key factor. The magnitude of savings and the timing of loans are unrelated though a special effort is made to mobilize savings from members. There are only a handful of co-operative credit societies in India devoted specifically to providing financial services to the poor.

iii) The SHG Programme Approach

The operations of SHGs are based on the principle of circulating the members’ own savings. External financial assistance augments the resources available to the group-operated revolving fund. Savings thus precede borrowing by the members. In many SHG programmes, the volume of individual borrowing is determined either by the volume of member savings or the savings of the group as a whole. The vast majority of MFIs in India has SHG based programme (Dunkley 1993).

NGOs in India: An Appraisal
In Bangladesh as well as in Pakistan, NGOs have developed national networks. But in India, NGOs continue to work in very limited areas a few villages, a block, or a district. Moreover, the distribution of effective NGOs is very uneven across the country. While the state of Gujarat has one NGO per 29,184 persons, Kerala has one NGO for 41,532 persons. On the other hand, the corresponding number for more backward states is much larger; one NGO per 119,016 persons in Madhya Pradesh and 102,313 persons in Rajasthan.

While many NGOs enjoy strong community ties and are credible and competent, there are several more which are inexperienced, inefficient or stronger in rhetoric than in action. NGOs often lack organizational and financial skills, and need significant inputs with regard to capacity building. A number of international NGOs are now working closely with national NGOs to strengthen the latter financially and through networking support.

1.4 GENESIS OF SELF HELP GROUPS
The lesson from the experiences of other developing countries like Bangladesh, Indonesia, Bolivia and Philippines motivated India too to start experimenting the innovative scheme of self help groups which are also called as thrift and credit groups. The self help group is the brain child of Grameen Bank of Bangladesh, which was founded by Prof. Mohammed Yunus of Chittagong University in the year 1975. He won the Nobel prize for peace in 2006. In India NABARD initiated it in 1986-87. But the real effort was made after 1991-92 from the linkage of SHGs with the banks.

SHG is a small, economically homogenous and affinity group of rural/urban poor, voluntarily formed to save and contribute to a common fund to be lent to its members as per group decisions and for working together for social and economic upliftment of their families and community. SHG is a medium for the development of the saving habit among women. These self help groups come to the rescue of women and they enhance the quality of status of women as participants, decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life. They bring out the possibility of women in moulding the community in right perspective and explore the initiatives of women in taking up micro entrepreneurial ventures. These self help groups
empower women and make them sensitized, self made and self disciplined. They try to remove the social limitations of women such as superstition and facilitate their dominant role in decision making. In short, this concept of Self Help Group serves to underline the principle of "for the people, by the people and of the people". The basic principles of SHGs are group approach, mutual trust, organization of small and manageable group, group cohesiveness, spirit of thrift, demand based lending, collateral free, women friendly loan, peer group pressure in repayment, skill training, capacity building and empowerment.\footnote{R. Denu Raj, Women Empowerment Through Self Help Groups, \textit{The Tamil Nadu Journal of Co-operation}, August 2001, p.18.}

NABARD has expressed the meaning of SHG through the following chart.
WHAT IS A SELF HELP GROUP?

A small economically homogeneous and affinity
Group of rural poor voluntarily coming together

To save small
Amounts regularly

Conflict solving through
collective leadership and
Mutual discussion
1.5 OBJECTIVES FOR THE FORMATION OF SHG
The main objective of the formation of Self Help Group is to strengthen co-operative movement by utilizing the resources available in the area. To achieve this objective, SHG selects its members from the same locality and the same income group who join together to live with dignity. As a holistic group, SHGs have many social and economic objectives like inculcating the habit of saving and banking among the rural women, building up trade and confidence between the rural women and the bankers, developing group activity to implement various welfare and development programmes in a better way and to achieve women and child welfare goals by actively involving these women groups in universal immunization programmes, small family norms and universal elementary education etc\(^6\).

1.6 CHARACTERISTICS OF SHG

Every SHGs is characterized by common interest, social heritage, small size, intimate knowledge of members strengths, needs and problems, transparency in operation, conflict resolving through collective leadership and mutual discussions during meeting, common fund through regular savings supplemented by external

borrowings, loans for traditional and non-traditional production and consumption activities, decision of Term of credit by consensus in group meeting, market oriented rate of interest, simple documentation, peer pressure and group dynamics to ensure repayments. The SHG members are expected to perform the roles like attending SHG meetings regularly, voicing opinion clearly and freely, sharing responsibility of SHGs collectively and repaying SHGs loan promptly.

1.7 MODUS OPERANDI OF SHG

Every self help group consists of 15 to 25 members usually with two or three elected representatives like Animator, Representative–1, Representative–2 who are rotated periodically. The groups initially frame their by-laws and rules for smooth functioning. The rules include periodicity of meetings, savings, procedures for sanction of loans, books of accounts to be maintained, penalties for dealing with erring members etc. Generally the group meets weekly/fortnightly/monthly at a fixed time. Members pay monthly subscription which is normally being used for administrative expenses. Minimum savings to be contributed by each member

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is fixed which may vary from Rs.5 - Rs.100 per month. The savings amount thus accumulated is rotated among the members to meet their credit requirements. Groups lend for consumption and production activities but normally emergent needs are given priority. Interest rates on loans are initially high at 4-5 per cent per month. But the rates are brought down when the funds position or the group solidarity improves. Initially the repayment period for loans is 2 - 3 months which extends upto 10-12 months when the groups mature. The sizes of loans also increase as the groups gain strength and experience.\textsuperscript{8}

SHG leaders perform the duties like convening meetings, resolving conflicts, operating bank accounts and cash dealings, maintaining of books like attendance register, minutes book, savings ledger, loan ledger, general ledger, cash book, individual pass book and subscription register. All the decisions are taken in open meetings in a participatory way. Cash dealing (collection of savings and credit disbursement) is carried out during the meetings. The group leaders are trained either by the government representative or by NGOs in maintaining various records.

1.8 BENEFITS OF LINKAGE OF SHG

SHG gets the benefits of better technical, economic and administrative knowledge available at banks and has access to greater resources. The bank credit is available on better terms as compared to the credit available from informal sources, particularly from money lenders.

SHG gets advice from the banks about income increasing activities. It also gets loan with least paper works and no security needs.

1.9 BENEFITS OF LINKAGE TO THE BANKS

The banks achieve better and wider coverage of the weaker sections in rural areas in a cost effective manner. Due to externalization of items of credit cycle, there is reduction in transaction costs and consequent increase in profits. Banks get substantial deposits in the form of small savings of SHG members. On account of nearly 100 per cent recovery of loans given to SHG, there is improvement in recovery percentage. Further, the banks can mobilize deposits
from so far untapped sections of the rural population. SHG financing is one of the most advantageous propositions for the bank. Banks achieve targets of development works easily through financing of SHG\textsuperscript{9}.

\textbf{1.10 GROWTH OF SHGS IN INDIA}

During the year 1997-98 to 1999-2000 in Southern region out of 63,315 cumulative number of refinance linked SHGs, 58,005 groups or 91.16 percentage were that of females and 5310 or 8.39 percentage were that of males. It was further observed that except North Eastern region, the rest of regions had more percentage of women SHGs in India. In the Western region out of 7821 SHGs, 6909 were that of women and 912 of men, which meant 88.34 per cent and 11.66 per cent respectively, followed by Eastern region 87.80 per cent (female) and 12.20 (male). It was only in central region where almost 50 per cent participation between male and female was observed.

\textsuperscript{9}N. Mohan, Paper presented in the Workshop on Micro Credit and Micro Enterprise, National Institute of Rural Development, August 8-10, 2001, p.2,
TABLE 1.1

REGION-WISE SPREAD OF SHGs (AS ON 31ST MARCH 2002)

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of SHGs credit linked</th>
<th>Percentage</th>
<th>Bank Loan Availed (Rs. in million)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern</td>
<td>19321</td>
<td>4.19</td>
<td>373.12</td>
<td>3.64</td>
</tr>
<tr>
<td>North-Eastern</td>
<td>14909</td>
<td>0.32</td>
<td>25.39</td>
<td>0.25</td>
</tr>
<tr>
<td>Eastern</td>
<td>45892</td>
<td>9.94</td>
<td>467.50</td>
<td>4.55</td>
</tr>
<tr>
<td>Central</td>
<td>48182</td>
<td>10.45</td>
<td>569.11</td>
<td>5.54</td>
</tr>
<tr>
<td>Western</td>
<td>29318</td>
<td>6.35</td>
<td>515.12</td>
<td>5.02</td>
</tr>
<tr>
<td>Southern</td>
<td>317276</td>
<td>68.75</td>
<td>8313.14</td>
<td>81.00</td>
</tr>
<tr>
<td>Total</td>
<td>461478</td>
<td>100.00</td>
<td>10263.38</td>
<td>100.00</td>
</tr>
</tbody>
</table>


The annual report of the Ministry of Rural Development (2002-03) reveals that over 11.45 lakhs SHGs were formed in India, where around hundred
thousand groups had taken up different economic activities like handicraft, mushroom growing, piggery, dairy farming, mechanized agriculture etc. Now the number of SHGs has grown almost threefold throughout the country. The cumulative number of 4,61,478 SHGs were credit linked with 444 banks (44 commercial banks, 191 RRB, and 209 co-operative banks) covering 78 lakh rural poor families as on 31 March 2002. The programme is implemented in all the states and union territories spread over 488 districts. Altogether a sum of Rs.1026 crores was provided as a bank loan to the SHGs against which NABARD provided refinance assistance of Rs.797 crores to banks till March 2002.

At the all India level 4,61,478 self help women groups are linked with credit schemes under various poverty alleviation programmes as on 31st March 2002 and more than two thirds of the bank credit SHGs are found only in the Southern region. The Central region has taken the next position (10.45 per cent) with respect to coverage of SHGs. Eastern region takes the third (9.94 per cent) western region the fourth (6.35 per cent) Northern region the fifth (4.19 per cent) and North Eastern region the last (0.32 per cent) in respect to coverage of SHGs under bank credit programmes.
Out of a total number of 4,61,478 SHGs in India, Northern region has 19,321 groups, North Eastern regions has 14,909 Eastern region has 45,892, central region has 48,182 western region has 29,318 and southern region has 31,7276 groups.

The NABARD data released in the financial year 2003 reveals that, more than 8,67,041 SHGs are functioning successfully in India\(^{10}\).

90 per cent of the groups linked with banks are exclusively women groups. The following Table 1.2 shows the progress of SHG bank linkage programme during the period 1998-99 to 2004-05.

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**TABLE 1.2**

**SHG-BANK LINKAGE PROGRAMME IN INDIA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of SHGs linked</th>
<th>Cumulative No. of SHGs</th>
<th>Bank Loan (Rs. in crores)</th>
<th>Cumulative Loan amount (Rs. in crores)</th>
</tr>
</thead>
</table>

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It is clear that there is a steady increase in the number of SHGs financed by the banks and the amount of bank loan to SHGs from the period 1998-1999 to 2004-2005. The number of SHGs linked to banks aggregated to 1,61,84,81 as on March 31, 2005. Cumulative disbursement of banks loans to those SHGs stood at Rs.6898 crores as on March 2005. The average bank loan availed by a SHG works out to Rs.40,014.

The active participation of women (90 per cent) and timely repayment (95 per cent) continue to be the prominent features of this programme. With the programme through lending, 16.81 lakh SHGs empower an estimated 242.5 lakh
poor households in the country. Share of states other than the Southern States increased from 28 to 41 per cent in 2005\textsuperscript{11}.

\begin{center}
\textbf{CHART 1.2}
\end{center}

\textbf{MODEL OF SHG – BANK LINKAGE}

\begin{center}
\begin{tikzpicture}

\node [draw] at (0,0) {Household Resources};
\node [draw, below of=Household Resources] at (0,-1) {\begin{itemize}
\item Physical Capital (limited)
\end{itemize}};
\node [draw, right of=Household Resources] at (2,0) {Promotes};
\node [draw, below of=Promotes] at (2,-1) {\begin{itemize}
\item Access to credit
\item Training to members
\end{itemize}};
\node [draw, below of=Promotes] at (2,-2) {Self Help Groups};
\node [draw, below of=Self Help Groups] at (2,-3) {\begin{itemize}
\item (10 – 20 Members)
\end{itemize}};
\draw[->] (Household Resources) -- (Promotes);
\draw[->] (Promotes) -- (Self Help Groups);
\end{tikzpicture}
\end{center}

\textsuperscript{11} http://www.nabard.org/roles/roles.htm.
1.11 TAMIL NADU CORPORATION FOR DEVELOPMENT OF WOMEN (TNCDW) LIMITED
The Tamil Nadu corporation for Development of Women Limited (TNCDW Ltd) was established for the empowerment of women in December 1983 by the Government of Tamil Nadu. Its registered office is located in Chennai while its area of operation extends to the entire states of Tamil Nadu.

This corporation implements (1) Tamil Nadu Women's Development Project (Mahalir Thittam) (2) Setting up of Research Centres for Women (3) Entrepreneur Development Programme for women (EDP) (4) District Level training-cum-marketing centres (5) Free Gas Connection to the newly married couples under poverty line (6) Assistance to Vocation and skill Training programme (VTP) (7) Assistance for formation of 25,000 SHGs (8) Total Economic development project for Theni district etc., for the socio-economic development of women throughout Tamil Nadu.

1.12 MAHALIR THITTAM (TAMIL NADU WOMEN DEVELOPMENT PROJECT)

In Tamil Nadu 'Mahalir Thittam" scheme was announced in the Finance Bill for 1996-97. In that scheme it was proposed to promote 60,000 SHGs for the
economic and social upliftment of 10 lakh poor people. This scheme was proposed to cover the entire state in a phased manner. In memory of former Chief Minister of Tamil Nadu, Shri C.N. Annadurai, this scheme was renamed with his mothers' name as "Bangaru Ammaiayar Ninaivu Mahalir Thittam". At present, this Mahalir Thittam project is implemented in all the districts of Tamil Nadu both in rural and urban areas including Chennai corporation limits. Tamil Nadu Women’s Development Project (Mahalir Thittam) is a process oriented project which lays emphasis on the qualitative and socio-economic aspects of development of women¹².

1.13 ROLE OF NGOS IN PROMOTING SHGs

There is no doubt about the fact that elimination of poverty to an appreciable extent seems to be not manageable only by Government sector. There are many areas where it is very difficult for the government sector to intervene efficiently. They need collaboration and co-operation from other non-governmental institutions. For creating, opportunity, facilitating empowering and providing security to the poor it requires a very wide net work comprising a

¹²www.tn.govt.in/policy notes/social_welfare_4.htm.34k.
number of factors. Here arises the role of non-governmental organizations in diverse fields to fight against poverty. Because NGOs are the agencies set up by self-effacing individuals who wish to make their contribution to make life better for their brethren in society. Their motto is selfless service in their chosen area. In a vast country of a billion – plus like India, it is just not possible or feasible for the government to live up to its promise of a truly welfare state. There are vast areas concerning development and welfare that are left uncovered due to paucity of funds. It is in this scenario that NGOs step in and justify their existence in India.

Since people feel that the Government of the day has failed to cope with their needs as promised by the agents of the welfare state, they turn to voluntary agencies and NGOs for meeting their short term and long term requirement.

In the poverty reduction process induced by NGOs, special measures are undertaken for protecting the interest of the women. This sort of action is pursued because of the fact that the poor women face a double disadvantage in the society. One is due to their inadequate access to the resources and the other emanating from their weak voice. NGOs in the field of activities targeting women always make efforts to enhance the awareness of their women clients and
consolidate their actions. Networking, building, collaboration and integrating each other's activities for building social capital are the pathways through which NGOs try to empower the marginalized communities.

Generally NGOs follow four clear cut strategies. These are simple charity, supplementing welfarism of the state, encouraging people's participation and implementing programmes launched by the government for the larger benefit of the community, involving people in programme planning, raising resources, implementing activities and sharing fruits of development and conscience instilling and organising people, enabling them to demand and undertake planning and implementation of development programmes beneficial to them\textsuperscript{13}.

Today, in India, there are 15,000 registered NGOs and many more non-registered informal groups. These organizations have touched the lives of an estimated number of 15 million persons. According to international estimate 100 million persons have been helped worldwide by NGOs of one sort or another.

\textsuperscript{13} Ahmad Shamshed, NGOs and the Development of Rural Entrepreneurship,\textit{ Kurushetra}, Vol.53, No.5, March 2005, p.27.
These NGOs all over the world help in the alleviation of the problem of unemployment and under employment among the poor.

NGOs help the self help group in forming the by-laws for proper functioning. They advise the members to arrive at a consensus regarding the rules. They help the groups in conducting meeting, keeping books and accounts and in all other activities. The leaders are trained by the NGOs to carry out their duties effectively. Some NGOs have a system of contributing seed money assistance to the groups in the initial years for augmenting their resources for internal lending. Most of the NGOs render their best efforts in the functional literacy of members, which enable them to read some alphabets, numbers or sign their names. The exposure programmes of NGOs in which many groups interact with each other have also helped the members to know about other groups and the way they overcome their problems. Most of the groups feel that they will be able to carry on the group activities even after NGOs withdraw.

Recognising the strengths of NGOs in organizing the community and the potential in savings and credit programmes, NABARD has involved itself in associating with NGOs.
NGOs, MYRADA in Karnataka and SEWA in Gujarat are the forerunners in India. SEWA has promoted a co-operative bank exclusively for women and is engaged in financing income generating activities of women. The Working Women's Forum (WWF), Chennai has organized women co-operative societies for pursuing income generating activities and facilitating empowerment of women. Attempts have also been made to replicate Bangladesh Grameen Bank model by SHARE in Andhra Pradesh and RDO in Manipur.

1.14 STATEMENT OF THE PROBLEM

Poverty reduction requires expansion of poor people's opportunities, their empowerment and enhancing of their security. Experiences of many anti-poverty and other welfare programmes have shown that the key to success lies in the evolution and participation of community-based organizations at the gross-root level. Institutional support to anti-poverty programmes is absolutely essential. The bankers also feel that helping SHGs is a profitable venture and less risky as there is peer pressure from the group to repay and also there is refinance available from NABARD. A self-help group (SHG) is a voluntary association of
people with common goal. The concept of 'Self Help Groups' appears to be a good alternative strategy to involve people in the development process. In these circumstances, it is felt important and necessary to study the SHG concept, its pattern of functioning, its present status in India, the socio economic changes effected and empowerment acquired by women.

Hence, the present study is undertaken to analyse the role of SHG and its impact on income, savings, intensity of poverty and empowering women through income generation activities in rural and urban areas of Madurai district.

In Madurai district, there are a lot of NGOs promoting SHGs. Since, women groups constitute more than 99 per cent of the total groups in this district only women groups are considered for the present study.

1.15 OBJECTIVES OF THE STUDY

The specific objectives of the present study are:
(i) To discuss the formation of women SHGs, savings and loan performance in Madurai district.

(ii) To analyse the characteristics of the sample SHG members and their family profile.

(iii) To determine the income contribution of SHGs members towards their family income.

(iv) To examine the impact of SHG scheme on income, savings, assets and housing conditions of members' households.

(v) To assess the impact of SHGs on intensity of poverty among the households of members.

(vi) To evaluate the impact of SHGs on social, economic and decision making empowerment of women.

(vii) To offer suitable suggestions based on the findings of the study.

1.16 HYPOTHESES OF THE STUDY

To give a specific focus to the objectives, a few hypothesis have been formed to test the above said objectives by using appropriate statistical tools. They are:
(i) The income of SHG women members is independent of their family size, family monthly income and parents/spouses income.

(ii) SHG members contribute a significant share of income to their family income.

(iii) The income, savings and assets have been generated after joining SHGs.

(iv) After joining SHG, the intensity of poverty has been reduced.

(v) The women have attained more economic, social and decision making empowerment after joining SHGs.

(vi) Socio-Economic factors do not influence the level of empowerment.

1.17 LIMITATIONS

The study suffers from certain limitations. One of the important limitations is that though there are a large number of self-employment programmes functioning in Tamil Nadu, the present study is confined only to the Self Help Groups (SHGs) programme. Another limitation is that the researcher has confined his study area to the Madurai district alone. Thus the results and findings can be generalized only to certain extent. The omission is mainly due to the non-
availability of systematic data. But it is expected that even this collected information will help further intensive research in this area.

1.18 SCHEME OF WORK

The present study on An Economic Study of Self Help Group of Women in Madurai District, Tamil Nadu has been organized under seven chapters.

The introductory chapter discusses the women and credit, origin of micro finance, importance of micro credit programme, Indian scenario, typology of NGOs in India, Grameen Bank approach, Genesis of Self Help Groups, objectives of self help groups, Benefits of Linkage to SHG, Benefits of Linkage to the Banks, Progress of linkage programme in India, statement of the problem, objectives of the study, hypothesis, limitations of the study and scheme of work.

Chapter II reviews the literature of the past studies and describes the methodology adopted for the present study.
Chapter III discusses the profile of the study area. Further it elucidates the role of Tamil Nadu Corporation for Development of Women and formation of SHGs in Madurai district.

Chapter IV deals with the characteristics of the sample women members and their family profile. Further, it examines the relationship between family characteristics and income of SHG members and income contribution of SHG members towards their family income.

Chapter V evaluates the impact of SHG scheme on income, savings, assets and housing conditions of members' households. Further, it assesses the intensity of poverty after joining SHG scheme.

Chapter VI analyses the attainment of economic, social and decision making empowerment through SHG scheme.

Chapter VII presents the summary of findings, suggestions and offers some suitable suggestions based on the findings of the study.