

CHAPTER I

Introduction

1.1 Status of women in India:

For the study of status of women in India, approaches are made through many groups of variables, turning the investigation, particularly the search for trends and patterns of social behaviour and attitudes, highly complex and difficult. Some of them stem from the characteristic features of our society, others from processes of change effected by modernisation and development still some others were repercussions of the historical vicissitudes that affected India in the past few centuries, particularly the impact of a colonial regime and exposure to foreign culture. Lastly, they also reflected the influence of the struggle for freedom and social justice.

The preamble to the constitution of India promises to secure to all its citizens, justice - social, economic and political, liberty of thought, expression, belief, faith and worship; equality of status and of opportunity; and to promote among them all fraternity assuring the dignity of the individual and the unity of the nation.

While improvement in the status of women was a pledge made by the Constitution - makers and admitted by the national government at the very outset as one of the major tasks facing the country, no comprehensive review of the achievements in this direction has been undertaken so far.

Mahatma Gandhi was the first to recognize the importance of the women power. He worked for the Indian women's emancipation tirelessly. He saw to it that the women in large numbers play a significant role in the movement for the freedom of the country, including Satyagraha and non - co - operation movement, etc.

Actually, he believed that women's participation in political life would pave the way for their overall upliftment and guarantee a respectable status for them in future.

A woman has to play a vital role in life and society. In fact, she plays many a role in a single life time. She is the mother, sister, wife and daughter, all rolled into one. A single woman plays these four roles in her life. First, she is daughter and sister and in that capacity, she serves her father and brothers. In the second phase, she acts as wife, which is perhaps the most important role, she plays. In this capacity she serves her husband and in laws. In due course, she becomes a mother and brings out her children. A woman normally commands three generations in one life of hers. She is the creator and protector of a family. She gives birth to a generation, develops it and then forms the society.

In fact, society is a product of women. But, in spite of the importance attached to her personality, a woman is least respected - in the true sense of the word - in society. Over thousands of years, she has not been able to be free of shackles and chains, binding her and confining her to a limited space to move and act. That's the irony.

Any attempt to assess the status and problems of women in a society should start from the social frame work. Social structure, cultural norms and value systems are important determinants of women's roles and their position in society. They influence social expectations regarding behaviour of the two sexes, both as individuals and in relation to each other. Social traditions are a major influence in shaping attitudes as well as behaviour patterns of human groups. Emerging trends of society cannot be viewed in isolation from them.

1.1.1 Child Marriage and Bigamous Marriage

As a developing society which is determined to give women a fair deal, we must examine the causes that have led to both child marriages and bigamous marriages, which plague the status of women in India. Child marriages happen because of illiteracy and the deep rooted mindset among Indian families that a girl child is a 'liability' and the ownership of her life should be passed onto her husband as soon as possible. Rural families consider the virginity of a girl child as a matter of honour, which when lost, is considered to bring disaster to the family.

Additionally, rural areas have few schools that promote female education. Further, the fear that education and the sense of freedom it brings may make a girl rebellious enough to choose her own life partner also haunts families.

In rural India, the tradition and the authority of the village community to excommunicate a family, play a large role in controlling the lives of women and their status. The caste panchayats and community sabhas determine even the most private matter in a woman's life and have a fearful, strong grip on the lives of families living in a village.

And in a male dominated society, it is difficult for the government to take stern action against offending villagers for fear of losing vote banks.

As regards bigamy, the root cause is once again the inferior status of women, resulting from illiteracy and poverty. An unmarried daughter is considered a burden in most Indian families and if for some reason, her family cannot find a young, unmarried man for her, they prefer to give her away to a married man rather than have her in her parental home. Bigamous marriages by their very nature are humiliating for women. They are extremely common even today in several parts of India despite the provisions of the Hindu code Bill 1956 declaring them to be illegal.

India has an elaborate system of law to protect the rights of women, including the Equal Remuneration Act, The prevention of Immoral Traffic, The Sati (widow burning) Act, and the Dowry Prevention Act. However the Government is often unable to enforce these laws, especially in rural areas where traditions are deeply rooted. Female bondage and forced prostitution are widespread in some parts of Indian society.

According to the indicators published by the United Nations Developments Project (UNDP) the socio - economic status of women in India is very low in comparison with other developing countries. Based on a country's achievements in terms of women's life expectancy, literacy and real income in comparison with that of the men, India ranks 99th on a list of 130 countries behind Argentina, Mexico, China and Srilanka and just above Pakistan and Bangladesh, which rank 103 and 108 respectively.

1.1.2 Female Infanticide and Dowry System

According to a recent report by the United Nations Children's Fund (UNICEF) upto 50 million girls and women are missing from India's population as a result of systematic gender discrimination. In most countries in the world, there are approximately 105 female births for every 100 males. In India, there are less than 93 women for every 100 men in the population. The accepted reason for such a disparity is the practice of female infanticide, promoted by the existence of a dowry system which requires the family to pay out a great deal of money when a female child is married. For a poor family, the birth of a girl child can signal the beginning of financial ruin and extreme hardship.

According to government figures there were a total of 5,377 dowry deaths in 1993, an increase of 12 percent from 1992. Despite the existence of rigorous laws to prevent dowry - deaths under a 1986 amendment to the Indian Penal Code (IPC), convictions are rare and judges are often uninterested and susceptible to bribery.

1.1.3 Education

In India, the roles traditionally assigned for men and women are that of bread - winners and home - makers, respectively. Thus, the education of girls is not seen as an important requirement for preparing girls for their future role as 'home-makers'. As such, in states where, besides economic need, the social and individual demand for education is also recognized that would expect a higher rate of enrolment of girls in schools and a higher proportion of educated women in the population than is actually the case. In reality, women's creative and intellectual potentials are either ignored or underplayed in education in India. As a consequence, generally fewer women are found to have had the opportunity of gaining a higher level of education in India. This pattern of behaviour cannot be attributed to current attitudes alone; they have been molded over several generations. This particular aspect is represented by the percentage of educated older persons in each state.

1.1.4 Employment

Remunerative employment is considered to be one of the major status-deciding factors. The common belief is that man's high status within the family is due to his position as bread - winner. It is argued that, if a woman's economic dependence can be reduced by her ability to earn an income outside the household, she would

enjoy a higher status, which would be the case if there was not much difference in the nature of the work, done by males and females.

Women's participation in paid employment has been found to be highly related to their status, because it shows the tendency among women to earn a living or to augment the family's income by working for others. Women's participation in modern sector work is a step ahead of any other type of paid employment. The modern sector is defined as including all professional, technical, administrative, executive, managerial, clerical and similar work. Until recently, some of these occupations have been monopolized by males. Consideration of the indicator 'elected officials' helps to show the extent of female participation in over all decision - making from the Panchayat (village council) to the Central Government levels.

1.1.5 Laws to Protect Women

A number of bills relating to women are stalled in parliament. The protection from Domestic Violence Bill 2002 was introduced in the lower house of the Indian Parliament (the Lok Sabha) in March 2002. The bill defines Domestic Violence as "any conduct of a relative of the victim which subjects her to habitual assault or makes her life miserable, or injures or harms or forces her to lead an immoral life". The bill would empower magistrates to order men to refrain from violence, pay monetary compensation, failure to do so would mean facing upto a year in jail. A parliamentary committee has been set up to study the legislation and make amendments.

The bill for reservations for women in parliament has once again been raised in parliament and been stalled with no agreements from the political parties. The idea was first introduced in 1995. Under the bill, one - third of the seats in every

general election would be declared reserved for women. Some party leaders have simply prevented its adoption by resorting to obstructionist tactics when ever it is taken up.

1.2 Empowerment of Women

1.2.1 Social Empowerment of Women

Education:

Equal access to education for women and girls should be ensured. Special measures should be taken to eliminate discrimination, universalize education, eradicate illiteracy, create a gender - sensitive educational system, increase enrolment and retention rates of girls and improve the quality of education to facilitate life - long learning as well as development of occupation / vocation / technical skills by women. Reducing the gender gap in secondary and higher education should be a focus area.

Health:

A holistic approach to women's health which includes both nutrition and health services should be adopted and special attention should be given to the needs of women and the girl at all stages of the life cycle. The reduction of infant mortality and maternal mortality, which are sensitive indicators of human development, is a priority concern. Women should have access to comprehensive, affordable and quality health care. To effectively meet problems of infant and maternal mortality, and early marriage the availability of good and accurate data at micro level on deaths, births and marriages is required. Strict implementation of registration of births and deaths would be ensured and registration of marriages would be made compulsory.

Nutrition:

In view of the high risk of malnutrition and disease that women face at all the three critical stages viz. infancy and childhood, adolescent and reproductive phase, focused attention would be paid to meet the nutritional need of women at stages of life cycle.

Women in Difficult Circumstances:

In recognition of the diversity of women's situation and in acknowledgment of the needs of specially disadvantaged groups, measures and programmes should be undertaken to provide them with special assistance. These groups include women in extreme poverty, destitute women, women in conflict situations, women affected by natural calamities, women in less developed regions, the disabled widows, elderly women, single women in difficult circumstances, women heading households, those displaced from employment, migrants, women who are victims of marital violence, deserted women and prostitutes etc.

Violence against Women:

All forms of violence against women, physical and mental, whether at domestic or societal levels, including those arising from customs, traditions or accepted practices should be dealt with effectively with a view to eliminate its incidence. Institutions and mechanisms / schemes for assistance should be created and strengthened for prevention of such violence, including sexual harassment at work place and customs like dowry; for the rehabilitation of the victims of violence and for taking effective action against the perpetrators of such violence.

1.2.2 Economic Empowerment of Women

Poverty Eradication:

Since women comprise the majority of the population below the poverty line and are very often in situations of extreme poverty, given the harsh realities of intra-household and social discrimination, macro economic policies and poverty eradication programme should specifically address the needs and problems of such women. There should be improved implementation of programmes which are already women oriented with special targets for women. Steps will be taken for mobilization of poor women and convergence of services, by offering them a range of economic and social options, along with necessary support measures to enhance their capabilities.

Micro Credit:

In order to enhance women's access to credit for consumption and production, the establishment of new and strengthening of existing micro - credit mechanisms and micro - finance institution should be undertaken so that the outreach of credit is enhanced. Other supportive measures would be taken to ensure adequate flow of credit through financial institutions and banks, so that all women below poverty line have easy access to credit.

1.2.3 Importance of finance

¹Finance is regarded as the life blood of a business enterprise. This is because in the modern money - oriented economy, finance is one of the basic foundations of all kinds of economic activities. It is the master key which provides

¹ Mahewari S.N., Financial Management, 9th Edition, 2004, p.1

access to all the sources for being employed in manufacturing and merchandising activities. It is highly been said that business needs money to make more money. However it is also true that money begets more money, only when it is properly managed. Hence, efficient management of every business enterprise is closely linked with efficient management of its finances.

1.2.4 Importance of Small Savings in Rural Areas

In a country like India, where small savers predominate and where savers are dispersed over a vast area in innumerable villages, the work of small savings organization assumes great significance not only in quantitative, but also in qualitative terms. Although post offices have great potential for channelising resources into rural areas, they appear to be draining resources from the rural to the urban areas.

Small savings are directly available to the central government as a part of its budgetary resources and they constitute the non - marketable debt of the government. Although the entire volume of small savings is technically available to the central government, in practice, it has been shared with the state government in a specified manner.

This sharing of proceeds with the states, and the increase in it, have been undertaken to induce state to mobilize greater resources and meet their growing financial requirements. Whether used by the central or state governments, there is at present no direct mechanism to ensure that the funds raised in a particular area would be spent only there. The resources are drained away from rural areas. It is surprising now that when the government has set a target by which at least 60 percent of deposits mobilised by banks in rural areas should be loaned there, no similar steps have been

taken with regard to collections of small savings. They also could be loaned in rural areas through primary agricultural credit societies, commercial banks and unit banks which ought to be set up in such areas.

The savings of rural people must be given as loan to those people and this could be done by the small savings mobilised by SHGs. They save little and they get loan both from their savings and also from the bank which are utilised for their economic upliftment. The savings of rural areas are not channelised to the urban areas which are already developed when compared with the rural areas. They save and it is utilized for their own economic development and thus it leads to the development of rural areas.

1.3 Micro Finance -A Route to Reach Rural Poor

The increased concern for reaching the bypassed sections of the rural population by the formal banking system during the last about two decades or so resulted in considerable expansion of the micro finance programmes and activities in India. NABARD has played a crucial role in these developments.

1.3.1 Micro finance - An Overview

Micro Finance could be defined as the provision of a broad range of financial services such as deposits, loans, money transfers and insurance to the poor, low income households and micro enterprises. Another definition of micro finance is the small scale financial services provided to the people who work in agriculture, fishing, herding; who operate small or micro enterprises; who provide services; who work for wages or commission; and other individuals or groups at the local level of developing countries, both rural and urban. Financial services usually include credit

and savings, but there are micro-finance institutions that provide additional services also, such as issue of cheques, drafts, guarantees etc. The task force constituted by NABARD defined micro-finance as 'provision of thrift, credit and other financial services and products of very small amounts to the poor in rural and semi-urban or urban areas for enabling them to raise their income levels and in improving living standards'.

Improving the access of these bypassed people to financial services is one of the tools to improve their financial condition and also to enable them to contribute optionally to the overall economic development of the community.

1.3.2 Origin and Growth of Micro Finance in Rural Areas

The origin of institutionalizing micro-finance could be traced to the beginning of the co-operative movement in Germany. The famed Raiffeisen societies were perhaps the first institutional structures which attempted to provide loans to the peasants for developing their businesses and freeing them from the money lenders who charged very high rates of interest. In India, the enactment of the Co-operative Societies Act in 1904 was the beginning of micro-finance.

The objectives of the enactment were the same which had led to the establishment of Raiffeisen societies i.e. to provide credit to the farmers and combating the problems of usury and indebtedness to the village money lenders. The urgency to improve agriculture and keeping in view the widespread poverty, oppression and ignorance, the state became increasingly involved in the financial markets. On the recommendation of the All India Rural Credit Survey Report, the state partnership in credit cooperatives started.

Over time, the Government's involvements in the credit cooperatives increased and the credit cooperatives (by and large) ceased to be autonomous people's institutions and are now seen more as a state instrument. The Government of India has also taken a number of steps to improve the flow of institutional credit to the Small and Marginal Farmers (SMF) in particular and other rural population in general. The expansion of the branch network of the Nationalized Bank establishment of the RRB's, the priority sector and other targets (agricultural loans, loans to weaker section etc) for commercial banks, the differential rate of interest scheme, the programmes like IRDP, SGSY etc were intended to improve the access of the rural people to credit and improve their incomes. However, some of these, particularly the differential interest rate lending, the IRDP, SGSY etc were more in the nature of poverty alleviation schemes and not so much for improving the access of the by passed rural population to the financial services.

1.3.3 Growth of Banking in Rural Area

The expansion of the network of the banking system in the rural areas helped in bringing banking to the masses. The institutional credit which accounted for only seven percent of borrowings of the rural households in 1951-1952 increased to 61.2 percent in 1981, but came down to 56.6 percent in 1991. Thanks to the efforts of the banking system, the agriculture credit flow during 2003-04 has reached a massive Rs. 80,000 crores. The credit flow to the agriculture sector has been registering a decadal annual growth rate of around 14 to 15 percent which means the doubling of credit flow in about every five years or so . In spite of these massive gains, it is believed that the formal sector only accounts for the tip of the iceberg of rural finance.

A large part of the rural financial flows is transacted in the informational sector and remains unreported.

1.3.4 Problems of Customers in availing bank credit

Not only do the banks find difficult to reach the poor in rural areas, the poor also do not find it easy to relate to or approach the urban oriented staff at the rural branches. The documentation and other formalities and procedures appear endless, leading to a general impression that the sanction / disbursement of bank loans takes a long time. The largest coverage of the rural families has been under the Integrated Rural Development Programme which rarely led the development of "relationship banking " as most of these loans were under special programme, with the involvement of the government machinery and mostly, only once and occasionally twice .

Though the interest rates on the bank loans are low, the real transaction cost of the borrower is quite high if his out - of - pocket expenses for visits to the branches/government functionaries for documentation, loss of wages, sometimes payment to the person whose help may be sought in filing up the loan application and other documentation and sometimes the payment to self appointed 'middlemen' and the price difference of assets received as loan in kind versus their cash price in the market were taken into account . These practices and procedures often raise transactions cost in the formal sector to levels which could be even higher than that in the informal sector.

There is also rigidity in the terms and conditions of sanction and often complaints of lack of timeliness and adequacy of loans. The rural credit tendency to become routinised and lack of flexibility and user's friendliness. On the other hand,

the informal sector means personalized loan transaction with flexibility in the quantum of loan, collateral requirements, period of loan and the purpose of loan. The rural holders sometimes do require money for meeting consumption expenses. However the banks which are extremely proactive in financing purchase of 'white goods' and funding other consumption expenses in urban areas are most reluctant to finance consumption expenses in the rural areas.

Further, there have also not been much innovations or attempts to develop appropriate products or efforts to adapt the delivery system to meet the requirements of the rural poor as a client group. The bypassed rural poor wanted a product which could offer broadly of the following facilities:-

- ❖ Opportunities to keep safe their occasional surpluses in the form of thrift.
- ❖ Access to consumption loans to meet emergent requirements.
- ❖ Hassle - free access to financial services.

1.3.5 Development of a Micro - Finance Scheme

In spite of the tremendous expansion of the banking network in India, particularly after the nationalization of the banks, a large rural population continued to be bypassed. While the network of rural branches increased from 1505 in 1969 to 35,396 in 1994-95 and the agricultural loans from 0.02 percent of the loans outstanding in 1965 to nearly 16 percent as at the end of March 2003, the share of the non-institutional agencies in the total rural indebtedness continued to be high. In 1971, the institution agencies provided only 29.2 percent of the rural debts while it increased to 61.2 percent by 1981, the fact remained that even in 1991, nearly 40 percent of the rural debts continued to be provided by the informal system. Further, the rural groups with lower assets were more frequently bypassed.

In 1991, only 48 percent of the rural households with assets base upto Rs.20, 000 were reached by the formal banking system. As stated earlier it was not that the banks did not want to reach the poorer sections, but there were obvious difficulties both in demand and supply side in expanding the outreach. The rural poor could not be sure whether they would get services if they approached the bank in spite of the costs involved, including a loss of earnings on being away from work while visiting bank branch, and the branch manager also being rather unsure as to whether the very poor were really "bankable".

There was another issue; like the other developing countries in India too, for long the general belief was that the poor required cheap and may be subsidizing credit and they did not save and would be unable to provide any margin money for loans. The schemes referred to earlier, which generally took care of the above features, were introduced and certain specialized credit oriented institutions were also established. These institutions ignored savings and some of these were not even fund based. These institutions received 'state support' and sometimes even refinance at liberal terms. A Credit Guarantee Scheme was also introduced to cover the anticipated losses from financing the micro / small enterprises. During the eighties and the early nineties, concepts like 'self help and institutional viability' came into force and the success of the 'Grameen Bank of Bangladesh' made big news. Some of the NGOs, taking a clue from the success of micro - finance experiments abroad, made initial attempts to replicate the same in India.

During the early 1992, NABARD took initiative and issued operational guidelines to the commercial banks for a pilot project for linking 500 self help groups to the banks. NABARD's initiative was based on the understanding that the branch network of the banks in India was unique and had the capability of considerably enhancing the outreach of the banking system provided suitable products and delivery mechanism, which could take care of the transaction cost of the formal banking system and could provide

flexibility of the informal system. The SHG - Bank linkage model introduced by NABARD was innovative and attempted to link the formal banking system to the informal groups in a cost effective manner. It was an attempt to develop a transparent supplementary credit system for reaching the unreached rural poor with advantages to both the banks and the rural poor. The system also promoted thrift, self help and inculcated credit discipline among the members of the self help group.

It was a very bold initiative asking the banks to finance informal structures of the rural people without insisting on the usual collaterals, and without bothering too much about the manner and terms on which the informal group would lend the borrowed money to the members. Naturally, the banks took their own time in internalizing the new approach. It was not unusual to come across branch managers even in late nineties, who were reluctant even to open a saving account for the SHG, leave alone making a loan to them.

1.4 Banking in Rural Lending

More than 1.3 billion people around the world live in poverty and the vast majority is in rural areas. Economic growth is generally insufficient to eradicate poverty and under nourishment for poverty reduction, efficient rural financial services are necessary and they have to be supported by equally efficient rural development policies. However, the fact remains that the rural population have generally been less favoured by formal financial intermediaries. This has been due to distorted macro economic and sectoral policies, lack of economic power of rural people and largely due to the perception among financial intermediaries that rural market are not potentially profitable. This perception arises due to difference of rural markets from their urban counterparts because of poverty, isolated markets, highly covariant risks, lack of traditional collaterals

and seasonality of agricultural business cycle resultantly, financial intermediation in rural markets suffer from high transaction costs and limited opportunities for risk diversification. Successful rural financial intermediation requires favourable policy environment, a supportive legal and regulatory environment and strong, autonomous rural financial institutions.

In India, the sole aim of the five year plans has been an efficient allocation of resources and simultaneous achievement of equitable distribution of income. Successive five year plans made efforts at improving the rural economy. A large number of programmes of rural development contributed effectively to eliminate rural poverty and unemployment. However the year 1954 was a landmark in the history of rural credit when the report of the All India Rural Credit Survey Committee (AIRCSC) was made public. The publication of this report marked the beginning of a real, scientific and comprehensive rural credit policy in the country.

In order to concentrate on focused lending and contribute to the development of the area, RBI introduced a scheme of 'Service Area Approach' for commercial banks. Further, the concept of local area banks was taken up in 1996-97.

Over a period of time, rural economy has changed. These changes are in the form of greater integration between rural and urban areas increasing mobility in factor markets and commercialisation / diversification of agriculture leading to increased need for consumption loans. Even the requirements of rural clientele have also undergone a change.

Recently, the RBI has widened the scope of priority sector lending to include Agri-clinics and Agri business centers and financing purchase of land by small and marginal farmers.

An important avenue of fulfilling the direct agricultural lending targets is lending to contract farming. Contract farming is an organizational arrangement that allows manufacturing firms to exert control and participate in the production process without owning or operating the farms. The cultivation is performed by independent growers. Commercial banks can go for tie-ups with companies manufacturing farm inputs like seeds, agricultural implementations, farm equipment etc., in order to offer crop finance schemes to farmers who undertake contract farming for them.

Provision of financial services to rural communities especially the poor communities has traditionally focused exclusively on extending credit. Need for other products and services like insurance, saving products, payment facilities were largely ignored. This was due to the perception that rural poor can not save. However, this perception has been proved wrong by various institutions like Grameen Bank, Bangladesh, the village Bank of Rakyat, Indonesia, Bank for Agriculture and Agricultural Co-operatives (BAAC), Thailand and MYRADA Project (Mysore Resettlement and Development Agency) India.

Contrary to perception that rural lending is a loss making proposition, it may become a profitable venture in case of commercial banks because of their wide network of branches in rural areas. Since recovery of rural credit is better, incidence of NPA is relatively low. However, enhancement of supply of credit and reduction in cost of transaction in rural markets depend on generation of growth impulses. Percolation of technological benefits and bringing rural beneficiaries at par with their urban counterparts would require concentrated action on the part of government and rural financial institutions as well.

1.4.1 Grameen Bank

It was the outcome of an experimental project undertaken by Prof. Muhammad Yunus in Jobra village in 1976 in Bangladesh. They decided to extend banking facilities to the poor to eliminate exploitation by money lenders. It was meant to reverse the age old cycle of low income, low saving and low investment with injection of credit, investment, more savings and more income.

Grameen Bank was established in Bangladesh to assist the poor below poverty line.

Bangladesh has a population of 140 million, of whom 70 million live below poverty line. The beggars too are beneficiaries.

Grameen Bank is owned by borrowers. It runs with its own deposits and lends out half billion dollar annually and average loan to an individual is \$120. Roughly 60 million poor have been impacted by micro - credit in Bangladesh.

Some beggars, who availed micro credit from Grameen Bank, have stopped begging. Many of the beggars who have begging for generation have started sending their children to school.

Distinction between Grameen Bank and Commercial Bank:

Commercial banks reject two- thirds of the world population. But Grameen bank decided to move away from collaterals. Conventional Banking is based on collaterals, while Grameen bank is collateral free.

Commercial Bank can enter this new market segment for two reasons- either to make more money or to help the poor get out of their poverty with marginal profits. If they enter the market simply to make more money, they may end up being only an institutionalised version of money lending.

But if they enter with a social mandate to help the poor get out of poverty, they can certainly make more money, once people get out of poverty.

1.4.2 World Scenario

In this rapidly shirking world, developments in the micro credit stage are worth taking note of. Micro credit and Microfinance are buzz words which have taken the developing countries and developed world by storm. It has been documented that nearly 53 developing countries have taken to micro credit on a large scale. Specialised Banks like BRI, BDD of Indonesia, Grameen Bank of Bangladesh etc., have taken up the task of reaching out to the poor in a profitable manner, showing that banking with the poor is sustainable. It is therefore relevant to take note of the most important events.

In 1997, a large assembly of Development Financial Institutions, NGOs, micro credit practitioners, social activists and representatives of governments, from the developed and developing world, converged at Washington, to debate and decide on the future course of action to tackle the serious poverty problem afflicting a vast majority of the world's population and discuss ways and means of using micro credit as a tool to empower the poorest sections.

The summit declaration expands on micro credit as:

“Micro credit programs extend small loans to poor people for self - employment projects that generate income, allowing them to care for themselves and their families. In most cases, micro credit programs offer a combination of services and resources to their clients in addition to credit for self - employment. These often include savings facilities, training, networking and peer support. Micro credit is a powerful anti - poverty tool that has demonstrated relevance to people on six continents and in nearly every country. It is

estimated that micro credit programs now reach something on the order of eight million very poor people in developing countries".

It has been estimated by the summit that US \$ 22 billion is needed make the declaration a reality, making it clear that all public institutions have to join the effort. It is also very relevant and interesting to note what the summit has noted as the role commercial banks need to play in developing countries.

1.4.3 Beginning of Micro Finance in India

First official interest in informal group lending in India took shape during 1986-87 on the initiative of the National Bank for Agriculture and Rural Development. As a part of this broad mandate, NABARD initiated certain research projects on Self - Help Groups (SHGs) as a channel for delivery of micro finance in the late 1980s. Amongst these the Mysore Resettlement and Development Agency (MYRADA) sponsored action research project on 'Savings and credit management of SHGs' was partially funded by NABARD in 1986-1987. In 1988-1989, in collaboration with some of the member institutions of the Asia - Pacific Rural and Agricultural Credit Association (APRACA), NABARD undertook a survey of 43 NGOs in 11 states in India, to study the functioning of micro finance SHGs and their collaboration possibilities with the formal banking system. Both these research projects threw up encouraging possibilities and NABARD initiated a pilot project called the SHG linkage project.

But by then micro financing by 'non - formal' financial organisation had already started. Self Employed Women's Association (SEWA) owned by women of petty trade groups was established on co operative principle in 1974 in Gujarat. The earliest steps in micro finance in India can be traced to this initiative undertaken for providing banking services to the poor women employed in the unorganized sector of Ahmedabad. Shri

Mahila SEWA Sahkari Bank was set up by registering it as an Urban Co-operative Bank. Since then the bank has been providing banking services to the poor and self-employed, working as hawkers, vendors, domestic servants etc. This MFI model has not been replicated elsewhere in the country, though the Working women's forum started promoting working Women's Co-operative Societies in Tamil Nadu since 1980. Shreyas in Kerala actively got involved in micro finance operations since 1988 with the objective of promoting people's co-operatives, habit of thrifts and multi-purpose SHGs mobilized by them. MYRADA mobilized multi - purpose SHGs around group savings and introduced credit Professional Assistance for Development Action (PRADAN) in its Madurai project formed women's SHGs with the explicit objective of mobilising savings and rotating this as credit to group members, eventually towards the goal of forming a community banking system.

The Micro finance methodologies could be classified into five groups:

(i) Grameen and Solidarity Model:

People form groups of three to eight persons on the condition that each of them would be assuming responsibility for the lending and other financial operations for the other members of the group lending as well as repayment is directly to and from the individuals but with the guarantee of the other group members. Grameen Bank in Bangladesh had perfected this technology and it has been adopted in many countries with modification to suit local conditions and cultures. The programmer of Banco Sol in Bolivia and most of the solidarity group models in Latin America follow this methodology.

(ii) The Group approach:

The group approach delegates the entire financial process to the group rather than the financial institutions, savings, loans, loan repayments are taken care of at the group

level. These groups are in turn linked to a financial or a micro finance institution for sourcing of additional funds. Best examples of this type of technology are Self - Help Groups - bank linkage programme in India, the PHBK project in Indonesia and Chikola groups of K-Rep in Kenya

(iii) Individual credit:

Credit given directly to the individuals also form a part of the microfinance technology. Many institutions have adopted the individual credit route for micro finance where loan appraisal, loan disbursements and loan repayments as well as saving collections are all done in an individual basis. These technologies are predominant in BRI - Unit Desa in Indonesia as well as priority, sector lending by banks in India especially the regional rural banks and co-operative banks.

(iv) Community Banking:

This model is to an extent an expansion of the group approach where the basic financial necessities of the poor especially the women are met through the community banking system. The community or village banks are organized with 30 - 50 members. These banks in turn borrow from the programme implementing institution and on - lend to the members. Prominent example of this type of micro finance institution is the Village Bank of FINCA in Latin America.

(v) Credit unions and Co - operatives:

Credit unions and co-operatives are member - owned organization providing credit and other financial services to their members. The apex bodies provide technical and financial support to the federating units. SANASA of Sri Lanka is a successful example of rural credit, co-operative as micro finance service provider.

The Indian Scenario:

Starting in the 1980's, as already mentioned, thanks to the path - breaking efforts of a few NGOs, State Governments like Tamil Nadu, banks like Indian Bank and NABARD, the SHG movement has taken firm roots in many parts of the country. Many other varied models of micro lending to the poor have of course been in vogue in many parts of the country even earlier. All these experiments, including the Tamil Nadu Government's TNWDP experiment (Tamil Nadu Women Development Project), have resulted in the Government of India placing great importance and faith in the SHG model time and again through its budget and policy measures.

It is heartening to note that, even in the latest Union Budget, the Government of India has directed that a target 50,000 SHGs are being reached out through credit with NABARD refinance. It is also interesting to note that the SHG is now being recognized as socially viable unit for implementation of various other programmes.

A number of public sector and private sector banks have already realised the potential of micro finance as a viable business option and have commenced operations already. The only hope that it is just a matter of time before every bank jumps on to the micro finance band wagon in the service of the needy.

To summaries, it is felt that commercial banks should explore all profitable models of reaching out to the poor, which include direct SHG financing with or with out NGOs as non financial intermediaries and using NGOs and other Micro Finance Institutions (MFIs) as financial intermediaries by block-lending to such institutions for on-lending to the poor. Commercial Banks, being new actors on the MF stage, should experiment with all options that suit the local ethos, especially since it has been proven that banking with the poor makes sound business sense.

At this juncture, it is very relevant to point out that Government programmes like IRDP / DWCRA being recast on SGSY, with SHGs as a vehicle for lending, lends credence to the fact that this model of lending to the poor is indeed a sustainable banking process. It is also heartening to note that as these guidelines go to the press, a total of 1342 SHGs have been financed in the last several months of 1999-2000 alone by SHG loans through NABARD refinance by various banks, with credit totaling Rs.321 lakhs, pointing the fact that the banking sector has already picked up the challenge in creating a sustainable banking system for the poor

The SHG programme, since its inception was gaining momentum in India and the following six tables shows the number of groups. Who have availed loan and the quantum of loan disbursed up to March 2007 are shown according to region wise.

Table No: 1.1

**Regional spread of physical progress of northern region as on
31-3- 2007**

S.No.	State	Cumulative No. of SHG provided with loan upto 31.03.2006 (1)	No. of new SHGs provided with loan during 2006-2007 (2)	Cumulative No. of SHGs provided with loan upto 31.03.2007 (1+2) =(3)	Percentage to Total (3)
1	Himachal Pradesh	22,920	4879	27,799	15.27
2	Rajasthan	98,171	39,666	1,37,837	75.72
3	Haryana	4,867	1,966	6,833	3.75
4	Punjab	4,561	1,893	6,454	3.55
5	Jammu& Kashmir	2,354	405	2,759	1.51
6	New Delhi	224	112	336	0.20
Total		1,33,097	48,921	1,82,018	100

Source: www.nabard.org.

From the above table we come to know that the number of SHGs formed and linked to bank is highest in Rajasthan and least in Delhi. Nearly 76 percent of groups linked to bank in the northern region are in the state of Rajasthan and New Delhi has only point two percent of groups linked to bank.

Table No: 1.2

Regional spread of financial progress of northern region as on

31-3-2007

(Rupees in million)

S.No	State	Cumulative bank Loan upto 31.03.2006 (1)	Bank loan during 2006-2007 (2)	Cumulative bank loan upto 31.3.2007 (1+2) = (3)	Percentage to Total (3)
1	Himachal Pradesh	863.98	388.27	1,252.25	20.28
2	Rajasthan	2,447.94	1,447.40	3,895.34	63.08
3	Haryana	316	183.31	499.32	8.09
4	Punjab	239	177.74	356.60	5.77
5	Jammu & Kashmir	100	44.25	144.73	2.34
6	New Delhi	19	8.65	27.23	0.44
Total		3,985.85	2,189.62	6,175.47	100

Source: www.nabard.org.

The above table shows the quantum of loan disbursed in the northern region upto March 2007. Rajasthan leads among the states in northern region. Sixty three percent of cumulative loan disbursed has been distributed in the state of Rajasthan and Himachal Pradesh stands second in this region with 20 percent of loan disbursed. In New Delhi, the quantum of loan disbursed is less than one percent.

Table No: 1.3

**Regional spread of physical progress of north eastern region as on
31-3-2007**

S.No	State	Cumulative No. of SHG provided with bank loan upto 31.03.2006 (1)	No. of new SHGs provided with bank loan during 2006-2007 (2)	Cumulative No. of SHGs provided with bank loan upto 31.03.2007 (1+2) = (3)	Percentage to Total (3)
1	Assam	56,449	25,005	81,454	88.77
2	Meghalaya	735	476	1211	1.32
3	Tripura	1,996	910	2,906	3.17
4	Sikkim	127	33	160	0.17
5	Manipur	1,468	1,215	2,683	2.92
6	Arunachal Pradesh	346	101	447	0.49
7	Nagaland	422	576	998	1.09
8	Mizoram	974	921	1,895	2.07
Total		62,517	29,237	91,754	100

Source: www.nabard.org.

In the north eastern region, Assam is in the first place in cumulative number of groups linked to bank. Nearly 89 percent of the linked groups are in Assam and Sikkim has the lowest percent of groups linked (Table 1.3).

Table No: 1.4

**Regional spread of financial progress of north eastern region as on
31-3-2007**

(Rupees in Million)

S.No	State	Cumulative bank Loan upto 31.03.2006 (1)	Bank loan during 2006-2007 (2)	Cumulative bank loan upto 31.3.2007 (1+2) = (3)	Percentage to Total (3)
1	Assam	1,423.98	794.40	2,218.38	84.02
2	Meghalaya	16.19	17.40	33.59	1.28
3	Tripura	31.12	18.40	49.52	1.88
4	Sikkim	1.86	1.12	2.98	0.11
5	Manipur	71.85	40.80	112.65	4.28
6	Arunachal Pradesh	13.49	5.72	19.21	0.74
7	Nagaland	34.38	33.50	67.88	2.58
8	Mizoram	64.14	70.56	134.70	5.11
Total		1,657.01	981.89	2,638.90	100

Source: www.nabard.org.

Eighty four percent of the total quantum of loan disbursed in north eastern region goes to Assam. Sikkim is in the last place having 0.11 percent of loan disbursed and Arunachal Pradesh also has less than one percent of loan disbursed (Table 1.4).

Table No: 1.5

Regional spread of physical progress of eastern region as on

31-3-2007

S.No	State	Cumulative No. of SHG provided with bank loan upto 31.03.2006 (1)	No. of new SHGs provided with bank loan during 2006-2007 (2)	Cumulative No. of SHGs provided with bank loan upto 31.03.2007 (1+2) = (3)	Percentage to Total (3)
1	Orissa	1,80,896	53,555	2,34,451	44.58
2	Bihar	46,221	26,118	72,339	13.76
3	Jharkhand	30,819	6,498	37,317	7.10
4	West Bengal	1,36,251	45,312	1,81,563	34.52
5	Union Territory of A.N. Island	164	47	211	0.04
Total		3,94,351	1,31,530	5,25,881	100

Source: www.nabard.org.

Orissa stands in the first place among eastern states. Nearly 45 percent of cumulative groups linked are in the state of Orissa. Next stands West Bengal with 34.52 percent. The union territory of Andaman and Nicobar Islands has just 0.04 percent (Table1.5).

Table No: 1.6

Regional spread of financial progress of eastern region as on

31-3-2007

(Rupees in Million)

S.No	State	Cumulative bank Loan upto 31.03.2006 (1)	Bank loan during 2006-2007 (2)	Cumulative bank loan upto 31.3.2007 (1+2) = (3)	Percentage to Total (3)
1	Orissa	4,754.65	3,274.27	8,028.92	50.04
2	Bihar	1,052.19	960.28	2,012.47	12.54
3	Jharkhand	1,114.60	391.96	1,506.56	9.39
4	West Bengal	2,424.52	2,060.64	4,485.16	27.95
5	Union Territory of A.N. Island	8.23	4.58	12.81	0.08
Total		9,354.19	6,691.72	16,045.91	100

Source: www.nabard.org.

Half of the total loan disbursed in eastern region has been distributed to the state of Orissa. Union territory of Andaman and Nicobar Islands has less than point one percent of loan disbursed (Table 1.6).

Table No: 1.7

**Regional spread of physical progress of central region as on
31-3-2007**

S.No	State	Cumulative No. of SHG provided with bank loan upto 31.03.2006 (1)	No. of new SHGs provided with bank loan during 2006-2007 (2)	Cumulative No. of SHGs provided with bank loan upto 31.03.2007 (1+2) = (3)	Percentage to Total (3)
1	Madhya Pradesh	51,125	13,787	70,912	21.31
2	Chhatisgarh	31,291	10,412	41,703	12.54
3	Uttar Pradesh	1,61,911	36,676	1,98,587	59.68
4	Uttarakhand	17,588	3,939	21,527	6.47
Total		2,67,915	64,814	3,32,729	100

Source: www.nabard.org.

Uttar Pradesh tops the list among the states in central region. Nearly 60 percent of the groups linked are in Uttar Pradesh. Uttarakhand has 6.47 percent of groups linked which is the least percent in central region (Table 1.7).

Table No: 1.8

Regional spread of financial progress of central region as on

31-3-2007

(Rupees in Million)

S.No	State	Cumulative bank Loan upto 31.03.2006 (1)	Bank loan During 2006-2007 (2)	Cumulative bank loan upto 31.3.2007 (1+2) = (3)	Percentage to Total (3)
1	Madhya Pradesh	1,666.86	499.23	2,166.09	19.82
2	Chhatisgarh	337.81	218.44	556.25	5.09
3	Uttar Pradesh	5,153.54	1,778.48	6,932.02	63.43
4	Uttarakhand	891.86	382.69	1,274.55	11.66
Total		8,050.07	2,878.84	10,928.91	100

Source: www.nabard.org.

Uttar Pradesh leads in quantum of loan disbursed. While Uttarakhand is in the last place in number of groups linked to bank in central region, Chhatisgarh is in the last place in quantum of loan disbursed (Table 1.8).

Table No: 1.9

**Regional spread of physical progress of western region as on
31-3-2007.**

S.No	State	Cumulative No. of SHG provided with bank loan upto 31.03.2006 (1)	No. of new SHGs provided with bank loan during 2006-2007 (2)	Cumulative No. of SHGs provided with bank loan upto 31.03.2007 (1+2)=(3)	Percentage to Total (3)
1	Gujarat	34,160	9,412	43,572	16.11
2	Maharashtra	1,31,470	94,386	2,25,856	83.51
3	Goa	624	395	1,019	0.38
Total		1,66,254	1,04,193	2,70,447	100

Source: www.nabard.org.

In western region, Goa is the state in which the groups linked to bank in very low. Maharashtra leads with 83.51 percent of groups linked to bank (Table 1.9).

Table No: 1.10

**Regional spread of financial progress of western region as on
31-3-2007.**

(Rupees in Million)

S.No	State	Cumulative bank Loan upto 31.03.2006 (1)	Bank loan during 2006-2007 (2)	Cumulative bank loan upto 31.3.2007 (1+2) = (3)	Percentage to Total (3)
1	Gujarat	1,244.51	885.46	2,129.97	23.28
2	Maharashtra	3,951.67	2,983.86	6,935.53	75.81
3	Goa	55.21	28.28	83.43	0.91
Total		5,251.39	3,897.60	9,148.99	100

Source: www.nabard.org.

Seventy five percent of the total loan disbursed goes to the state of Maharashtra and Goa has less than one percent of total loan disbursed (Table 1.10).

Table No: 1.11**Regional spread of physical progress of southern region as on****31-3-2007**

S.No	State	Cumulative No. of SHG provided with bank loan upto 31.03.2006 (1)	No. of new SHGs provided with bank loan during 2006-2007 (2)	Cumulative No. of SHGs provided with bank loan upto 31.03.2007 (1+2) = (3)	Percentage to Total (3)
1	Andhra Pradesh	5,87,238	96,381	6,83,619	44.90
2	Karnataka	2,24,928	92,708	3,17,636	20.87
3	Kerala	86,988	30,925	1,17,913	7.75
4	Tamil Nadu	3,12,778	87,699	4,00,477	26.32
5	U.T. of Pondichery	2,499	-	2,499	0.16
Total		1,214,431	3,07,713	1,522,144	100

Source: www.nabard.org.

Andhra Pradesh tops the list among all states in southern region. Forty five percent of groups linked are in this state. Tamil Nadu stands second with 26.32 percent and Karnataka has 20.87 percent of groups linked. Union Territory of Pondichery has only 0.16 percent of groups linked (Table 1.11).

Table No: 1.12

**Regional spread of financial progress of southern region as on
31-3-2007**

(Rs in Million)

S.No	State	Cumulative bank Loan upto 31.03.2006 (1)	Bank loan during 2006-2007 (2)	Cumulative bank loan upto 31.3.2007 (1+2) = (3)	Percentage to Total (3)
1	Andhra Pradesh	43,455.18	27,754.55	71,209.73	52.57
2	Karnataka	9,927.53	8,163.89	18,091.42	13.35
3	Kerala	4,821.48	2,889.40	7,710.88	5.70
4	Tamil Nadu	27,127.87	10,984.48	38,106.35	28.13
5	U.T. of Pondichery	350.86	-	350.86	0.25
Total		85,676.92	49,792.32	1,35,469.24	100

Source: www.nabard.org.

Andhra Pradesh tops in southern region in the quantum of loan disbursed also.

Union territory of Pondichery has less than half a percent of loan disbursed (Table 1.12).

SHG in Tamil Nadu State:

The Tamil Nadu's experiment on SHGs was pioneered by a few Non - Governmental Organisations (NGOs) as well as by the Government of Tamil Nadu in the 80s. This experiment proved to be a laboratory model worthy of up scaling and replication in other parts of the state and country.

This early pioneering effort was aided and enhanced by assistance of the International fund for Agricultural Development, through the Tamil Nadu Women Development Project (TNWDP) taken up for implementation by the Government of Tamil Nadu through the Tamil Nadu Corporation for Development of Women Ltd., (TNCDW) in eight districts of Tamil Nadu in 1989 -1990. The prime objectives of the project were to improve the social and economic position of women below poverty line through the formation of self help groups of poor women in these districts with active assistance and supervision of NGOs. TNWDP has affected a sea change in the living condition of poor rural women. NGOs have played a key role right from formation of women self - help groups to attainment of women empowerment by providing necessary training and other inputs.

The Tamil Nadu Corporation for Development of Women:

The TNCDW Ltd was incorporated on December 9th, 1983 under companies Act 1956. Its registered office is located in Chennai, while its area of operation extends to the entire state of Tamil Nadu.

The objectives of TNCDW are promoting Socio - economic development and empowerment of women. The corporation was under the administrative control of social welfare department from inception till July 2006. The corporation has been brought under the administrative control of Rural Development of Panchayat Raj Department. Vide G.O

M.S. No 81 dated 20.07.2006 in order to bring about synergy and better co-ordination in implementing schemes meant for SHGs. The authorized share capital of the company is rupees one crore with a subscribed and paid up share capital of Rs. 78.42 Lakhs. Of this, 40 Lakhs is held by Government of Tamil Nadu and Rs. 38.42 Lakhs by the Government of India.

Progress of SHG in Tamil Nadu:

The result of the project 'Mahalir Thittam' (SHG) introduced by TNCDW has grown tremendously. The financial discipline inculcated through internal rotation of savings and introduction of best practices like book keeping helped in building capacity of the SHG members. Training in SHG management, skill development, etc also played a very important role in empowering poor women. An interim evaluation report clearly points out how the standing of SHG members in their families and neighbourhood and participation of women members in decision making in their families and community have improved significantly pointing to successful achievement of social empowerment of women.

The following table shows the progress of SHG and the amount of loan disturbed by bank up to 30.09.2007 in the state (district wise).

Table No: 1.13

**Number of SHGs formed and linked by Tamil Nadu Corporation for
Development of Women in the state of Tamil Nadu upto 30.09.2007.**

S.No	District	No. of SHGs Formed (1)	No. of SHGs Rated (2)	No. of SHGs Credit Linked (3)	Amount of loan distributed (lakhs) (4)	Percentage to Total (3)	Percentage to total (4)
1	Chennai	16,327	13,743	12,068	4,534.44	4.0	1.8
2	Coimbatore	19,306	16,610	16,546	6,577.84	5.5	2.6
3	Cuddalore	14,337	12,897	12,189	7,645.07	4.0	3.0
4	Dharmapuri	5,732	5,190	5,108	15,533.48	1.7	6.1
5	Dindugal	10,882	9,191	9,087	4,348.76	3.0	1.7
6	Erode	15,958	15,234	13,613	8,113.18	4.5	3.2
7	Kancheipuram	20,551	19,553	18,916	8,146.04	6.2	3.2
8	Kanyakumari	13,093	12,724	12,681	21,185.14	4.2	8.4
9	Karur	8,039	7,611	5,905	5,432.67	2.0	2.2
10	Krishnagiri	6,668	6,215	5,380	12,855.1	1.8	5.1
11	Madurai	10,481	9,677	8,121	5,492.54	2.7	2.2
12	Nagapattinam	11,390	10,962	10,567	6,482.26	3.5	2.6
13	Namakkal	9,258	8,760	8,746	9,606.77	3.0	3.8
14	Nilgiris	6,481	6,239	6,042	2,964.08	2.0	1.2
15	Perambalur	8,436	8,082	8,020	6,021.49	2.6	2.4
16	Pudukottai	9,199	8,743	8,419	7,082.87	2.8	2.8
17	Ramanathapuram	8,156	7,724	7,724	12,599.73	2.5	5.0
18	Salem	15,592	14,918	9,647	8711	3.2	3.5
19	Sivagangai	8,760	8,506	8,496	8,304.66	2.8	3.3
20	Thanjavur	14,866	14,069	13,834	9,666.85	4.6	3.9
21	Theni	9,163	8,079	8,001	4,218.31	2.6	1.7
22	Tirunelveli	15,678	14,258	14,206	13,042.84	4.7	5.2
23	Tiruvallur	13,209	11,595	8,698	4,174.64	2.9	1.7
24	Tiruvannamalai	13,434	12,235	11,128	9,018.54	3.7	3.6
25	Tiruvarur	8,817	8,236	7,792	5,993.29	2.6	2.3
26	Thoothukudi	11,677	9,636	9,601	12,347.14	3.2	4.9
27	Trichy	11,855	11,376	11,099	5,406.9	3.7	2.1
28	Vellore	12,503	10,271	10,058	5,037.82	3.4	2.0
29	Viluppuram	15,248	13,183	10,747	12,730.09	3.6	5.0
30	Virudhunagar	9,687	9,106	9,057	8,780.45	3.0	3.5
Total		3,54,783	3,24,623	3,01,496	2,52,054.9	100	100

Source: www.tamilnaduwomen.org

Tamil Nadu state comprises of 30 districts. The above table shows the district wise distribution of groups formed and loan disbursed. It shows that Kancheepuram

district leads in number of groups formed and Kanyakumari district leads in the quantum of loan disbursed (Table 1.13).

Chapter Scheme

The research report, **A study on women self help groups benefited by banks in Tirunelveli District** is presented in six chapters.

Chapter I - **Introduction** – presents the status of women in India. Social and economic empowerment of women is also presented in this chapter. The route of micro finance, Grameen Bank, beginning of micro finance in India and in Tamil Nadu State and its progress and chapter scheme are also provided.

Chapter II - **Review of literature and Research design**- Presents reviews of earlier studies in this area. Reviews are taken from magazines, books, journals, news papers, research work and web sites. Research design presents the statement of problem, objectives, hypotheses, scope of the study, study period, methodology, sampling technique, sample size and tools of analysis of the study.

Chapter III - **Profile of Self Help Groups and study area**- Gives the meaning of SHG, formation of group, rules regarding formation of group, meetings, books to be maintained, linking of a SHG to bank, assessment of SHGs. Getting loan from banks are explained in brief. Profile of study area carries necessary brief background like the natural and economic condition of Tirunelveli district.

Chapter IV - **Analysis of support rendered by banks to SHGs (Supply side)**. This Chapter provides details of commencement of SHG in Tirunelveli district. It also provides the objectives, strategy and details of 'Mahalir Thittam' project, number of groups formed, training aspects and quantum of loan disbursed by banks.

Chapter V - **Analysis of benefits received by SHG (demand side)** - This chapter includes the analysis of various activities of SHG, their economic improvement and behavioural changes.

Chapter VI - **Summary of findings, suggestions and conclusions**- Presents the leading findings and a few suggestions for the betterment of SHG and conclusion.