

## Chapter II

### Review of literature and Research design

#### 2.1 Review of literature

**Kartar Singh and Jain** (1995)<sup>2</sup> in their working papers explain that there are four stages of group formation - forming, storming, norming and performing. They identify the factors that have an impact on group formation as full participation of all members, quality in leadership, some sort of homogeneity among the members and transparency in operations and functioning of the groups.

**The South Malabar Grameen Bank** (1998)<sup>3</sup> conducted a research work to examine the progress of the scheme since its implementation in the year 1995 - 1996 in Melappuram and Kozhikode districts of Kerala. About 60 percent of the bank linked groups were stated as excellent. In a few groups, group dynamics decreased after the credit linking. The study suggests that in 20 percent of the groups, the organizational setup underwent change by replacing the existing members. It identified several weaknesses among the groups such as lack of monitoring, lack of interest, lack of coordination and static performance of the groups.

**Surekha Rao and Padmaja** (1998)<sup>4</sup> have examined that women were very active in participating in the group and saving money. Most of the women expressed that the programme staff are kind enough and they are co - operating very well to run their

---

<sup>2</sup> **Kartar Singh and Jain** , "Evolution and survival of SHGs. Some theoretical and empirical evidence" , 1995, cited in 'Self Help Groups – A strategic tool in empowering women' by Karuthiah Pandian , **Doctoral Research work** , Department of Management studies , Manonmaniam Sundaranar University

<sup>3</sup> **The South Malabar Grameen Bank** , 'Monitoring study on SHGs' , 1998

<sup>4</sup> **K. Surekha Rao and G. Padmaja** , "Self Help Groups in Tirupati, A.P" , **Social welfare**, Vol52, 1998, pp.25 -27

groups. Most of the women started self employment ventures like petty shops, canteens, tailoring units and milk business etc., from the loan taken from the groups.

**Meera Venugopal** (1999)<sup>5</sup> says that the concept of SHGs was born out of the desire of the Reserve Bank of India to make small loans available to women in rural areas in order to enable them to improve their income through viable projects and supplement the income of the family. The commercial banks could not give small loans and hence the concept of group lending was introduced. A total of 33,000 SHGs have been tied up to 196 banks and 456 NGOs. These SHGs have been given loans of Rs 57 crores by the commercial banks with the assurance of refinance by the NABARD.

According to **Murthy** (1999)<sup>6</sup> about eighty two thousand families in the Trichi district have been identified as those living below the poverty line and about thirty percent of them will be provide loans for self employment under the Swarna Jayanthi Grama Swarozgar Yojana (SGSY). The SGSY scheme was being implemented by clubbing some of the centrally sponsored schemes. About 50 percent of the loans will be provided for Adi Dravidar, 40 percent for women and ten percent for physically disabled under the scheme.

According to **Rajaram** (1999)<sup>7</sup> a silent revolution was taking place in the villages, leading to women's empowerment, economic development of the women and the ultimate welfare of rural families and villages themselves, thanks to the emergence of women self

---

<sup>5</sup> **Meera Venugopal** , "Women SHGs bring in silent revolution in villages" , **The Hindu**, 3rd August 1999 , p. 3

<sup>6</sup> **Murthy** , Staff Reporter, **The Hindu**, 27<sup>th</sup> September 1999, p .3

<sup>7</sup> **K. Rajaraman** , "Women SHGs bring in silent revolution in villages",**The Hindu**, 3rd August 1999 , p. 3

– help groups (SHGs)”. He also pointed out that nearly Rs.23 crores has been saved by the 18,000 SHGs which have a total membership of 3.5 lakh women in 21 districts.

“The concept of self help groups has helped the women of the small village in Kancheepuram to avail loans and became financially independent. For thousands of women in rural Tamil Nadu, there is a reason to smile and feel contented. Their independence is reiterated every day, in every act of their - be it milking the cow, selling the produce, maintaining their personal accounts, holding a kitty or repaying loans. They come together as self - help groups (SHGs) and avail loans as a single entity", said **Saraswathi (1999)**<sup>8</sup>

**Naggaya (2000)**<sup>9</sup> in his study observed that an informal arrangement for credit supply to the poor through SHGs is a fast emerging as a promising tool for promoting income generating enterprises. The initiative taken at the national level with a few institutional arrangements to support this programme for alleviation of poverty among the poor, with focus on women is reviewed here. A part from the NABARD and SIDBI playing, a prominent role at various stages of implementation of this programmes, there are other national level bodies supporting NGOs. SIDBI has established a foundation for micro credit and NABARD has set up a micro finance level fund.

**Choudhary (2001)**<sup>10</sup> in his paper stressed the need for sharpening women's empowering strategies to make them effective and result oriented. She points out that

---

<sup>8</sup> **V.Saraswathi** , Staff reporter, "Women Entrepreneurs" , **The New Indian Express** , 29th September 1999, p 3

<sup>9</sup> **D. Naggaya** , "Micro Finance for SHGs" , **Kurukshetra** , Vol 48, No 11 , Aug 2000 , pp 10 - 15.

<sup>10</sup> **R.C.Choudhary** , "Micro Credit for Micro Enterprise" , **NIRD**, Hyderabad , 2001

money earned by poor women is more likely to be spent on the basic needs of life than by men and that this realization would bring in women as the focus of development efforts. She also examines the advantages of organizing women groups there by creating a new sense of dignity and confidence to tackle their problems with a sense of solidarity and to work together for the cause of economic independence.

**Kannan** (2001)<sup>11</sup> in his doctoral research work has focused on the impact of participatory rural appraisal and participatory approaches of the rural women. While making a comparative analysis of the role played by the government and NGOs, he observed that group discussion emerge as a key technique of PRA to ensure participation of the rural women in developmental activities. By being a member of a group, women get the feel of empowerment and approach officials with confidence. There are gains through periodic meetings and group discussion in the form of cohesiveness and initiative in approaching officials. There is a sea change in the attitude of rural women. They have become confident and empowered to voice their demands. However there seems to be a dependency syndrome, as better co-ordination of group members is achieved only through supporting agencies hence it reflects only partial empowerment achieved through group activities.

**Mrutyunjay Sarangi** (2001)<sup>12</sup> has instructed that "the micro credit scheme has been extended to the rural areas by the Government and the Primary Agricultural Co-Operative Banks have to implement the scheme in right earnest without causing any

---

<sup>11</sup> **R.Kannan** , "Participatory Rural Appraisal in actions - The impact on Rural Women of Participatory rural approach and participatory appraisal in a Government run Rural Development programme", **CED**, Madurai 2001.

<sup>12</sup> **Mrutyunjay Sarangi** , **Compedium of circulars on SHG Bank Linkage Programme** , 2001, p.76

delay. I, therefore request you to advise the Primary Agricultural Co-Operative Banks in the area of operation of the bank to admit SHGs identified by the Tamil Nadu corporation for development of women and issue loans to them pending amendment of the bye laws for admitting SHGs and registration of the regulations for the issue of micro credit to the self help groups”.

**Verma** (2001)<sup>13</sup> Chief General Manager in-charge of NABARD has stated in a circular to all Commercial Banks and Regional Rural Banks that “micro credit should be included in branch credit plan, block credit plan, district credit plan and state credit plan of each bank. While no target is being prescribed for micro credit, almost priority should be accorded to the micro credit sector in preparation of these plans. As advised, micro credit should also form an integral part of the Bank's corporate credit plan and should be received at the highest level on a quarterly basis”.

In the Budget speech **Yashwanth Sinha** (2001)<sup>14</sup> made the following observations in regard to micro finance:

The problem of rural un-employment and underemployment is a massive one. This can only be solved through self-employment. There is no reason why every craftsman, artisan and weaver cannot become an entrepreneur and run his own little enterprise. A major bottleneck however has been lack of credit facilities. Earlier NABARD had launched a limited scheme for promotion of Self - Help Groups (SHGs) as a channel for the flow of funds to the micro enterprises. I am asking NABARD to greatly extend the scope and coverage of the scheme so that two lakhs self help groups covering

---

<sup>13</sup> **B.R. Verma** , *Compedium of Circulars on SHG Bank Lincage Programme, 2001*, p. 5

<sup>14</sup> **Yashwant Sinha** , *ibid*, p. 1

40 lakh families can be assisted over the next five years through this scheme of micro credit.

**Yaswant Sinha** (2001)<sup>15</sup> has stated that “Micro Finance has emerged as an effective tool for alleviating poverty in many countries. In my last budget speech I had asked NABARD and SIDBI to cover 50,000 self help groups to develop micro enterprises. NABARD by itself is likely to link 50,000 such groups to banks during the current year. NABARD and SIDBI will cover an additional one lakh group during 2000-2002. Special emphasis will be placed on promotion of micro enterprises in rural areas set up by the vulnerable section including women, scheduled castes, scheduled tribes and other backward classes”.

**DHAN Foundation** (2002)<sup>16</sup> has done a project that mainly concentrates on the impact of the linkage between SHGs and banks and how the banking industry help the poor and assuring the viability of business proposition. The study revealed that people develop with a habit of savings by taking up new initiatives. However people still continue using their earnings for consumption purposes and very little percentage is invested in generating income. The confidence level of women has increased significantly in rural areas.

---

<sup>15</sup> **Yashwant Sinha** , **Compedium of circulars on SHG Bank Linkage Programme** , 2001, p. 5

<sup>16</sup> **DHAN Foundation** (NGO), Trichy , "**A study on the working model of SHGs and its impact on village development**" , 2002.

**Dwarakanath** (2002)<sup>17</sup> in his article stated that the women led SHGs have successfully demonstrated how to mobilize and manage thrift appraise credit needs and enforce financial self discipline. The study of self help women groups in Andhra Pradesh reveals the effectiveness of these groups with linkage programme and awareness among rural folk about the significance of women's rural credit.

**Rao** (2002)<sup>18</sup> in his study stated that 'credit for consumption' is the major purpose in Andhra Pradesh while it is a social function and 'purchase of inputs for agriculture' in Karnataka. Petty trade is another reason for which loans are borrowed among the members. These groups are also linked with banks to undertake income generating activities through which women could achieve economic independence and self confidence to some extent.

**Rimjhim Moushmi Das** (2002)<sup>19</sup> in her article entitled 'Micro finance through self help group' has stated that "Micro finance through self help groups has now become a modern economical weapon for the poor to fight against poverty. Many big and small institutions are taking part in this revolution of micro finance vigorously. Still it has a long way to become successful".

"The experiments done by countries like Bangladesh, Srilanka, Pakistan, Kenya, Malaysia on informal system of financing reveals that poorest of poor can be reached

---

<sup>17</sup> **H.D. Dwarakanath** , 'Rural credit and women SHGs - A profile of Ranga Reddy district in Andhra Pradesh' , **Kurukshetra** , Vol 50 , No.1, November 2002 , pp 9 - 15.

<sup>18</sup> **V.M. Rao** , 'Women self help groups profits from Andra Pradesh and Karnataka' , **Kurukshetra**, Vol 50, No. 6, 2002 , pp 26 - 32

<sup>19</sup> **Rimjhim Moushmi Das** , "Micro finance through self help groups" , **kurukshetra** , Vol 50, No. 4- 2002, p. 15

through the informal groups popularly known as self - help groups. The experiment conducted in India including the pilot project on linkage of self help groups by NABARD have indicated that the poor can be reached through the intermediation process involving NGOs, SHGs and banks. With the successful results, it is expected that the linkage process would turn into a movement towards a silent socio - economic revolution” observed **Selvaraj** (2002)<sup>20</sup>

“A recent study by NABARD, which covered 223 groups, spread over 11 states shows several encouraging and positive features. Among these, the average borrowing per year increased from Rs 4,282 to Rs 8,341 and the share of consumption loans declined from 50 percent to 25 percent. Also about 70 percent of loans taken in post - SHG situation were for income generating purposes and average annual savings per household registered over threefold increase from Rs 460 to Rs 1,444 ” said **Ashok Kumar** (2003)<sup>21</sup>

“SHGs are a tool for socio - economic development” said **Chakraborty** (2003)<sup>22</sup>. “It is not just a scheme, but it is already a movement. It has shown us that the poor people are good for banking. This method has helped my bank to mobilize low cost funds. The SHGs have become virtually extensions of my bank, and are best suited to the RRB environment”.

---

<sup>20</sup> .**S.Selvaraj** , **Reference material on SHGs**, National Bank Staff College, Lucknow.

<sup>21</sup> **V. Ashok Kumar** , ‘Banking with the poor - SHG approach - constraints and prospects’, **IBA Bulletin**, July 2003 , Vol. XXV, No 7 , p. 30

<sup>22</sup> **Chakraborty- Saving Grace** , A magazine by Micro Credit Innovations Department, NABARD ,issue 6 ,February 2003 , p. 2

An impact study conducted in seven wards in Alappuzha, Kerala conducted by **Department of statistics**, (2003)<sup>23</sup> University of Kerala, revealed that families with less than two meals per day had gone down from 57 percent in 1993 to 44.50 percent in 1996, families with one or more illiterate fell from 26.5 percent to 17.8 percent and families with persons addicted to alcohol declined from 32.5 percent to 22.10 percent because of SHGs.

A study conducted by **Gulab and Chandra Shekara Rao** (2003)<sup>24</sup> showed that participation in self help groups has improved the access of women to credit. This has helped women in reducing their dependence of money lenders. The access to credit has helped women to meet their consumption as well as production needs. The quality of income of households has gone up. The quality of employment indicating by shift from wage to self employment of women as well as their families is enhanced. Health nutrition and education status of children has improved.

**Kamalvatta** (2003)<sup>25</sup> defines that financing through self help groups can effectively reduce the dependence on informal money lenders. The impact of self help groups have relatively been more pronounced on social aspects than on the economic aspects. Micro credit can play on effective role in achieving the long cherished.

---

<sup>23</sup> **Department of Statistics** , University of Kerala , 2003.

<sup>24</sup> **S. Gulab and Chandra Sekara Roa** -,"Self help groups, poverty alleviation and empowerment " , **Economic and political weekly** , Vol xxxviii , No.12 ,2003, pp 1274 - 1283.

<sup>25</sup> **Kamalavatta**, 'Micro finance and poverty alleviation' , **Economic and political weekly** , Vol xxxviii , No.5 , 2003 , pp 432 - 433

“We used to have a very minimal present in the micro - credit section” said **Menon** (2003)<sup>26</sup>. “We plan to increase it up to 20 per cent. There is a peer pressure to repay. So, the repayment is near total. It will also help bring down the bank's non performing asset level”.

A study conducted by **Prasanth Sarangi** (2003)<sup>27</sup> shows that self help groups working in purushottampur block have successfully implemented their planning at the local level with proper guidance from the government machinery of district, Orissa, besides various programmes for the upliftment of rural women. The SHGs in the block are extending a helping hand to the district administration in different rural development projects. These activities range from construction of roads to sanitation programmes.

According to **Samy** (2003)<sup>28</sup> “as on 31.3.96 there are 4757 SHGs spread over in 16 states and 1 union territory linked with bank finance. Ninety five bank branches (commercial bank - 28, RRB - 60, cooperative bank - 7) have disbursed nearly Rs 80 lakhs. It is happy to note that 69 percent of SHGs financed by the banks are in the southern states of India of which 73 percent are women groups.

“Like ‘Green Revolution’ or the present ‘Ever Green Revolution’ or ‘Gene Revolution’ in Agriculture, the ‘SHG’ movement is a ‘Silent Revolution’ in global

---

<sup>26</sup> **K.A.Menon** , *Saving Grace* , issue 6 , February 2003 , p. 2

<sup>27</sup> **Prasanth Sarangi** , ‘Self help groups - an experiment in Orissa’ , *Kurukshetra* , Vol 51 , No. 4 ,2003 , pp 30 - 32

<sup>28</sup> **S. Samy** , "Women self help groups - A case study in Vadakarai Village, Tirunelveli District”, **M.Phil Dissertation** submitted to **Alagappa University** , May 2003.

economy. Our macro finance encompasses micro finance and ‘Groups’ may become ‘Corporates’ one day”, said **Savarimuthu** (2003)<sup>29</sup>

**Subrahmanyam** (2003)<sup>30</sup> spoke about the innovative aspects of his leadership to RRB: “SHG loan give the maximum margin among all the loan products I have” he says. “Why should I not increase the SHG portfolio to the maximum, which has more than 96 percent on time repayment rate?”

"Micro Finance in India has grown leaps and bounds and today with a client base of 12.5 million, the SHG Linkage Banking represents over 25 percent of the global client base of 50 million. This is expected to grow to 40 percent of the client base to coincide with the International year for Micro credit in 2005. That over 80 percent of the micro finance clients in India brimming out of SHG model in clear indication of the dominance of this model over others", said **Devaprakash** (2004)<sup>31</sup>.

“Lack of involvement of the credit institutions, till the 1980s, to cover a sizable segment of rural poor, primarily due to risk perception and high transaction cost, promoted a number of voluntary agencies / non - governmental organizations in organizing the poor into informal group for ‘Self Help’ and ‘Mutual Benefit’. Thus the concept of self help groups whose basic aim is to promote thrift and saving habits among

---

<sup>29</sup> **Savarimuthu** , ‘Mobilizing modules of Micro Finance’ ,**Indian Bank** , 2003 , p. 4.

<sup>30</sup> **G. Subrahmanyam**, **Saving Grace** , issue 6 , February 2003 , p. 1.

<sup>31</sup> **R. Devaprakash** , ‘Benchmarking standards in SHG linkage banking in India’ ,**IBA bulletin**, Vol XXVI, No 7, July 2004, p. 18

the members and financing them to meet their emergent credit needs began to take roots in the country”, said **Gupta and Krishnamoorthy (2004)**<sup>32</sup>.

**Jose Antonio Ocampo**(2004)<sup>33</sup>, under secretary -general of the United Nations Department of Economic and Social affairs expressed that, “By viewing poor people as vital contributors to their local and national economies, International year of Micro credit , 2005 has the potential to unleash a new wave of micro entrepreneurship, giving poor and low - income people a chance to build better lives”.

According to **Kalpana Shankar (2004)**<sup>34</sup> “The SHG provides an excellent opportunity for self employment and the concept has worked well so far. But we now have to focus on aspects such as quality standardization, marketing and expanding opportunities”.

**Karuthiah Pandian (2004)**<sup>35</sup> in his doctoral research found that the social variable such as recognition, self - sufficiency, social independence, social participation, social communication, social interaction and social responsibility have witnessed desired changes. It is inferred that age of the membership and the degree of involvement are the deciding factors of empowerment of women. The loan availed and income generated is found to be highly co-related. Being part of SHGs, the groups has resulted in higher family income and higher savings, leading to economic improvement, self sufficiency and

---

<sup>32</sup> **Gupta and Krishnamoorthy**, ‘Is Micro Finance a macro business opportunity’, **IBA bulletin**, Vol xxvi No. 11, November 2004 , p.14.

<sup>33</sup> **Jose Antonio Ocampo** , [www.yearofmicrocredit.org](http://www.yearofmicrocredit.org) , 2004

<sup>34</sup> **Kalpana Shankar**,, **The Hindu** ,8th March 2004 , p. 5.

<sup>35</sup> **S.Karuthiah Pandian** , "Self help group - a strategic tool in empowering women", **Doctoral research work, Department of Management studies** , Manonmaniam Sundaranar University, 2004.

social independence of the members. The members in each group are benefited by SHGs in term of increased economic empowerment. As the life of membership increases, the increase in economic empowerment of women is found to be statistically significant.

According to **Kohli** (2004)<sup>36</sup> “The concept of micro - finance has also gained momentum. Micro - credit institutions and self - help groups are important vehicles for credit delivery especially to self - employed persons, because of less cost of operation, good returns and assured returns. In fact this has formalized the informal sector in the rural markets. Informal sector now does not necessarily means money lenders. As on March 31, 2003, the number of SHGs linked to banks stood at 7,17,360 with almost 40 percent concentrated in Andhra Pradesh. Cumulative disbursement of bank loans to these SHGs stood at Rs 2,049 crores as on March 31, 2003”.

According to **Lakshmi Venkataraman** (2004)<sup>37</sup> , “The model has really worked in rural areas, as we realized when we called for applications from women entrepreneurs from Kancheepuram. We got 800 innovative ideas. But most of them, who were SHG members, were looking beyond the SHG”.

“The resurrection of rural credit would also necessarily warrant that system should take on, as it were, a new avatar not only in terms of diversification of loan portfolio, but also in terms of the credit delivery mechanism. Underlying the present sickness of the rural credit system are two core causes: high transaction costs and poor recovery performance. More recent experience has demonstrated that both these problems can be

---

<sup>36</sup> **S.S. kohli**, ‘Rural lending: A profitable Venture’, **IBA bulletin** , special issue , Vol XXVI, No. 1,2004 p. 131.

<sup>37</sup> **Lakshmi Venkataraman** , **The Hindu** , 8<sup>th</sup> March, 2004 p. 5.

tackled effectively through the instrumentality of micro credit institutions the experiment of micro finance through the conduct of self help groups (SHGs) has shown that transaction cost could be reduced drastically and repayment rates can be as high as 90 percent”, said **Majumdar** (2004)<sup>38</sup>

“Micro finance continues to target the rural and urban households, with emphasis on women borrowers; credit follows thrift, the first stage is the formation of groups by individuals themselves, followed by the mobilization of petty savings and recycling this by lending to group members”, said **Meenambigai** (2004)<sup>39</sup>.

“A remarkable aspect of the SHG - Bank linkage programme has been very high on - time payment reported by the banks. According to the information brought out by NABARD, the on-time repayments are reported to be above 95 percent. This is extremely good, particularly as the focus is on the very poor and the fact that the overall recovery percentage in rural lending has been between 60 percent to 70 percent”, said **Nanda** (2004)<sup>40</sup>

“The idea of setting up the Jatropha nurseries germinated after seeing the success of ‘Jatropha Carcus Plantation Project’ launched under the Drought Prone Area programme a few months ago. The need to develop a source for supplying saplings for such projects, rather than procuring them from the Forest Department was felt. Once the

---

<sup>38</sup> **N.A. Majumdar**, ‘Resurrection of rural credit’, **Bank quest**, The Journal of Indian Institute of Banking of Finance, Vol 75, No. 3, July - Sep 2004, p. 10.

<sup>39</sup> **J.Meenambigai**, ‘Self help groups in rural economy’, **Kisan World**, April 2004, p.18.

<sup>40</sup> **J.C. Nanda**, ‘Micro Finance : A route to reach rural poor’, **Bank quest**, Vol 75, No.4, Oct - Dec 2004, p. 27

nursery starts functioning, the seedling cost could be brought down and would also help the SHGs to get a decent earning”, said **Radha** (2004)<sup>41</sup>

**Rajendra Kumar and Sanjay S.Kaptan** (2004)<sup>42</sup> said that “NABARD had evolved over last two decades into a strong and rural sensitive apex developmental institution with a complete grass root level understanding of complexities of agriculture and rural sector. A case in point is the promotion of SHG movement by NABARD, which reflects its immense capabilities in capacity building and nurturing rural credit delivery system”.

“The most important social innovation to help the poor in recent years has been the success of the thrift, and credit based self help groups (SHG), especially those formed by women. These groups assisted by NGOs have successfully developed a system of revolving credit for the benefit of group members based on their own savings. Linking of SHGs to formal financial institutions has further enhanced availability of micro credit financing to the groups. SHGs have successfully maintained a high rate of loan repayments and successfully generated additional income, jobs, and small enterprise for their members”, said **Sheik Mohamed** (2004)<sup>43</sup>.

"We accord top priority to help the women SHG members as we have so far given Rs.4.41 crores to 1,150 groups in the district. As many as 3,915 SHG members have got

---

<sup>41</sup> **Radha**, *The Hindu*, 16<sup>th</sup> December 2004, p. 5.

<sup>42</sup> **C.Rajendra Kumar and Sanjay S.Kaptan**, ‘Banking role in rural development’, *IBA bulletin*, Vol xxvi, No.11, November 2004, p. 38.

<sup>43</sup> **M.Sheik Mohamed**, ‘Self Help Groups for the success of women entrepreneurs’, *Kisan World*, March 2004, p. 30.

financial assistance from our bank to construct toilets in their houses under the "Total Sanitation Campaign Scheme", said **Agarwal** (2005)<sup>44</sup>

“Non - Cooperation from Banks particularly RRBs has been are recurring complaint which is adversely affecting the growth of the group. Delay in credit sanctioning procedure, disbursement of cash credit and postponement of credit portion of revolving fund are common allegations. Banks are some where even changing interest on the subsidy portion. During 2001-02 total 6.79 lakhs loan were sectioned and 5.69 lakhs loans actually disbursed by banks against total application of 12.18 lakhs submitted by DRDA. There may have been genuine apathy on the participating banks regarding with holding or rejecting loan applications, particularly in the backdrop of widespread non payment and non performing asset during 1970s and 1980s. In the same vein, it is equally important to emphasis that banks alone are not responsible to such a mess. Banks are to verify and be satisfied about all the reward and document of each group. When all the documents are in good shape the bank cannot simply refuse the loan. If and when bank is reluctant even when documents are good or charges interest on subsidy portion the group facilitator should protest”, said **Amal Mandal** (2005)<sup>45</sup>

In the study conducted by **Annapoorna Jeba Selvi** (2005)<sup>46</sup> 50 SHGs were studied under the heading ‘A Study on Entrepreneurial dimensions of Self Help Groups in Tirunelveli city’. She has concluded that, the investment size of the SHGs ranges between Rs.50,000 to Rs. 3,00,000. However the investment size of many of the SHG ranges

---

<sup>44</sup> **R.K. Agarwal** , *The Hindu*, 10<sup>th</sup> March 2005, p. 3.

<sup>45</sup> **Amal Mandal**, ‘Swarna Jayanthi Grama Swarozgar Yojana and self help group - an assessment’, *Kurukshetra* , Vol 53, No. 3 , Jan 2005- p. 6.

<sup>46</sup> **Annapoorna jeba selvi**, ‘A study on Entrepreneurial dimensions of self help groups in Tirunelveli city’, *M.Phil dissertation*, Manonmaniam Sundaranar.University, .2005.

between Rs.50,000 to Rs.1,00,000. Among the manufacturing units most of them are engaged in production of food items and handicrafts articles. Marketability of the products / services is only moderate in case of many SHGs. Bad debts/poor collection performance unfavourable customer attitude are the main problems of SHGs in marketing.

**Antony Stephen** (2005)<sup>47</sup> pointed out that “the workshop was a means to give the members of SHGs an orientation on how to go about the collection and cultivation of herbal products. Similar training programmes and field visits would be organised for those interested in knowing more about the process. About 60 SHGs in Tiruchi district were exclusively involved in herbal collection and cultivation at present”.

**Atul Anand** (2005)<sup>48</sup> said that “the SHG members should get trained through the Agriculture support centre (ASC) and efforts would be made to bear the expenditure incurred on the course fee and transportation of the interested members to the venue. Since there was a very good demand for vermicompost, harmless manure, training in this technique could be imparted to all SHG members”.

“The SHGs are prompt in repaying the loans and ninety percentage of the loans availed by the SHGs were promptly repaid and therefore banks are willing to extend loans to SHGs. Nearly Rs.50 crores had been given as loans to nearly 9800 SHGs in the district”, expressed **Atul Anand** (2005)<sup>49</sup>

---

<sup>47</sup> **Antony Stephen** , **The Hindu** , 13<sup>th</sup> February 2005 , p. 6.

<sup>48</sup> **Atul Anand**, **The Hindu**, 21st February 2005, p. 3.

<sup>49</sup> **Atul Anand**, a special lecture in a seminar on "Modern Technology in agriculture", organised by IOB **The New Indian Express**, 9<sup>th</sup> September 2005, p. 2.

**Bharat Kumar** (2005)<sup>50</sup> urged the banks to give loans to SHGs with out making the process arduous. He added “the banks could gain many benefits by lending to SHGs as they are able to save on transaction and risk costs and hence margin available from SHG loans was greater than other types of lendings. More over, nation wide studies conducted by NABARD indicated that Non - Performing Assets (NPA) were extremely rare in the cases of assistance rendered to SHGs”.

**Bharat Kumar** (2005)<sup>51</sup> said “the programme would equip the rural and semi-urban masses to tap the job potential in the non - farm sector, rather than depend heavily on the limited opportunities available in the agriculture and allied farm. The women who had undergone skill training under the Rural Entrepreneur Development Programme could avail themselves of economic assistance either under SGSY or procure loan from PMRY scheme” (Prime Minister's Rozgar Yojana).

"The entrepreneurs of women self - help groups, who have revolutionised the rural economy of the state, should acquaint themselves with the legal aspects protecting the rights and welfare of the consumers. The proposed training programme by Manonmaniam Sundaranar University for these entrepreneurs would certainly give a clear idea about the legal aspects relating to the consumer rights protection and labour welfare" expressed **Cynthia Pandian** (2005)<sup>52</sup>

---

<sup>50</sup> **R. Bharat Kumar**, one day orientation course on "Improving self - help group - bank linkage", **The Hindu**, 24<sup>th</sup> February 2005, p. 3.

<sup>51</sup> **R. Bharat Kumar**, Skill training to 30 women members of various SHGs , **The Hindu** , 26<sup>th</sup> September 2005 , p. 3.

<sup>52</sup> **Cynthia Pandian**, Lecture on Training programme to Women Entrepreneurs, **The Hindu**, 16<sup>th</sup> March 2005, p. 3

“Our endeavour should be to provide at least Rs 1,000 crores additionally as credit linkage to the SHGs in the current year. A recent study by RBI indicated that the non-performing assets of banks pertaining to lending under the Swarna Jayanthi Grama Swarozgar Yojana is the lowest in Tamil Nadu among all the states at 0.53 percent with such an exemplary repayment track record of the SHGs, there was a strong case for further enhancing credit outlay for them”, said **Jayalalitha** (2005)<sup>53</sup>

“SHG members will find it difficult to venture into the market initially. Once they establish quality, they will be able to make an impact, for which the unique training programme will help them immensely” said **Jayaraman** (2005)<sup>54</sup>

“ If the Kerala decentralisation programme's achievements so far have all been pro-poor, a lot of the credit should go to the intervention of the women SHG members in the grama sabhas” **Jose** said(2005).<sup>55</sup> "Kudumbashree has played a responsible role in decentralisation in Kerala, ensuring participation in the grama sabhas, helping panchayats through meticulous and rational selection of beneficiaries and by setting direction for the decentralisation process itself, leading it to hitherto unattended sectors of Kerala society”, he also said.

**Kalyansundaram**(2005)<sup>56</sup> expressed that “Micro credit was not only about lending but should also address the issue of health , development and empowerment. Besides saving and lending, the micro-credit policy should incorporate insurance”.

---

<sup>53</sup> **J.Jayalalitha**, addressing the special bankers meeting, **The Hindu**, 12<sup>th</sup> August 2005, p. 4.

<sup>54</sup> **R.Jayaraman**,, **The Hindu**, 1<sup>st</sup> August 2005, p. 2

<sup>55</sup> **T.K. Jose**, ‘self -help successes’, **The Hindu**, 10<sup>th</sup> January 2005, p. 3

<sup>56</sup> **M.Kalyanasundaram**, **The Hindu**, 26<sup>th</sup> September 2005, p. 3

**Karunanidhi** (2005)<sup>57</sup> said “Women SHGs should remain apolitical and work for women's development and combat unemployment. Using women's SHGs politically now would not be democratic and I hope they would not be used so”.

“Another example of an innovative approach is the promotion of self - help groups (SHGs). International Fund for Agricultural Development (IFAD) through its support to the Tamil Nadu Women's Development project piloted the SHG methodology, which is now recognised as an appropriate methodology for micro finance in the country. In addition, the Maharashtra rural credit project piloted the SHG - bank linkage methodology that has since seen up scaled at the national level by the Government, NABARD and other institutions” said **Lennart Bage** (2005).<sup>58</sup>

**Luxa Mary** (2005)<sup>59</sup> found out in her study that training is an important aspect for formation and sustainability of SHGs. Members of the SHGs should be given intensive training in motivation of leadership, group dynamics, women empowerment, sensitisation of gender issues, welfare programmes, accounting and entrepreneurship which can be organized by the group leaders with the help of local level experts and high level authorities and officers. The Government should create the awareness of self employment in the members of SHGs. Considering the vastness of the country and diverse experiences in different parts, it is necessary to encourage different institutions like Commercial Banks, Regional Rural Banks, Co-operatives Banks, Block Development Officers and

---

<sup>57</sup> **M. Karunanidhi**, *The Hindu*, 2<sup>nd</sup> October 2005, p. 1

<sup>58</sup> **Lennart Bage**, ‘Enabling rural folk to overcome poverty’, *The Hindu*, 12<sup>th</sup> February 2005, p. 11

<sup>59</sup> **M. Luxa Mary**, ‘Socio - economic study of the women SHGs in Meignanapuram village of Thoothukudi district’, **M. Phil dissertation**, Manonmaniam Sundaranar University ,2005.

NGOs to serve the SHGs to promote the socio - economic condition of local people in the days to come on a permanent basis.

According to **Manickam**(2005)<sup>60</sup> the Pandian Grama Bank, with its 168 branches in seven districts, was making a rapid progress in all parameters stipulated by its sponsoring bank. The bank had given loans to the tune of Rs 103.34 crores to 13.627 self help groups during 2004-2005 against the target of 8000 SHGs.

**Mayilerum perumal** (2005)<sup>61</sup> said, “The revolving funds would be distributed to 906 selected women SHG. Each group will get Rs 10,000. The amount sanctioned was in addition to the revolving funds already provided under the Swarna Jayanthi Grama Swarozgar Yojana for 1,000 women SHGs in the district for 2005 - 06. The new installment of revolving funds would be released to the respective groups along with the loan component availed from various financial institution”.

According to **Moumita Sen Sarma** (2005)<sup>62</sup> Microfinance is a powerful tool for reducing poverty as it makes capital available to the unbanked poor at reasonable rates. Our survey of 200 clients has shown that 58 percent of those who have used microfinance for about four years experienced a significant reduction in poverty and 41 percent have come right out of it. ABN AMRO has established credit lines of nearly Rs 35 crores to 11 Micro Finance Institutions (MFIs), reaching out to nearly 75,000 poor households in six states and expects to end the current fiscal at Rs.32 crores outstanding with the MFIs.

---

<sup>60</sup> **S. Manickam**, ‘ Pandian Grama Bank nets Rs.10.08 crores profit’, **The Hindu**, 9<sup>th</sup> May 2005, p. 3

<sup>61</sup> **Mayilerum Perumal**, **The Hindu**, 25<sup>th</sup> September.2005, p. 3

<sup>62</sup> **Moumita Sen Sarma**, ‘A bold initiative on rural credit’,**The Hindu**, 14<sup>th</sup> March 2005, p. 11

A home need exhibition was held at Tamukkam grounds by Matichia from 04.02.05 to 14.02.05. Twenty three stalls were set up by Madurai, Ramanathapuram, Sivagangai, Tuticorin, Virudunagar, Theni, and Tirunelveli Districts. The product of women self help groups were sold in this exhibition. They include soft toys, ready made dresses, handloom dresses, handicrafts and resin bags. Credit goes to these districts for having sold things worth Rs 13,823/- (2005)<sup>63</sup>

“The banks have given away loans worth Rs 1,000 crores to the 38 lakh odd SHGs who have an enviable deposit of over Rs.600 crores. This shows the success of this massive movement” said **Nainar Nagendran** (2005)<sup>64</sup>

**Natarajan**(2005)<sup>65</sup> said, “ The DRDA along with the Pandian Grama Bank would give Rs.24 - 25 lakh subsidy - linked loans to 49 women SHGs in the Tharuvaikulam, Pattinamaradhu and Keelaarasadi Panchayats to help them involved in income generation activities. Besides economic assistance to the tune of Rs.2.3 lakhs would be given to one SHG based at the Anamangalam Panchayat to execute the solid waste management project in the area under SGSY scheme”.

“I have come to know that the credit - deposit ratio has touched 85 percent as against 60 percent fixed by the Reserve Bank of India”, said **Palani Manickam** (2005)<sup>66</sup>. He added, “By providing loans to SHGs, the government is not giving them any concession but is discharging its duty”.

---

<sup>63</sup> **Mutram Magazine**, Magazine of Tamil Nadu Corporation for Development of Women, March 2005, p. 13

<sup>64</sup> **Nainar Nagendran**, **The Hindu**, 20th March 2005, p. 3

<sup>65</sup> **Natarajan**, ‘Revolving fund for 65 women SHGs’, **The Hindu**, 19<sup>th</sup> March 2005, p. 3

<sup>66</sup> **S.S.Palani Manickam**, **The Hindu**, 27<sup>th</sup> September 2005, p. 5

“With the opening of the weekly markets, sales of SHG products have gained momentum in the district. When the first market was opened at Valliyoor on February 18th, the SHGs realised sales of Rs 14,846 while the next day's market at Thenkasi fetched Rs 13,698, which is quite encouraging. So we decided to put up stalls of the SHGs at the collectorate premises on every Monday as thousands of public come over there for the grievance day” said **Ponniah** (2005)<sup>67</sup>

**Prabhakaran** (2005)<sup>68</sup> expressed that “SHG members, despite having technical training in electronic data processing at least some of them, if not all find it difficult to start an enterprise on their own, owing to financial crisis. Hence, the Tamil Nadu Corporation for Development of Women has decided to provide them training in service sector activities where their only investment will be hard work. The TNCDW also has plans to conduct training programme for manning private detective agency and self defense”.

**Priya Basu and Pradeep Srivastava** (2005)<sup>69</sup> observes that the “Growth in the numbers of SHGs formed, and the scale of their interaction with banks, has been very fast in the last three or four years, and is still accelerating. What started as pilot has now become a 'movement'. The number of SHGs linked to banks has increased from just 500 in early 1990s to over 8,00,000 by 2004. NABARD hopes to a million SHGs serving 20

---

<sup>67</sup> **Ponniah**, ‘opening of markets for SHG products’, **The Hindu**, 18<sup>th</sup> March 2005, p. 3

<sup>68</sup> **S.M Prabhakaran**, **The Hindu**, 1<sup>st</sup> August 2005, p. 2

<sup>69</sup> **Priya Basu and Pradeep Srivastava**, ‘Micro finance and rural credit access for the poor in India’, **Economic and political weekly**, 23<sup>rd</sup> April 2005, p. 1750

million households by 2008. The rapid rate at which the model has scaled up, particularly since the last 1990s is truly remarkable”.

**Radha** (2005)<sup>70</sup> said, “Among the 900 SHGs targeted, the revolving fund subsidy to the tune of Rs.67 lakhs has so far been disbursed to 670 SHGs with the rest to be covered in the last quarter. An aid of Rs.91.986 lakhs was extended to 34 groups during first nine months of the on going financial year, in which Rs.72.79 lakhs was in the form of back -end subsidy and the rest a credit”.

**Raghuvansh Prasad Singh**, (2005)<sup>71</sup> has emphasized that self help group movement in the country should be intensified. He was reviewing the performance of Swarna Jayanthi Gram Swarozgar Yojana (SGSY). Close monitoring of the functioning of the DRDA should be undertaken in order to ensure that large number of self help groups are formed and empowered. In this process, facilitators / NGOs should be involved in a big way. It has been emphasized that in order to empower the SHG a system of monthly co-ordination at the branch level with the SHG members should in the year 2004-05 as against the budgetary allocation of Rs 1000 crores, a sum of Rs 523.49 crores has been released. The DRDA has already utilized Rs 377.23 crores. Under the programme, so far 18.53 lakh SHGs have been formed out of which 9.96 lakh groups have passed grade I and 4.6 lakh has passed grade II 1.99 lakh groups have already taken up the economic activity. Thus with the movement of SHGs approximately 20 lakh rural families have already taken up the economic activity about 80 lakh families would come under the economic activity arena. In the current financial year (2004-05), the credit

---

<sup>70</sup> **G.Radha**, *The Hindu*, 1<sup>st</sup> February 2005, p. 3

<sup>71</sup> **Raghuvansh Prasad Singh**, *Kuruskhetra*, Vol. 53, No. 3, January 2005, p. 10

target of all the banks under SGSY is Rs 2507.67 crores, out of which the banks have dispersed a credit of Rs 48.43 crores.

“If the formal financial Institutions have to increase the SHG credit per poor, it is better to cover more poor families through SHG rather than increasing the credit per SHG. In this context, what is of concern is that SHG movement is more active where poverty ratio is less where as the opposite is expected. NABARD provides district wise distribution of SHGs, which have been financed. If there is widespread distribution SHGs in districts with in a state, the percent of SHGs financed in each district should be equal otherwise, there is concentration of SHGs in few districts”, said **Rajaram Das Gupta** (2005).<sup>72</sup>

“The Gandhiniketan Ashram would train women in making readymade masala powder, vermin - compost, mushroom cultivation, tailoring and embroidery for which 198 beneficiaries has been selected. The Tamil Nadu polytechnic for women would offer training in making readymade garments, beautician course, gold appraisal, data entry operation and mobile phone servicing. Around 200 women had been selected to undergo this training programme. The Regional Centre for Art and Culture had been entrusted with the job of training 45 women in handicrafts, fur toys, glass painting, plastic wire netting and bamboo basket making. The Tamil Nadu Institute for Hotel Management and Catering Technology would train 15 women in house - keeping and canteen management. The centre for entrepreneurship development would offer practical training for 18 women

---

<sup>72</sup> **Raja Ram Das Gupta**, ‘Micro finance in India. Empirical evidence, Alternative models and policy imperatives’, **Economic and political weekly**, 19<sup>th</sup> March, 2005, p. 1234

in making of sanitary napkins, while an expert would train three persons in rabbit rearing. However, the members have asked for more allotments”, said **Renuga Devi** (2005).<sup>73</sup>

“Bangladesh is a well known example of micro credit's role in reducing poverty”, said **Shahider Khandker**(2005).<sup>74</sup> He studied three Bangladeshi Micro Finance Institutions over a 14 year period. Based on his data, Khandker concluded that micro finance accounted for 40 percent of the entire reduction of moderate poverty in rural Bangladesh.

**Sridharan** (2005)<sup>75</sup> told the Hindu, “While NABARD will train 80 women from 16 SHGs five from each group, the District Rural Development Agency and Mahalir Thittam of TNCDW will train 160 women from various groups. The process of selection of candidates is under way and the training programme will start shortly. Possibilities of establishing hygienic outlets with contemporary exterior and modern gadgets for the sea catches by the fisher women SHGs in various parts of the district, in association with Department of Fisheries will also be explored”.

**Sunil Paliwal** (2005)<sup>76</sup> said, “1.88 lakh persons of 43,803 families belonging to 33 villages in the district (Nagercoil) were affected after the killer waves hit their villages on December 26. There were 1,750 SHGs functioning in the tsunami - affected areas in the district the Government has decided to lend a helping hand to them in a phased manner. In the first phase, it has been decided to organize skill development training for

---

<sup>73</sup> **Renuga Devi**, *The Hindu*, 8<sup>th</sup> February 2005, p. 3

<sup>74</sup> **Shahider Khandker**, [www.microcreditsummit.org](http://www.microcreditsummit.org) , *The Sydney Morning Herald*, 7<sup>th</sup> December 2005

<sup>75</sup> **Sridharan**, *The Hindu*, 4<sup>th</sup> May 2005, p. 3

<sup>76</sup> **Sunil Paliwal**, *The Hindu*, 5<sup>th</sup> March 2005, p. 3

2,000 women and 500 youths. A sum of Rs 11 crores had been disbursed to members of various self - help groups in the tsunami affected areas under first phase”.

**Sunil Paliwal** (2005)<sup>77</sup> said that, “As a part of training programme, Rs.50 per day would be distributed to the women. Simultaneously it was decided to give skill training to six batches, each batch consisting of 30 women, in six tsunami - affected villages. Above all to enable members of self - help groups to grading was organized in all affected villages through four grading teams consisting of Assistant Project Officer of the District Rural Development Agency, official of Mahalir Thittam, block staff and bankers. The four teams had already identified 1211 self - help groups for providing savings - linked credit to the tune of Rs 21.45 crores. More over, Rs 11.07 crores had already been disbursed to 740 self - help groups consisting 12,474 members to undertake economic activities under special credit arrangements made by the DRDA”.

“Canara Bank had formed 1,404 women self help groups (SHGs) in the Tiruchi region, of which 781 were credit linked. The bank as a whole had an ambitious target of one lakh SHGs to be formed by 2006. The bank was also helping the women entrepreneurs by providing training to them to establish their own concerns. The bank extended Can Mahila loans to employed and unemployed women. The women beneficiaries were prompt on repaying”, said **Swaminathan** (2005).<sup>78</sup>

**Anitha R.Radhakrishnan** (2006)<sup>79</sup> expressed “the rural poor had become by and large self - sufficient in the district owing to tremendous success of the self - help group

---

<sup>77</sup> **Sunil Paliwal**, *The Hindu*, 15<sup>th</sup> March 2005, p. 3

<sup>78</sup> **K. Swaminathan**, ‘Canara Bank forms SHGS’, *The Hindu*, 12<sup>th</sup> March 2005, p. 17

<sup>79</sup> **Anitha R. Radhakrishnan**, *The Hindu*, 31<sup>st</sup> March 2006, p. 3

concept. The entrepreneurial ventures taken up by the SHGs have provided them with a steady monthly income and the group members are now leading a comfortable life”.

**Chidambaram**(2006)<sup>80</sup> announced that Micro -Finance schemes through bank agents, NGOs and other organised setups would be implemented from next financial year(2006- 07). He said, “The RBI had sent circular to that effect to all banks. The Government had also started exploring the possibilities of involving post offices in this system. Under the system, authorised agents of banks would collect deposits from the people and lend through banks. This type of financing started at the Koyambedu market in Chennai, had become highly successful”.

According to **Loganathan and Ashokan** (2006)<sup>81</sup>, a most notable milestone in the SHG movement was achieved when NABARD launched a pilot phase of the SHG bank linkage programme in February 1992. This was the first instance of mature SHGs that were directly financed by a commercial bank. The informal thrift and credit groups of poor were recognized as bankable clients. Soon after, the RBI advised commercial banks to consider lending to SHGs as part of their rural credit operations for creating SHG bank linkage. The linking of SHGs with the financial sector was good for both sides. The banks were able to tap into a large market namely the low - income households, transactions costs were low and repayment rates were high. The SHGs were able to scale up their operations with more financing and they had access to more credit products.

---

<sup>80</sup> **P.Chidambaram**, ‘Micro Financing scheme through bank agents, NGOs from next year’, **The Hindu**, 4<sup>th</sup> February 2006, p. 5

<sup>81</sup> **P. Loganathan and R. Asokan**, ‘Inter regional development of self help groups in India’, **Kurukshetra**, vol 54, No.9, p. 9

**Narayanan** (2006)<sup>82</sup> said, “While micro credit foundation would continue to focus on self help groups training and other development activities, Madura Micro Finance Ltd (MMFL) would take care of the financing and administration ". He added “a reason for forming the NBFIs was many stake holders felt comfortable dealing with a regulated body, rather than a net - for - Profit Company. Besides having a dedicated micro finance institution would help it access a wider market with in the state and track the existing SHGs better. For funds, the Non Banking Financial Institution (NBFIs) would look at refinancing and securitization. It charges 15 - 16 percent interest rate from SHGs. All our operational expenses including training cost are met through the interest spreads. We don't get subsidies or foreign aid”.

**Rajendra Ratna**(2006)<sup>83</sup> said that, “ the Government was taking up as Rs.190 crores livelihood projects through Asian Development Bank assistance to help the women SHGs in the 12 tsunami affected districts in the state”.

As per **staff reporter** (2006)<sup>84</sup> the Mahila Banking Division of Canara Bank on North veli street has been distributing spot loans, under a novel concept, to members of various SHGs, especially the Madurai SHGs, who have put up stalls on the Tammukkam Grounds in the ongoing Ideal Home Exhibition organized by Madurai District Tiny and small scale Industries Association, which came as a pleasant surprise for the women. What the beneficiary has to do is repay the loan in daily installments till the exhibition concludes. The bank has planned to distribute Rs. 3 lakh to 38 groups at the exhibition.

---

<sup>82</sup> **M.Narayanan, The Economic Times**, 10<sup>th</sup> April 2006, p. 12

<sup>83</sup> **Rajendra Ratna, The Hindu**, 7<sup>th</sup> January 2006, p. 7

<sup>84</sup> **Staff Reporter**, ‘Spot loan comes in handy for women SHGs’, **The Hindu**, 7<sup>th</sup> February 2006, p. 2

The beneficiaries will repay their loans at the rate of Rs.800 to 1000 per day. The interest rate for loan is 10.75 percent and it will be calculated on diminishing balance. The spot loan camp for SHG members was a joint venture between the Canara Bank and Mahalir Thittam of TNCDW. The loan amount is used to procure materials, manufacture products and make profit at the exhibition.

According to **staff reporter** (2006)<sup>85</sup> though SHG products are of high quality and cheap, SHG members find it difficult to popularise and market their goods in a big way. Realising this problem, the DRDA constructed a spacious building near the new bus stand at Vaeinthankulam near Palayamkottai exclusively for selling SHG products such as terracotta, pattamadai mats, fiber products, garments etc. Moreover, SHGs are being encouraged to market their goods at the Weekly Shandis being held across the district and at the regional and zonal level exhibitions. Now, the union level exhibition cum sale will boost the marketing of the products.

**Sunil Paliwal** (2006)<sup>86</sup> said, “Various self help groups could avail this packing machine facility for the package of their products. The district administration had already taken steps to distribute sambar powder produced by members of SHG to all the noon meal centers in the district. As many as 20,169 SHGs are functioning under 65 Non - Government Organizations in the (Nagercoil) district. A sum of Rs. 9.54 crores has been distributed to 2,900 SHGs as revolving fund”.

---

<sup>85</sup> **Staff Reporter**, ‘Steps to boost sale of SHG products’, **The Hindu**, 17<sup>th</sup> January 2006, p. 13

<sup>86</sup> **Sunil Paliwal**, **The New Indian Express**, 2<sup>nd</sup> September 2006, p. 2

Micro credit has worked largely through SHGs in general and women groups in particular. Since the SHG is a small group of 10 to 20 people drawn from relatively homogeneous backgrounds, the members, who join the group, know what benefit they would attain from the group through micro credit. Micro credit has to be used in such a way that it benefits the SHGs to improve the quality of life of their members and their productivity to earn sustainable income. The SHGs need to firm up their financial and economic norms or meant for election of appropriate beneficiary and subsequent disbursement of credit to the needy. The borrowing member chooses economic activities for income-generation purposes and knows clearly the goals or objectives she has to attain for her own sustenance and stability of the group which she belongs to. Micro credit includes both micro credit and micro savings. Micro credit is gradually proving to be one of the most effective strategies to neutralise poverty. It can effectively generate employment and sustain the income of the households by giving them opportunities to work. The activity for which the loan taken is generally of uncomplicated nature and the repayment schedule is short, simple and fixed by the members themselves, observed **Tripathy** (2006).<sup>87</sup>

**Amitabh Verma**(2007)<sup>88</sup> said, “the Government does not propose to cap the interest rates on loans extended by the Micro Finance Institutions (MFIs) to self help groups or the unbanked segments of the population. We are more or less ready with the Bill, which says that there would be no cap on interest rates. The microfinance movement is estimated to grow to approximately Rs.35,000 crore by 2010”.

---

<sup>87</sup> **K.K.Tripathy**, ‘Micro - credit intervention and poverty allegation’, **Kurukshetra** , Vol.54, No.9, p. 6

<sup>88</sup> **Amitabh Verma**, **IIB Vision**, Monthly newsletter of Indian Institute of Banking and finance, Issue No. 5, Vol 2, February 2007, p. 4

Yes Bank launched its micro finance division. Yes Microfinance India has signed a MOV for technical collaboration with Boston - based Accion International, a micro finance institution. Accion will provide the bank with capacity building support, technical initiatives and new product development. Yes Bank has set apart Rs.10 crore for the next two years for the Microfinance division which will offer credit, savings, insurance and remittance in phases to the urban and rural poor(2007)<sup>89</sup>.

“Micro finance in India has emerged as a powerful tool for financial inclusion, reaching out to a fifth of all poor households as well as many non-poor households who have not yet to be reached by the formal financial sector. The larger of the two main models, the self-help group (SHG) bank linkage programme covered about 143 million poor households in March 2006 and provided indirect access to the banking system to another 14 million. The other, micro finance institution model, served 7.3 million households, of which 3.2 million were poor”, said **Raghu Mohan and Manas Chakravarthy**(2007).<sup>90</sup>

“In a new high for the SHG movement in Maharashtra, Pune district with 38,000 groups and at least four lakh women as apart of them is head and shoulder above rest. Of these 10,032 groups were formed in just one month. The surge is the result of a special drive undertaken by the Zilla Parishad from helped by taluka officials, BDOs, Nationalised and Co-operative banks”, said **Bankar** (2009)<sup>91</sup>

---

<sup>89</sup> **IIB vision**, ‘YES Bank enters micro finance sector’, A monthly newsletters of Indian Institute of banking and finance , Issue 4, Vol 2, January 2007, p. 4

<sup>90</sup> **Raghu Mohan and Manas Chakravarthy**, ‘Financing rural India’, **Business world**, January 2007- p.72

<sup>91</sup> **S.K.Bankar**, [www.expressindia.com](http://www.expressindia.com)

## **2.2 Research Design**

### **Statement of Problem**

SHG is considered as a movement which plays a vital role in the improvement of status of women in rural areas. The researcher tries to analyse how far SHG is helping its members economically and help them to lead a better life in Tirunelveli District through the financial assistance provided by banks.

### **Objectives of the study**

The following are the specific objectives of the study

1. To study the status and economic condition of women in India.
2. To analyse the circumstances leading to formation and growth of self help groups in General and Tirunelveli in particular.
3. To discuss about the number of SHGs benefited by Banks in Tirunelveli district formed by Tamil Nadu Corporation for Development of Women.
4. To expose the activities of the members of self help groups in the study area.
5. To study the socio -economic changes in the study area in view of self help group activities.

### **Hypotheses**

1. There is no improvement in communicative skills, self confidence and behaviour due to participation in self help groups.
2. There is no improvement in relationship with development agencies due to joining SHGs.

3. There is no difference in economic status of self help group members before and after financial support by banks.

### **Scope of the study**

This study attempts to analyse the assistance provided by the banks to SHGs formed by Tamil Nadu Corporation for Development of Women from 1999 - 2000 to 2005 -2006. Number of groups formed, training provided and the financial assistance provided by banks were studied. This constitutes supply side analysis.

The study also attempts to evaluate the performance of the groups formed by Tamil Nadu Corporation for Development of Women through opinion survey from group leaders of 200 groups (Annuxure-3). This constitutes demand side analysis.

General group profile of the studied 200 groups is presented. General information about the group, age of members, educational qualification, occupation, religion and caste, martial status, size of the family are studied.

Group activities such as attendance percentage, absenteeism, fine meetings of the group are analysed.

Savings pattern and their economic assistance received from the banks are also studied in a detailed manner.

The members' improvements in their communicative skill, self confidence, behaviour, economic condition and their changes in attitude after joining SHG are also dealt with.

## **Study Period**

The period of study is seven years i.e. from 1999 -2000 to 2005 - 2006. Two hundred groups formed during this period constitute sample size.

## **Methodology**

### **Primary Data**

In the light of the specific objectives set, all information and data (Primary data) were collected from the sample groups through direct personal interview employing structured interview schedule (Annuxure-1). The respondents are not well educated to fill up the interview schedule and so the researcher has to get the answer from them and fill up the respective questions.

### **Secondary Data**

A data schedule (Annuxure-2) was prepared to get the necessary secondary data relevant for the study with regard to financial assistance rendered by bank. These data are collected from Tamil Nadu Corporation for Development of Women.

### **Sampling Technique**

Deliberate sampling technique is used to choose the sample group leaders from the total population for collection of primary data.

### **Sample Size**

There are 15,678 SHGs functioning in Tirunelveli District formed by Tamil Nadu Corporation for Development of Women. Among them 200 active groups were identified

through NGOs working under Tamil Nadu Corporation for Development of Women using deliberate sampling method. Groups were identified in such a way that 10 groups from each of 19 blocks of Tirunelveli district and 10 groups from Tirunelveli city are selected. Hence total sample groups were 200. Area covered is presented in annexure-4

### **Tools of analysis**

Trend analysis and trend projection are used to study the financial assistance provided by the banks during the study period 1999-2006. Projected trend for the succeeding five years i.e. 2006 -2007 to 2010 -2011 are tabulated. Simple percentages and weighted score are also used to analyse the data.

### **Operational Definitions**

Mid wifery	-	a nurse who is trained to assist women in child birth.
Postnatal	-	Having to do with the period after child birth
Bleakness	-	having no hope.
Sequins	-	Small, Shiny disc sewn on to clothing for decoration.
Honed	-	Make sharper or more efficient
Scourge	-	Cause great suffering to
Scenario	-	a possible sequence of future
Buzzwords	-	a technical word or phrase that has become fashionable
Preamble	-	an opening statement

Ethos	-	the characteristic spirit of a culture, era or community.
Credence	-	belief in something as true
Band Wagon	-	an activity or cause that has suddenly become fashionable or popular.
Usury	-	the practice of lending money at unreasonably high rate of interest.
Resurrection	-	a practice, belief etc.
Hassle free	-	harassment free
Stake holders	-	a share holder
Emancipation	-	free from legal, social or political restrictions
Repercussions	-	the consequence of an event or action
Vicissitudes	-	change of circumstances or fortune
Shackles	-	a pair of rings connected by a chain used to fasten a prisoner's wrist or ankle.
Bigamous	-	the crime of marrying some one while already married to another person
Stern	-	severe
Fraternity	-	friendship and shared support within a group
Excommunicate	-	to bar someone.
Irony	-	a situation that appears opposite to what one expects
PHBK project	-	Indonesia's project linking Banks and self-help groups

- K-Rep - is a leading Bank that targets the micro finance sector in Kenya
- SGSY - This programme was launched in 1-4-1999. It aims at establishment of large number of micro enterprises in the rural area. Emphasis has been laid on group approach. The objective of SGSY is to bring every assisted family above the poverty line below three years. SGSY is a credit cum subsidy programme.
- SJSRY - The Government of India has formulated a new programme called SJSRY to provide employment to the urban unemployed youths. It is intended to provide training to the urban poor in a variety of service and manufacturing trades as well as local skills and local crafts so that they can set up self employment ventures. Urban SHGs are assisted under this scheme.
- TAHDCO - Tamil Nadu Adhi Dravidar Housing Development Corporation. With a view to providing self employment to Adhi Dravidar families, activities relating to farm sector, non-farm sector and other priority sector will be considered for financial assistance under the scheme with subsidy of Rs.50% of the project cost. Financial assistance to SHGs under Revolving fund as well as economic activity will also be considered.
- Loans are provided (both RF and EA loan) to pure SC/ST groups by TAHDCO in order to improve their economic status and standard of living.

TABCEDCO - TABCEDCO has been incorporated under the Companies Act of 1956 on 16.11.1981 and it commenced its business on 22.5.1982. The basic objective of the corporation is to improve the economic condition of the backward classes / most backward class/ denotified community by providing loans at reduced rate of interest for the economic upliftment