REVIEW OF LITERATURE
CHAPTER II

REVIEW OF LITERATURE

Introduction

Review of literature gives an understanding of theory in the field to enable the researcher to place his question in perspective. Studying the related literature makes one learn which procedures and instruments have proved useful. The success and failure of the previous studies provides insight for designing one's own study. A thorough study of related literature helps to avoid unintentional replication of previous studies. It also helps the investigator to explore the facts, which has remained unexplored in the previous studies. A synthesized collection of prior studies helps the researcher to identify the significant overlaps and gaps among the prior research works.

Kumaran (1997)\(^8\) in his study conducted in rural areas of Tirupati blocks of Andhra Pradesh reported that credit availability at a lesser rate of interest to meet their consumption needs was the main reason which motivated respondents to join SHG. He noted that SHGs were mostly homogeneous groups in terms of socio-economic backgrounds of members, which in turn had contributed to cohesiveness and solidarity of the groups. Group sustainability was strengthened by regular meetings, savings and timely repayment of loans. The age of the SHG members ranged from 22 to 41 years. He found that majority of them were coolies and agricultural labourers (36%) followed by housewives (27%) and dairy (21%). Least percentage of them were artisans (7%), petty shop owners (4%), house maids and dhobi (2%) and tailors (1 %). The


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average family income per month among different groups varied from Rs. 255 to Rs. 890. About 94 per cent of the group members were married while the rest 6 per cent were unmarried. The average family size among the group members varied from three to six. 76 per cent of the members were illiterate and the remaining 24 per cent constitute literate who could read and write.

Hossain (1988)\(^9\) conducted a study regarding impact assessment of Grameen Bank’s microfinance programme in Bangladesh. The study took a comparison between the Grameen Bank members and eligible non-participants in Grameen Bank situated villages. It was found that participation in Grameen Bank’s microfinance programme had a positive impact on various economic activities of members and helped in alleviating poverty. The average household income of Grameen Bank members was 43 per cent higher than that of target non-participants, and 28 per cent higher than eligible non-participants. Grameen Bank members spent 8 per cent more per capita on food and 13 per cent more on clothing than target non-participants and 35 per cent more on food and 32 per cent on clothing than target households in comparison villages.

Gopalakrishnan (1998)\(^10\) observed that, post-linkage, almost all the respondents of SHGs showed positive change towards child care, environment sanitation, drinking water supply, good food, public speaking, contact with officials, child education prohibiting arrack etc. Children were diverted from work to schooling thereby reducing drop outs. Agricultural families consuming sorghum had switched over to rice. The members, trained by the NGOs, maintained their own drinking water hand pumps. The respondents also canvassed for their own members in the panchayat election, and supported the candidate physically and financially.

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Pitt and Khandker (1998)\textsuperscript{11} had studied the impact of microfinance on poverty in Bangladesh. Data was collected through a survey in 1991-92 containing 1798 households (1538 participants and 260 non-participants) in three Bangladeshi programmes, i.e. microfinance programmes of the Grameen Bank, Bangladesh Rural Advancement Committee (BRAC) and of Bangladesh Rural Development Board (BRDB). For finding the impact borrowers were compared to the people in non-programme villages. Results showed that for every Taka (currency of Bangladesh) lent to a female member, the consumption increased by 18 Taka and for men this figure was 11 Taka. Further, the study showed that the poverty rate of BRAC members fell by around 15 per cent for moderate poor and 25 per cent for ultra-poor. Similar results were found for the other two programmes. This rate of poverty reduction appeared to decline with the duration of membership and with cumulative loan size. Thus, the reduction of level of poverty was variable and declined with the passage of time.

Morduch (1998)\textsuperscript{12} in his study investigated a cross-section data of nearly 1800 households in Bangladesh served by microfinance programmes of the Grameen Bank, BRAC and BRDB in 1991-92. The sample also included a control group of households in areas not served by any microfinance programme. There was strong evidence available that micro-credit contributed to reducing household vulnerability. Participant households had substantially and significantly lower variation in consumption and labour supply across seasons relative to the control groups. The study showed that consumption variability was 47 per cent lower for eligible Grameen households, 54 per cent lower for eligible BRAC


households and 51 per cent lower for eligible BRDB households as compared to a control group.

Khandker et al. (1998)\(^\text{13}\) reported substitutions from wage employment to self-employment in the survey of 29 districts (thanas) in Bangladesh undertaken for the World Bank and the Bangladesh Institute of Development Studies (BIDS). They concluded that microfinance as delivered by Grameen Bank, BRAC and Rural Development-12 (RD-12) accelerated the shift from wage employment in the informal rural sector to self-employment among the poor participants. But they added that absence of technological development had slowed down the overall increase in production and employment. International Labour Organization (ILO) (1998) in its different projects concluded that microfinance had successfully increased micro-enterprises and self-employment of the clients. An ILO survey of 46 Microfinance Institutions (MFIs) in 24 different countries showed that 74 per cent of MFIs had “the self-employed” as clients, leaving it open whether these had some wage labourers or not, 17 per cent had primarily self-employed in their clientele and just 4 (9 per cent) had only a minority of self-employed amongst their clients.

Coleman (1999)\(^\text{14}\) studied the impact of microfinance lending of village banking programme in Thailand. He looked at two microfinance institutions, the Rural Friends Association and the Foundation for Integrated Agricultural Management. A sample survey of 455 households, participant and non-participants, showed no evidence that programme had an impact on any asset or income variable. There was no evidence of increase in the productive activity as the access to bank loans increase. The author cautioned against extrapolating these results to other countries since Thailand was rather a developing


country. One of the reasons of weak poverty impact was that there was a tendency for wealthier households to self-select into village banks and then relative small size of loans might be used for consumption purpose.

Komar (1999)\textsuperscript{15} noted that most of the members met weekly; attendance to the meetings was not less than 90 per cent. The penalty for non-attendance was two rupees. The periodicity of office bearers was one year and they were unanimously nominated. Member savings were deposited weekly and it ranged from Rs.5 to Rs.10. The functions of the SHG were mainly credit management only. Loans were given to agriculture (seeds, fertilizers, pump sets etc), animal husbandry, health, petty business, consumption etc. The duration taken to avail the loans was one week to one month, while for health and consumption purposes it was given immediately. Repayment period ranged from six months to one year. The working capital of the SHGs ranged from Rs.56, 537 to Rs.69, 150. The number of loans disbursed by the SHGs per annum ranged from 8 to 36 while the total amount ranged from Rs.43, 150 to Rs.84, 500. The recovery ranged from 73 per cent to 97 per cent. The savings per member per annum ranged from Rs.250 to Rs.375. Loans to non-farm income generating activities, animal husbandry, health, agriculture dominated the loan purposes.

World Bank (1999)\textsuperscript{16} survey conducted for the mid-term review of the poverty alleviation and microfinance project among 675 micro-credit borrowers in Bangladesh showed that there had been positive change in the economic and social status of the surveyed borrowers. The survey showed that income had increased for 98 per cent of borrowers; 89 per cent of the borrower’s accumulated new assets; and 29 per cent had purchased new land, either for homestead or for agriculture. Food intake, clothing and

\textsuperscript{15} Komar, Sridhar, 1999, Self Help Groups and Rural Finance: A Study in Chitradurga District of Karnataka State. \textit{M.Sc.(Agri.) Thesis (Unpubl.), Department of Agricultural Economics, College of Agriculture, University of Agricultural Sciences, Bangalore.}

\textsuperscript{16} World Bank (1999), \textit{Mid-term Review of the Poverty Alleviation and Microfinance Project}, World Bank, Dhaka
housing had improved for 89, 88 and 75 per cent of the borrowers. Sanitation conditions improved for 69 per cent and child education for 75 per cent of the borrowers. The improvements had mainly achieved due to the increased level of self-employment of women participants.

Tankha Ajay (1999)\textsuperscript{17} observed that not all poor are in a position to utilize the SHG loans due to their inability to bear risk, lack of education, entrepreneurial skills. Very poor households would also not repay consumption loans either. Savings of members deposited with the SHGs reduced the dependence on borrowed funds or donor money and served as collateral for loans to individuals or groups. Only if the withdrawal of savings was allowed could the very poor be helped in tiding over the consumption needs in smoother months. In the event where saving for deposit sake and for credit sake was mandatory, the poor would not benefit at all. He opined that income transfers, subsidies, softer interests, grants had to continue for such poor. Continuation of NGOs with multi-project development strategies and services were essential.

Gangaiah (2000)\textsuperscript{18} reported that Podupulakshmi Groups were groups of 30 to 40 members saving a rupee a day per head and having their own passbooks. Elected group leaders deposited the amounts either in a bank or post office. The savings were used for dairying, tailoring, fruit selling, quarry work, basket making, brick making etc., or for consumption purposes. By the year 2000, the total number of such groups in Nellore district was 12,308 with a membership of 2, 12,603 women members. 9,647 of these groups were identified as stable, 1,217 as unstable and 909 as degenerating. The total amount saved was Rs.20 crore. It was being contemplated to federate these women groups into a Rural Bank for

\textsuperscript{17} Tankha Ajay, 1999, Some NGOs Dilemmas In Reaching The Poorest With Microfinance. SEARCH Bulletin, XIV(1):73-79.

women development in the district. The groups were also actively involved in building ties with formal lending institutions, in immunization programmes, elementary education, propagating small family norms, mother and child care, literacy, family planning, pulse polio, rural sanitation, adult literacy, women literacy, prevention of atrocities against women, etc. The groups operated 180 Early Child Education Centers under DPEP projects. About 205 groups had received assistance under DWCRA.

Mohanan (2000)\textsuperscript{19} commented that formal banking system was unable to address the credit requirements of the poor, particularly women, who were pushed to the status of recipients, beneficiaries and consumers despite their capabilities of a provider, benefactor and producer. Noting that the NGOs had been earlier involved in credit activities under the broad category of ‘Credit Union’ programmes, he observed that subsequently they performed five important roles. In the ‘Formation Role’, due to grass root level involvement, NGOs could evaluate situations for group formation and comply with all the procedures for group formation. Under the ‘Nurturing Role’ they trained the SHG members on the procedures and technicalities involved in the functioning of the SHGs, maintenance of documents, communications, discussions in group meetings, decision-making and implementation etc. They also continuously monitored the group. In the ‘Facilitating Role’ the NGOs stood as guarantor of the loans of the SHGs and in some cases the banks and other financial institutions lent the loans to the NGOs for on-lending to SHGs. In the ‘Mobilization Role’, the NGOs identified the needs of the target group, design appropriate projects and programmes for capacity utilization and empowerment for which purposes they mobilized resources internally and externally. Bulk of the training support for SHGs came from the NGOs who also mobilized the resources for the same. In the fifth role, the NGOs

formed federations, networks or collectives of SHGs which were kept independent of the NGOs by which they were formed, i.e. the bodies so formed were controlled and managed by the SHGs themselves. Thus he opined that NGOs are in the forefront of the micro credit movement. In the NABARD guidelines for forming SHGs, it has been suggested that the membership of a SHG could be between 10 to 20 members, preferably 15 to 20, with the members drawn at the rate of one from each previously identified family on the basis of certain poverty indicators and all coming from socio-economically homogenous background. It preferred that the groups should be only of men or only women and not mixed. It also suggested that at least 20 percent of the members know to read and write. The guidelines noted that sole women groups generally performed better.

Puhazhendhi and Satyasai (2000)\textsuperscript{20} in their study commissioned by NABARD covered 560 sample households from 223 SHGs spread over 11 states across India. For assessing the impact of the programme, a comparison of pre- and post-SHG situation was made. With a view to quantify the empowerment of SHG members, economic and social empowerment index was computed for each household by using the scoring technique. The findings of this study showed 33 per cent rise in average annual income from pre- to post-SHG situation. Forty per cent of this incremental income was generated by non-farm sector activities. The estimated employment days per household worked out to 375 person days during post-SHG situation that had registered an increase of 17 per cent from pre-SHG situation. Sample households took up 200 additional economic activities by utilizing 85 per cent of the borrowed funds for productive purposes. The share of families living below the poverty line was reduced by 20 per cent in post-SHG situation.

The social empowerment of sample SHG members in terms of self-confidence, involvement in decision-making, better communication, etc. improved in a significant way.

Manimekalai and Rajeswari (2001)\textsuperscript{21} studied the socio-economic background of self-help group women in rural micro-enterprises in Tamil Nadu and examined the factors which had motivated the women to become SHG members and eventually as entrepreneurs. The study found that women SHGs earned the highest profit from agriculture, followed by trade related activities and catering services. A majority of sample units did not market their products outside the districts but sold these directly to the customers. The income of the SHG women almost doubled after taking up micro-enterprises. Majority of the respondents faced serious problems like non-availability of raw materials, lack of infrastructure facilities including marketing, lack of support from family members in running the enterprises etc. The provision of microfinance by the NGO to the women SHGs had helped the groups to achieve a measure of economic and social empowerment. It had developed a sense of leadership, organizational skill, management of various activities of a business, identifying raw materials, market and suitable diversification and modernization.

Dasgupta (2001)\textsuperscript{22} acknowledged that the NGOs and SHPIs played the major role satisfactory growth of SHGs. He noted that, to form a group, five to six visits to a village in a span of three to four months were necessary by field workers who were generally women. During this period these workers faced many problems such as initial general resistance (to the concept of self-help group), inadequacy in training, attracting unhealthy attention from males, necessity to work late into nights, traveling through isolated areas in


infrastructural backward villages. He noted that sustained support of the field workers by
their NGOs was necessary to succeed. The costs of establishment and linkage included (i)
salary of field workers (ii) travel cost of field workers from village to village (iv) training
cost for field workers and SHG members and (v) costs of monitoring, controlling and
supervision. He noted that for the village level framework, only the first item was
necessary. Training cost was necessary for long term growth. Travel cost was important
for the operation in a cluster of villages. Supervision costs became significant when
operational area is spread far and wide. Subsequent establishment of SHGs in the same
village took much less time if the earlier groups were successful.

Dunn and Arbuckle (2001)\textsuperscript{23} studied the impact of micro-credit on the Mibanco
clients in Peru [1]. The impact was measured using cross-sectional data collected in two
parts, once in 1997 and again in 1999. The study demonstrated a very significant positive
impact on its clients in terms of income and employment generation. It was found that
the participation in the programme led to nine additional days of employment per month.
The authors calculated that based on 40,000 Mibanco members at the end of 1999, 17414
full time jobs were created. It was also found that Mibanco clients earned $266 more per
household member per year than the non-participants.

Todd (2001)\textsuperscript{24} studied the impact of SHARE Microfinance Ltd. on its clients in
Andhra Pradesh, India. The study compared 125 SHARE clients to 104 new clients who
had yet to receive any exposure to the programme. All the SHARE clients had participated in
the programme for at least three years. Todd created a poverty index composed of four
elements: sources of income, productive assets, housing quality, and household dependency
burden (the number of household members divided by the number of income earners).

\textsuperscript{23} Dunn, Elizabeth; and Arbuckle, J. Gordon Jr. (2001), “The Impacts of Microcredit: A Case Study from
Peru - Executive Summary”, Assessing the Impact of Microenterprise Services (AIMS) Project,
Management Systems International, Washington, DC.

\textsuperscript{24} Todd, Helen (2001), "Paths out of Poverty: The Impact of SHARE Microfinance Limited in Andhra
This index score helped Todd to document the extent to which clients had moved out of poverty. The results of the study showed that 76.8 per cent of the total clients had experienced a reduction in poverty including 38.4 per cent that shifted from very poor to moderate poor category and 17.6 per cent that had left poverty entirely. As compared to the incoming clients, mature clients were more likely to send their children to school and spend money for health purposes.

Chen and Donald (2001) in their study compared the impact on the clients who borrowed for self-employment and the clients who only saved with Self-Employed Women Association (SEWA) Bank without borrowing to the non-clients of Ahmedabad and Gujarat states of India where SEWA was based. The study was conducted in two rounds, i.e. in the years 1997 and 1999. It was observed that repeated borrowing was especially important, compared to one time borrowing. Repeated borrowers had greater income spent on food, household improvements and consumer durables and more likely to had girls enrolled in primary schools. Income of participant was over 25 per cent greater than that of saver and 56 per cent higher than the non-participant income. Savers too enjoyed household income 24 per cent greater than that of non-participants. These findings indicated that microfinance was quite effective.

Singh (2001) conducted a study on the socio-economic impact of microfinance programme in Uttar Pradesh. In order to study the impact, rural areas of Kanpur district were selected on account of highest number of credit linked SHGs as compared to other districts in the state. For the purpose of the study, out of 11 SHGs linked with RRB, one group in Beridayria village was selected. It was found that in pre-SHG situation most of

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the members were dependent on income from labour but in the post-SHG situation their
main source of income was dairy. The survey showed that simple and quick credit delivery
with lower interest rates in SHGs replaced the money-lenders. During pre-SHG some of the
loans were taken for consumption purpose but in the post-SHG situation the loans were
mainly taken for income generating purposes. The study showed that the average value of
assets increased by 46 per cent and the annual income per household increased by 28 per
cent in post-SHG periods. The most interesting feature of SHGs was compulsory savings
even by cutting the necessary expenditures. Recovery rate was quite high which ranged from
95 to 100 per cent. The study also revealed that the commercial banks were not prompt in
linking SHGs for loans.

Mishra et al. (2001) studied the impact of rural SHGs on generation of income
and employment among the beneficiaries identified the major constraints and problems
faced by the groups, and suggested measures for overcoming these problems in Faizabad
district of eastern Uttar Pradesh. For the purpose of the study, five SHGs in Amaniganj
block of the district were selected randomly. It was observed that SHG members were
mainly from OBC community whose main occupations were agriculture, small
businesses, labour etc. Ninety-three per cent of the SHG members were male and only 7
per cent were female. Majority of the members lived below the poverty line. The average
monthly savings ranged from Rs. 15 to Rs. 50. Repayment performance was good. The
results of the survey showed that SHGs have helped to increase the income of the
participants by 10 to 15 per cent. The major problems that the members faced were lack of
training, credit and marketing facilities, entrepreneurship and high interest rate. It was

Mandal – A Rural Self-help Group in Kalahandi District of Orissa”, Indian Journal of
suggested to involve Commercial Banks, RRBs and Primary agricultural co-operative societies to provide liberal credit at cheaper interest rate to the poor through SHGs.

Dahiya et al. (2001)\(^{28}\) in their research paper made a socio-economic analysis of the working of SHGs in Solan district of Himachal Pradesh. The data was collected from 54 SHG participants drawn from six SHGs from two development blocks of the district. The study revealed that members were mainly involved in small business and service/profession like bangle selling, tailoring, marginal farming etc. The interest rate charged on internal lending ranged from 24 to 60 per cent and the bank interest rate was 12.5 per cent. The recovery performance both for internal and bank loans was 100 per cent. The study found that there was a considerable increase in annual income in post-SHG period. This increase was very high for the newly formed groups as compared to the older groups. The overall increase in annual income was 94.3 per cent in post-linkage period. The social impact was deep in empowering women folk, educational development of children and emancipation from social evils like drunkenness by male household members.

Gaonkar (2001)\(^{29}\) studied the impact of SHGs on women in Goa. For this purpose, the data was collected from 5 women SHGs situated in Bardez and Bicholim talukas in Goa. The study revealed that SHGs made a lasting impact on the lives of the poor and their quality of life was improved in terms of increase in income, savings, consumption, expenditure and self-confidence, productive use of free time, getting opportunity to improve hidden talents and getting more importance in the family. It was found that individual loans were mostly utilized for productive purposes and the repayment of these loans was


100 percent. The study concluded that the SHG movement could significantly contribute towards the reduction of poverty and unemployment in the rural sector of the economy.

Mishra and Hossain (2001)\textsuperscript{30} in their study assessed the impact on mahila-mandal (a rural SHG in Orissa) in terms of empowerment of rural women and employment generation through programme participation. The group was working under the development agency for the poor and tribal awakening, a leading NGO of Kalahandi district. The impact was assessed, comparing the pre-1996 and post-SHG situation (2001) of the programme participants. The study found that till the year 2001, 26.67 per cent of the families started non-farm activities, 40 per cent adopted small family norms, 45 per cent consumed food with vegetables, 58 per cent had food security to manage the lean season and all the member families have become literate. The study revealed that the average net income per member per year increased from Rs. 6465 to Rs. 15325 through scientific cotton cultivation, livestock maintenance and small business like retail shop, dry fish trading etc. The group was maintaining successfully the fair price shop fulfilling the requirements of five nearby villages. Additional employment generated worked out to be 185 person days per member. In this way, the success of these mahila- mandals suggested that these could become a role model for other SHGs.

Nedumaran et al. (2001)\textsuperscript{31} conducted an empirical study on the impacts of SHGs in Tamil Nadu. Two districts of Tamil Nadu, namely, Erode and Tiruchirapalli were selected. One hundred and fifty members from 30 SHGs promoted by two NGOs – MYRADA and LEAD were surveyed. Primary data was collected through personal interview method during March-April 2001. The study showed that the average amount of group loans availed was positively associated with the group age. The annual net family


income of the members was increased by 23 per cent in post-SHG situation over the pre-SHG situation. The study also indicated a considerable improvement in the social conditions of SHG participants after joining the group activities. The researchers also recommended the promotion of SHGs in rural areas, training to members and involvement of local NGOs in building SHGs for the overall improvement of the households.

Raghavendra (2001) \(^{32}\) evaluated the contribution made by microfinance programme initiated by Sahyadri Grameen Bank in Thyagarthi village in Shimoga district of Karnataka. The income generating economic activities and women’s empowerment in rural areas was studied. For the purpose of study, three SHGs were personally interviewed and data was collected for the years 1994-1995 to 1999-2000. Out of these three SHGs first group was run by a forward community, second was run by SC/ST and the third was run by a backward community. The analyses revealed a significant change among the group members in diversifying income generating economic activities. The researcher found that the microfinance programme was financially sustainable. The members reported that they did not borrow from money-lenders anymore. It was found that the members of SHGs formed by forward community had created their own capital base. They were involved in diversifying farm-based activities into market-based activities. For the other two groups, resource constraint was found to be a detrimental factor to expand economic activities. The case study concluded that there was a great potential for implementing various programmes for the rural poor through SHGs.

Bhatia and Bhatia (2002) \(^{33}\) pointed out that though the SHGs had been a worthwhile success both to the members as well as to the lending agencies, they cautioned the

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promoting institutions not to adopt a target oriented approach when establishing the groups as the quality aspects of the SHGs such as group cohesion, homogeneity, mutual trust, the felt need for a group were cardinal. Even NABARD guidelines for group selection for finance cautioned that groups should not have come into existence solely for the purpose of obtaining loans and there should be a genuine need to help each other. Only the persons having the requisite training, development orientation and grassroots rapport should engage in group formation, the authors opined. They also cited instances where many groups had become defunct due to hastiness. They deplored the politicization of group formation and felt that the Swarnajayanthi Gram Swarozgar Yojana (SGSY) promoted by the Government agencies was also prone to danger.

Chavan and Ramakumar (2002)\textsuperscript{34} observed that the administrative costs of the Gramin Bank financing SHGs progressively increased and was around 12.3 per cent due to the cost of supervision. The groups chairperson and the Bank’s Centre Chief, Bank Worker, Branch Manager, Programme Officer were all hierarchically involved in the immediate and periodic supervision of loans and its accompanying paperwork. Increases in the banks’ staff salaries, costs of opening of new branches were also added to these costs. The Gramin bank interest rate was around 20 per cent and was 8 per cent higher than the market rate in BanglaDesh and other state sponsored programmes. The high administrative costs were offset by external subsidies to the bank. Though the recovery in the case of Gramin Bank groups was very high (around 96 per cent), it was observed that the default rates increased with the frequency a borrower availed loans. The proportion of prompt repayment was 96.7 per cent among first time borrowers, 61 per cent for third time borrowers and 32.9 pr cent for fourth time borrowers. The authors observed that financial viability in the case of SHGs was

achieved through high repayment rates which in turn were achieved through high
administrative costs and these were met by high interest rates and reliance on subsidies. The
authors opined that any increase in the scale of operation of NGO-led micro-credit
institutions would increase their costs of operation and thereby their dependence on subsidies.

Puhazhendhi and Badatya (2002)\(^{35}\) in a study commissioned by NABARD
surveyed 115 SHG members from 60 SHGs in eastern India. They concluded that
institutional credit had deepened and widened among the rural poor, while there had been
substantial reduction of loans from money-lenders and other informal sources. The
findings of this study showed that 52 per cent of sample households registered 23 per
cent rise in annual income and 30 per cent increase in asset ownership in post-SHG
situation. About 72 per cent of the bank loan was used for income generating purpose
and the remaining 28 per cent was for consumption and other social functions and
contingency purposes. The estimated employment days per household worked out to 405
person days during post-SHG situation that had registered an increase of 34 per cent
between pre- and post-SHG situations. Activity-wise, per cent increase was higher for
non-farm activities (121 per cent) followed by off-farm activities (21 per cent) and farm
activities (19 per cent). The social empowerment of sample SHG members in terms of
self-confidence, involvement in decision-making, better communication, etc. improved in a
significant way. It was also found that members in the older groups of five years and above
were more socio-economically benefited as compared to the members in newly formed
groups.

\(^{35}\) Puhazhendhi, V.; and Badatya, K.C. (2002), SHG-Bank Linkage Programme for Rural Poor in India -
An Impact Assessment, Microcredit Innovations Department, National Bank for Agriculture and Rural
Development, Mumbai
Develtere and Huybrechts (2002)\textsuperscript{36} in their paper focused on the economic and social impact of the activities of microfinance institutions on the clients of Grameen Bank and BRAC in Bangladesh. The author overviewed different studies conducted in Bangladesh by different researchers. The study revealed that Grameen Bank and BRAC had succeeded in reducing their members’ vulnerability by controlling consumption and income variability and had prevented them from falling further into poverty. However, there was no consensus on whether the two institutions reduced poverty as per se. Most of the poorest (bottom poor) people in Bangladesh had not been able to take part in a micro-credit programme due to various client related and programme related barriers. While assessing the social impact of the programme it was found that the programme had a positive effect on women \textit{PARTICIPANTS} with regard to women’s status, their involvement in family decisions, expanding knowledge and awareness, and the improved situation for their children. It was also found that the microfinance programme not only affected its members but also the non-members in programme villages and surrounding villages through a positive spill over in different spheres of social and economic life in the form of increased awareness, better practices of health, sanitation, family planning, reduced rate of interest and increased wages.

Seibel and Dave (2002)\textsuperscript{37} conducted a study on the commercial aspects of SHG Banking in seven units of three banks-two in Andhra Pradesh and one in Karnataka. They noted that the SHGs Andhra Pradesh were initiated through the District Rural Development Authority (DRDA) while in Bidar district of Karnataka, the NGOs were

\textsuperscript{36} Develtere, Patrick; and Huybrechts, A. (2002), “Evidence on the Social and Economic Impact of Grameen Bank and BRAC on the Poor in Bangladesh”, Higher Institute of Labour Studies, Katholieke University, Leuven, Belgium

dominant in initiating and nurturing SHGs, followed the PACS of the DCCB Bidar. Besides the NABARD – linked SHGs, there were the ‘Sthree Shakthi’ SHGS organized by the Karnataka state Women and Child Development Department and who were financially linked to the DCCB, Bidar. They further noted that the District Central Cooperative Bank, Bidar (DCCB) had institutionalized SHG banking, fully bearing its costs. The Bank had established a micro credit division, six local training centers which were staffed by the by the bank and involved in training branch – level staff in SHG banking and also training PACS as grass root level SHPIs. ‘SAHARDA’ was the national training center established by the DCCB under the Micro credit division that trained staff from other districts and was fully self-supporting. The micro-credit division trained PACS staff as SHG supervisors and the training costs were transferred to the respective PACs over a three year period at the rate of 75 per cent, 50 per cent and 25 per cent of the training costs. The bank had developed a network of NGOs as facilitators, receiving a margin of one per cent from the SHGs.

Rangi (2002)\(^{38}\) in the study conducted at Fatehgarh Sahib district of Punjab reported that 70 per cent of the respondents of the SHGs were in the young age group of 25 to 45 years, 18 per cent were in 45 to 55 years, 6 per cent were between 55 to 65 years and 4 per cent were of less than 25 years. Only one respondent was of more than 65 years of age. Seventy per cent SHG members were educated and the remaining 30 per cent were totally illiterate. Among the educated category of the respondents, majority (about 57%) had education between 5th to middle standards and about 29 per cent were educated between 9th and 10th standards. Two-thirds of the respondents belonged to the scheduled castes and backward castes and the rest to higher castes such as Jats, sikhs, brahmins, khatris, arora etc.

Fifty six per cent of the respondents had a family size of five members whereas, 44 per cent had six to ten family members living as joint families. About two-thirds of the respondents did not own any land whereas about one-third did, but only as small and marginal farmers. Ninety two per cent of the respondents had *pucca* houses. Majority (58%) of the respondents' families had a net monthly income between Rs. 2,000 and Rs. 6,000, 12 per cent of the families earned between Rs. 6,000 and Rs. 8,000, two per cent of the families earned Rs.8,000 and Rs. 10,000 and 22 per cent earned Rs. 10,000 and above. The casually employed workers in agricultural and non-agricultural sectors had comparatively low income because employment was for a limited period in each month.

Littlefield et al. (2003)\(^{39}\) in their paper reviewed that microfinance programme was very helpful in attaining the millennium development goals through mobilizing various resources to reduce poverty and hunger, eliminate HIV/AIDS and infectious diseases, empower women, educate all children and lower child mortality. This paper presented the findings of various microfinance studies and had proved that availability of financial services for poor households had a strong impact on the achievement of the millennium development goals. The poor used financial services not only for business investment in their micro-enterprises but also to invest in health and education to manage household emergencies and to meet other wide variety of cash needs that they encountered. A large number of microfinance institutions had proved that they were profitably reaching the bottom poor people by applying various innovative products and methodologies. The availability of financial services had proven to be a critical factor in reducing poverty and its effects, resulting in positive impacts on nutrition, education, health, gender equity and the environment.

Kabeer and Noponen (2005)\textsuperscript{40} in their paper set out the findings of a socio-economic impact study of PRADAN’s microfinance programme carried out in Jharkhand, one of the poorest states in India. The major objective of the study was to find out the impact of microfinance on the capacity of the participants to meet basic needs, livelihood base, asset position, saving and debt position and women’s choice and agency. The findings of the study showed that as far as basic needs were concerned, the members had reported a more favourable overall food situation in terms of adequacy and diversity of diet as compared to non-members. They had better access to clean drinking water, improved housing with more rooms and doors. Members were sending greater number of children to school along with greater gender equity. Members were engaged in own cultivation and livestock rearing and less dependent on unskilled wage labour activities. Members had higher levels of savings and lower incidence of indebtedness to high interest of money-lenders as compared to non-members. As regards women’s skills, knowledge and agency, members had acquired more practical skills and demonstrated greater awareness of government programme for the welfare of poor. However, there was less difference regarding participation in household decision-making. In both the groups, women made sole decisions in one-fifth of the households and a joint decision was made in about half of the households. Overall, the study showed that members were in a better position than non-members and the process of women empowerment had been initiated through the microfinance programme.

Montgomery (2005)\textsuperscript{41} empirically examined the impact of Khushhali Bank’s microfinance lending programme on the welfare of poor households in Pakistan. The programme was assessed using the technique of prospective clients (who had not yet accessed loans) as the comparison group. The primary data was collected from 2881 rural and urban households in Pakistan. The empirical results showed that the participation in Khushhali Bank’s microfinance programme had positive impact on both economic and social indicators of welfare as well as income generating activities, especially for the poorest participants in the programme. The programme enabled poorest of its borrowers to increase expenditure on their children’s education and health.

Yunus (2005)\textsuperscript{42} in his study explained Grameen Bank’s new microfinance programme, exclusively targeted for beggars in Bangladesh. The ‘struggling members (beggars) programme’ was a new initiative taken by Grameen Bank in late 2003 to help the people in the lowest rung of poverty which was also reinforcing the bank’s campaign that credit should be accepted as a human right. The goal of the programme was not only to economically empower but also to boost the morale and dignity of the beggars. The struggling members were not required to form any group or attend weekly meetings. In this programme, 31.11 million Taka loans were provided to 47,454 struggling members without charging any interest, up to July 2005. Out of this collateral free loan, 15.40 million Taka had been repaid and 786 members had already quit begging. Hietalahti and Linden (2006) studied the socio-economic impact of micro-credit on women’s welfare in northeastern South Africa using a qualitative semi-structured interviewing method. The

\textsuperscript{41} Montgomery, Heather (2005), Serving the Poorest of the Poor: The Poverty Impact of the Khushhali Bank’s Microfinance Lending in Pakistan, Asian Development Bank Institute, Tokyo, Japan

study focuses particularly on the benefits, disadvantages and challenges obtained from the Small Enterprise Foundation’s (SEF) Micro Credit Programme (MCP) and the T’shomisano Credit Programme (TCP). The research involved semi-structured interviews with 21 entrepreneurs from participants in SEF micro-enterprise programmes, consisting of 10 clients in the MCP and 11 clients in the TCP. Impact of micro-credits and a comparison of two programmes were analyzed on a household level. The results revealed that a number of poor women had been released from deepest poverty through the opportunities provided by SEF. The MCP clients, who tend to have a better starting point, seemed to be more educated, able to diversify and improve their businesses as well as being more capable of protecting themselves against vulnerability than the poorer TCP clients. Many repayment problems were caused by group heterogeneity. Particularly in the MCP, the incentive to free ride seemed to be a problem phenomenon. These drawbacks demonstrated that there were still some unresolved disadvantages in the programmes.

Misra (2006) in his paper discussed the factors and theoretical position associated with evolution of microfinance and then assessed the socio-economic impact of SHG bank linkage programme of microfinance in India. A field research was undertaken by the researcher to study the impact of microfinance programme covering 93 client households from 5 SHGs from 3 different locations of western and central part of India. The group members who were in the programme for at least two years were surveyed. It was found that all the group members were saving regularly at fixed intervals and dependence on money-lenders was eliminated for 2/3 of the clients. The social development index of group members measured on Likert scale showed a definite positive trend after joining SHGs. Loan repayment rate was also very high. But, while

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measuring economic development it was found that just 6 per cent of the members had taken up any economic activity in post-group formation period. Bank credit and savings were used overwhelming for consumption and other emergency needs. While the programme had a definite impact on building social capital, it had marginal impact on income level. It was found that group members were not willing to borrow to take up economic activity on account of credit risk and absence of skills to undertake some non-farm activities. Lack of technical skills and invasion of rural markets by big consumer goods companies reduced the scope for rural micro-enterprises. In the absence of any significant economic development, it was found that high loan repayment rate was made out of reduced consumption, increased working time as farm labour, borrowing from relatives, other groups in vicinity or in some cases from money-lenders also. So, reliance on high loans volume, outreach and repayment rate as a proxy for positive economic development ignored the issue of impact assessment at client level.

Yamuna (2007)\textsuperscript{44} studied the changes in the role and status of SHG participants in Solamadevi village of Coimbatore district. For the purpose of study primary data was collected from 54 SHG members through an interview schedule. The results of the study showed that all the participants who received bank loans under this scheme started their own businesses. There was an increase in the income level, savings, value of assets and household durables after joining the SHGs. It was also found that SHGs had developed women’s relationships with government department and banking institutions. They had been equipped with leadership skills through various human resource training programmes and interaction with other SHGs. Women had got lot of courage and self-confidence to speak for their rights after becoming SHG members.

S.V.Halakatti, Vijaya lakshmin Kamaraddi and D.S.M. Gowda (2007) examined the adoption behavior of the rural household and income generation process in Swaranajayanthi Gram Swarojagar yojana (SGSY) for rural women. The data was collected through 200 SGSY women beneficiaries following random sampling procedure through structured interview schedule in an informational atmosphere. Majority of the respondents belonged to medium adopter category. It was observed that out of 13 selected independent variables, except impersonal cosmopolite all have exhibited significant relation with adoption. Further, high adopters, medium adopters and low adopters of dairy innovations differed significantly among themselves with respect to their milk production, consumption, and income and employment generation in the same line it was also found that in the process of income generation of resource poor dairy farm women, adoption of technologies played a crucial role. It helped not only to specify casual mechanisms and to evolve a technology of income generating behaviour among the resource poor, but also enhancing the efficiency and output of the interventions made in the development programme.

Sarangi (2007) evaluated the impact of microfinance programme on rural poor households in some backward regions of Madhya Pradesh in India. For the purpose of study, Betul, a tribal region; and Seashore, a relatively prosperous region; were selected. The researcher examined three most popular group based microfinance programmes, i.e. government supported SGSY programme, NABARD’s SHG bank linkage programme, and World Bank promoted Swashakti programme.. Intervention of PRADAN in promoting poultry, mushroom cultivation and sericulture among the participant households had helped diversifying their economic portfolio. Indicators of consumption items including clothing

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and footwear seemed to obtain high average values for the participant households than non-participants. It was also found that location factors contribute to the creation of opportunities for diversifying the economic portfolio and employment choices. The study indicated the exclusion of very poor households from participation in group-based credit programme. The probability of participation was low at the lower end of income distribution and it increased with the increase in per capita income of the household and declined with very high level of per capita income. The results also showed that the increase in share of off-farm earnings increased with increase in landholding. The returns seemed to be much higher for the very big landowners than the small farmers. The findings suggested that on the one hand, many of the very poor households were excluded from the programme, and on the other, the gains from participation of the programme were mostly observed for the better-off section of households, particularly those with high per capita income or the large landholders. He concluded that credit to serve as a sole instrument of poverty alleviation did not seem to be plausible, without other corroborative mechanisms that help in increasing the potential of credit use by the poor or the small farmer.

Hoque (2008)⁴⁷ examined the relationship between households’ involvement in BRAC’s micro-credit programmes and the households’ capacity to deal with economic hardships, the survey results showed that 54.6 percent of the BRAC households and 43.5 percent among the non-BRAC households faced economic hardships. The major crises that were reported by respondents were sickness of householders, crop loss, damage of houses or businesses, losses due to natural disaster and the death of householder. With regard to the capacity of households to cope with crises, the study found that non-BRAC households had less capacity to cope with crises from their current income and earnings than

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⁴⁷ Hoque, Serajul (2008), "Does Micro-credit Program in Bangladesh Increase Household's Ability to Deal with Economic Hardships?", MPRA Paper, No. 6678, Online available at: http://mpra.ub.uni-muenchen.de/6678 [Accessed on 29.12.2008]
the BRAC households. More BRAC than non-BRAC households borrowed money in crisis. Asset selling was another coping strategy but in this survey more non-BRAC than BRAC households resorted to asset selling—a negative coping mechanism. It was found that 7.1 per cent of the BRAC households used their own savings to cope with crises compared with 4.3 per cent of the non-BRAC households.

Borbora and Mahanta (2008)\(^{48}\) in their case study of Rashtriya Grameen Vikas Nidhi’s (RGVN) credit and saving programme (CSP) in Assam examined the role of credit in generation of employment opportunities for the poor. They also assessed the role of SHGs in promoting the saving habits among the poor and the contribution of the programme in social and economic empowerment of the poor in general and of women in particular. The analysis of survey data revealed that 80 per cent of the members in the selected SHGs were from poor families. The members of the groups were engaged in gainful economic activities. It was found that the programme had succeeded in inculcating the habit of saving among the members. As many as 57.8 per cent of the members saved Rs. 200 to Rs. 500 and 42.2 per cent saved Rs. 501 to Rs. 1000 each. It also helped them to free themselves from the clutches of non-formal sources of credit. Forty-three per cent of the sample beneficiaries expanded their income generating activities. The SHGs had helped to set up a number of micro-enterprises for income generation. The focus of CSP was exclusively on rural poor and it adopted a credit delivery system designed especially for them with the support of specially trained staff and a supportive policy with no political intervention at any stage in the implementation of the programme. So, the CSP in Assam was found to be successful.

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Wagh, B. R.; Khalache, P. G.; Gaikwad, J. H. (2008)\(^49\) examined the socioeconomic impact of the Swarnajayanti Gram Swarojgar Yojana (SGSY) development programme on its beneficiaries. The Swarnajayanti is aimed at bringing the assisted poor families (swarojgaries), above the poverty line in three years by providing them income-generating assets through bank credit and government subsidy. A survey was conducted in the Nashik and Ahmednagar district of the Western Maharashtra State in India on 400 beneficiaries of the Swarnajayanti Gram Swarojgar Yojana, 200 of whom were under goat rearing trade and 200 were under dairy enterprise. The study reveals that low impact was observed on the socioeconomic status of 10.50% of the respondent beneficiaries. Medium impact was observed in case of 44.50% of the respondent beneficiaries. Almost all (94.50%) goat rearing and (96.50%) dairy enterprise beneficiaries, and (90.50%) goat rearing and (95.50%) dairy enterprise respondent beneficiaries, respectively, made the following suggestions: that the loan amount is increased to prepare the trade or enterprise on a large scale and that transport facilities are provided to beneficiaries so that they can attend the trainings and exhibitions at different places.

Amit Kundu (2008)\(^50\) examined the impact of SHG and tried to map out that how Swarnajayanti Gram Swarojgar Yojana (SGSY), a government sponsored microfinance program, can act as safety net. The program is well designed to restrict the decline of transient poor or to uplift the chronic poor from below the poverty line, the study shown that there are certain provisions in the SGSY scheme like ‘providing cheap credit’; ‘generating savings’; ‘forming social capital’; ‘investing in human and physical capital’; and ‘distributing ‘back-ended’ subsidy’ to restrict the decline of transient poor or to uplift the chronic poor


from below the poverty line. However, these recommendations remain confined in papers only. Seriousness puts into designing the program has not been reflected in implementing the program. The paper further shows that none of the program participants come from ‘extremely poor’ strata. Most of the program participants belong to ‘marginal’ or ‘vulnerable’ category, i.e. transient poor. People from ‘extremely poor’ strata feel that if they get credit from SHG, they will not be able to repay the loan. Therefore, the ‘program’ has not been able to target the very poor. As the SGSY program participants get cheap credit and subsidy, non-poor people pretext as poor. To eliminate this adverse selection problem, the ‘Government of India’ has introduced ‘Below Poverty Level (BPL)’ card for identification of the poor. Subsidy of the ‘program’ is meant for only the BPL card holders. But, a sizeable section of the BPL card holders in India is non poor, i.e. though the program was intended for the poor, but a significant portion of the benefits is appropriated by the non-poor section, however, there are serious lacunas in implementing the program. As a consequence, the SGSY program as a safety net has failed to deliver the anticipated benefit to the program participants.

Rajeev Ahuja and Indranil De (2009)\textsuperscript{51} analyzed interstate performance of the modified version of the self-employment scheme called Swarnjayanti Gram Swarozgar Yojana (SGSY) scheme. Although the scheme in its holistic form is relatively new, the early evidences hold some important lessons that can be used to improve the design and implementation of the scheme. In particular, it is found that: contrary to the popular belief, subsidy does not seem to explain interstate performance of the scheme; effectiveness of lending institutions is crucial for the performance of a scheme that promotes micro-enterprise through credit-cum-subsidy; because the scheme requires matching contribution from the

states, its performance depends also on states’ fiscal position as well as the priority they attach to the objective of poverty alleviation.

Rajararam Dasgupta (2009)\textsuperscript{52} reviewed the status of credit flow to members of self-help groups (shgs) and individual beneficiaries under the SGSY since its inception examine the policy environment and guidelines governing credit under the SGSY, analyze ambiguities, constraints and causes for the inadequate flow of credit, and related issues. The author observed that only 71% of the credit target had been achieved; 84% of government funds had been utilized, and against the allocation of 10% and 20% for training and infrastructure, only 6% and 16% had been made use of. Two-thirds of the allocated funds had been used for subsidies. The allocation of central funds was more in the southern region than in the eastern when compared on the basis of the poor in either area. The credit portfolio was still dominated by the primary sector and milk cattle; it suggests creating the bank with an initial corpus of Rs 1,000 crore for providing financial assistance to the states for sup porting state and district-level organizations working on poverty reduction. The fund will be available to states which come up with comprehensive, time-bound poverty-reduction plans based on social mobilization and community empowerment, the author further suggested that the better approach to eliminate poverty, however, would be to make the environment conducive to increased flow of credit to the poor rather than directing it, leaving micro-level credit management to financial institutions, and transferring the subsidy from the individual level to the community level for human capital formation of the poor and developing physical infrastructure useful to them. The involvement of the government must be confined to only macro affairs such as policy formulation, framing incentive mechanisms for both banks and the bureaucracy to make poverty reduction a priority, and capital formation.

\textsuperscript{52} Rajararam Dasgupta “SGSY: Need for a Paradigm Shift” Economic and Political Weekly, Vol. 44, No. 43 OCTOBER 24-30, 2009, pp. 21-23
D.C. Pathak, S.K. Pant (2011)\textsuperscript{53} analyzed the socio-economic impact of SwarnaJayanti Gram Swarojgar Yojna (SGSY henceforth) on poverty alleviation in Ramnagar block of District Jaunpur in Uttar Pradesh. The study found that SGSY has not contributed significantly in the change in the level of income of the beneficiaries. The reason could be several. The foremost being that there has been no infrastructural facility or any other kind of support to the SHGs to start a viable micro enterprise. Most of the beneficiaries were encouraged to go for individual works (remember it is in contradiction with the spirit of programme as it focuses on group approach), specially buying a cow or buffalo. This promoted nothing but corruption as several respondents showed their existing live stocks as purchased under SGSY. When a new asset was not created at all, how would it generate any fresh stream of income? Two, Officials have been selecting beneficiaries often based on erroneous list. There may be three plausible reasons for it: one, they are eager to show the scheme a success (Mosley and Hulme, 1998), secondly, they get bribe for it, and the last, the beneficiaries somehow fooled the officials about their economic conditions and surreptitiously entered the BPL list. Women have showed greater enthusiasm in the making of SHGs and these SHGs were vibrant too. But conclusion about the relation between gender and significant change in income can be drawn only after a more detailed analysis.

K.K. Tripathy and Sudhir K. Jain (2011)\textsuperscript{54} assessed the distributional implications of the world’s largest-ever government operated micro-finance programme and examines the suitability of the Self Help Group (SHG)–micro-enterprise framework towards effective


income generation and poverty alleviation. The study indicated that micro-finance has a negligible income impact on the asset-less rural poor. Under-privileged, deprived and disavantaged members of an SHG would in every possibility, end up losing more from the facility provided through the self-employment venture under SGSY. There is a relatively higher income impact of the programme in the forward regions compared to the back- ward regions of the country. A strong, positive and statistically significant relationship of literacy status with the dependent variable clearly points out that to successfully and sustainably implement micro-finance programmes like SGSY concerted efforts are needed to step up education, awareness and skill amongst the client beneficiaries. Similarly, while saving behaviour of the members impacted their income earnings, the insignificant and negative relationship between the investment under the programme and the dependent variable indicated the possible presence of high transaction costs, improper utilization of ingestible resources and/or respondents’ high marginal propensity to consumption over savings. The study highlights various immediate and imminent policy implications, namely, time bound provision of rural marketing and production related infra-structure in the backward regions, enhancement of rural education, capacity building and skill up gradation of the rural entrepreneurs and effective monitoring of investment activities.

Deepika M G and Sigi M D (2011)\textsuperscript{55} examined this model of microfinance institution and the role of the state in implementation of microfinance activities and examine its impact on poverty alleviation in the state of Kerala in India. The microenterprise model of Kudumbashree provides a classic example of a tripartite linkage model. The functioning of enterprises is made effective due to the strong linkages created in the Kudumbashree network of state, community and financial organizations facilitated through the state. The success of Kudumbashree’s thrift and credit operations proved that the poor could save money and were

trustworthy in banking operations. The microenterprises of the program have created sufficient evidence of enhancing the financial viability of the microfinance institutions created through the SHG model under the Kudumbashree network. The model can therefore be seen as a strong alternative to the commercial MFIs who are now criticized to be functioning strongly under a profit motive deviating from the intended objective of serving the poor and making them self-sustainable.

Amit Kundu and Arghya Kusum Mukherjee (2011)\textsuperscript{56} examined the impact of women’s participation in SGSY programme using data from a survey conducted in West Bengal in 2006 and 2008. The result describes the results of the estimation. Pooled regression shows that borrowing from SGSY has significant impact on female agency for all SRCs except for Muslims, but insignificant impact on health and education. This result differs from First Difference (FD) estimation. In FD estimation, the impact of SGSY programme on women empowerment is significant for UCs only. It implies that if a time invariant unobserved characteristic like entrepreneuships is removed, then participation in SGSY alone can’t change the status of the women. Women, who are comparatively more empowered, participate in the SGSY programme. Impact of SGSY participation varies across SRCs due to difference in socio religious status i.e. difference in traditional restrictions on mobility and social interactions. The underlying reasons behind under performance of the scheme lie in the implementation of the recommendations of SGSY guideline. Activity wise analysis in the survey area indicates that in case of dairy and poultry 81 percent of the swarojgaris get skill development training. In other activities no skill development training was imparted. Interview with swarojgaris reveal that only 21 percent of the swarojgaris have book keeping skill. It reflects inability of the programme to deliver the desired benefits to

\textsuperscript{56} Amit Kundu and Arghya Kusum Mukherjee “Impact of Swarna jayanti Gram Swaro jgar Yo jona on health, education and women empowerment” Department Of Economics, Jadavpur University, Kolkata, India, MPRA Paper No. 33258, posted 9. September 2011
programme participants. It calls for major overhauling of existing policies so that programme participants can get desired benefits of participation.

Amit Kundu (2011)\textsuperscript{57} examined whether microfinance programme under SGSY scheme is able to reduce vulnerability of the participating rural households. The study found that Financial services provided by microcredit programme helps poor households to make transformation from every-day survival to planning for future. Households are now able to send their children mainly the girl children to school for longer period and to spend more amounts for children’s education. Increased earnings from these financial services help the rural households to get better nutrition and better living conditions which plays a significant role to lower the incidence of illness. Enhancement of empowerment of the SGSY members also plays a significant role behind this incidence. No SGSY member household was able to increase their land size between the concerned time periods but the market valuation of land has increased. Little work like construction of river dam in those survey areas under NREGS also help the marginal farmers to go for double cropping which also plays a significant role to reduce their vulnerability. Few member households has begun to start their small business after taking credit from their respective group which also plays an important role to reduce the vulnerability as well as poverty of the member households. Implementation of NREGS also plays a supportive role to reduce vulnerability of the rural women.

Madhusudan Ghosh (2011)\textsuperscript{58} reviewed the progress of SHG-Bank linkage programme at the national and regional levels, and examines its impact on the socio-economic conditions of SHG member households. The programme has grown at a tremendous pace during last two decades and emerged as the most prominent means of

\textsuperscript{57} Amit Kundu “Effectiveness of Microfinance under SGSY scheme to reduce Poverty and Vulnerability of Rural Households: A Natural Experiment” MPRA Paper No. 35193, December 2011

delivering micro-finance services in India. Though the regional spread of the programme is highly skewed with highest concentration in the southern region, it has started picking up pace in other regions. The average annual net income, assets and the average amount of loans and the regularity in repayment of loans increased, and the dependence on moneylenders decreased remarkably. The percentage of loans used for productive purposes and employment per household increased, the incidence of poverty among SHG members declined, and the social empowerment of women improved significantly. The study offers important policy suggestions.

Ragbhendra Jha, Raghav Gaiha, Shylashri Shankar and Manoj K Pandey (2012) focused on the targeting accuracy of National Rural Employment Guarantee Scheme (NREG) in two Indian states, Madhya Pradesh (MP) and Tamil Nadu (TN), based on household data for 2009–2010. To overcome difficulties arising with the use of a specific poverty threshold, stochastic dominance tests are used. MP demonstrated much better targeting than TN in terms of the FGT class of poverty indices over a wide range of poverty thresholds. This is significant as the proportion of poor is twice as high in MP compared with TN. It raises doubts about prevailing views that there is greater under-provision of jobs under NREG in the poorer states. The self-selection of the poor was undermined and (relatively) affluent crowded in because of high NREG wage (relative to agricultural wage). Transfer benefits in the form of additional income to the poor were small mainly due to short spells of work and daily wages lower than minimum wage.

M.Latha ,Dr.G.Chandra Kumar(2012) attempted to assess the Performance of Agricultural women Self Help Groups (SHGs) sponsored through SGSY in Trichy district, Tamil Nadu. Primary data required for the study were collected from 170 of Agricultural

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60 M.Latha ,Dr.G.Chandra Kumar, “A study on Agricultural women Self Help Groups (SHGs) Members Micro credit Analysis in Trichy district, TamilNadu” IJEMR – January 2012-Vol 2 Issue 1
women retail SHG members representing 10 SHGs from Trichy villages, the study found that for poverty reduction and empowerment Micro credit is an accepted tool. However, it did not reduce poverty significantly in earlier days because of its limited outreach lack of mechanism to sustain the positive impact on the small number of client’s beyond the project period, poor infrastructure and slow agricultural growth and Limited markets could slow down or impair the sustainability of the micro credit programme. Consequence no perceptible improvement on the socio-economic livelihood conditions of the poor could be observed, the author further revealed that the utilization of microcredit concept provides a new scenario of the poor society. The Government promotes the SHG in all localities through SGSY programmes, in order to uplift the standard of living, income, education, health, sanitation and other basic amenities, water and transportation. The Government developed institutions NGOs and private institutions need to conduct awareness programmes to promote the SHG concept to cover the “Unreached” section of the society.

A.Sundaram (2012)\textsuperscript{61} to examine the impact of SGSY in Socio-economic development of India Self-help Groups have been playing considerable role in training of Swarozgaris through SGSY programme, infrastructure development, marketing and technology support, communication level of members, self confidence among members, change in family violence, frequency of interaction with outsiders, change in the saving pattern of SHG members, change in the cumulative saving pattern of SHG members per month, involvement in politics, achieving social harmony, achieving social justice, involvement in community action, sustainable quality and accountability, equity within SHGs, defaults and recoveries, and sustainability -financial value, the study found that SHG Programme clearly plays a central role in the lives of the poor. The programme in various

blocks all seem to be very successful in reaching poor clients. Importantly, there is evidence of increased household income. This is a very significant indicator of impact. Standard of living for the program participants have increased and also the food security is much more for the program clients. Programme loans are one of the main ways clients overcome food insecurity with sickness, disease, emergencies and crises, where programme participants seem to transfer the loan source from friends and moneylenders to SHG loans to meet these expenses. At the individual level, there is evidence that the programme attracts already relatively empowered people and that empowerment occurs among some clients through programme participation. The process of empowerment manifests itself in increased self-esteem. Programme participation is also associated with changes in decision-making at the family level. Program participants are far more aware about the various programs and organizations and have an access to these organizations.

Sharon G. Hadary (2010)\(^\text{62}\) reports that the phenomenal growth of women-owned business has made headlines for three decades—women consistently have been launching new enterprises at twice the rate of men, and their growth rates of employment and revenue have outpaced the economy. So, it is dismaying to see that, despite all this progress, on average, women-owned business are still small compared with business owned by men. And while the gap has narrowed, as of 2008–the latest year for which number are available— the average revenues of majority women-owned businesses were still only 27% of the average of majority men-owned businesses further the study revealed that more than 90 per cent of the micro-finance group members are women and their participation in those programmes improved their socio-economic standing in the society. Micro-finance programme is not fully devoid of defects. It has certain problems and challenges in the course of its development and

in the same line about 92.0 percent of households reported that women were more empowered socially after joining an SHG.

G. Barani,R. Balasubramaniam (2013)⁶³ examined whether the SGSY supported SHGs are effective in reducing poverty and unemployment. The social changes / awareness, health, environmental awareness, the role of representatives, NGOs and Government Officials, the entrepreneurial abilities of the members and the difficulties in the system are also examined, The study was conducted in all the four divisions of the Salem District, the study found that After joining the SHGs, the monthly thrift and the family income per month increased substantially. The members are able to start an economic activity in the course of their association with the SHG movement and are able to run it successfully and individually. Members are able to earn a net profit from the small business activity. The members are able to buy durable items for their family and for their small business and also cleared their outside debt, many changes are observed in the life of the members after joining the group. They get good respect from other members of their family; are able to participate in social activities; gained awareness about environment, health, sanitation, empowerment activities and rehabilitation services. The members are adequately trained and there is increase in their knowledge and skills, in the same line Members also expressed difficulties of adequate bank credit, raw material, storage, market facilities, transport, support from Government agencies/departments for purchasing their goods, and marketing in distant places. They are not motivated enough to run their small business outside the SHG purview once they cross five years of membership. Banks do not give them credit independently outside the purview of the SHG and hence they cannot disassociate themselves from the SHG movement.

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