CHAPTER – II
REVIEW OF LITERATURE

The review of literature for the present study is discussed under the following heads:

I. Origin and Conceptualization of Self-Help Groups (SHGs)
II. Performance of SHGs in India
III. Impact of SHGs and Women's Empowerment
IV. Problems of SHGs
V. Other Related Studies

I. ORIGIN AND CONCEPTUALISATION OF SELF-HELP GROUPS (SHGs)

Historically, the earliest group organized specifically as a SHG was formed in the early 1800s. Six drunkards pledged to abstain from drinking and tried to involve other drinkers in order to reform them as well. Towards the end of the 19th century, the settlement house movement began whereby members of neighbourhood helped newcomers to adjust to their environment. Barish (1971) has quoted that parent's associations date back to public education association started by a citizen's organization in 1896, to sponsor lectures concerned with common problems of parents and attempted to foster co-operation. In 1931, a co-operative self-help movement began in California and other states to combat the effects of unemployment during the Great Depression. Small citizen's groups started and developed into unemployment co-operative associations. Their objective was to exchange labour of the members for food, fish, vegetables and other necessities, basing their activities on the philosophy of rehabilitation through self-help. In the late 1930s, the SHG concept got extended to areas in which the emphasis was upon emotional and physical disabilities rather than social problems alone (Katz, 1965). Also, the helper principle, that is, use of people with a problem
to help other people who have the same problem in severe form, has universal therapeutic application (Riessman, 1967).

The emergence of SHGs can be seen as a response to industrialization, the breakdown of the kinship system and the decline of the community (Katz and Bender, 1976; Homes, 1997 and Kessler et al., 1997), although alternative views see it as a reflection of an ineffective, inefficient and dehumanizing formal system of care (Gartner and Riesman, 1977). Currently, the increasing interest in providing services that are family centered was also considered as a contributing factor to the increased number of SHGs (Rosenbaum et al., 1998). SHGs are growing at an unprecedented speed worldwide. For instance, about two percent of Canadians belonged to SHG in 1987 (Gottlieb and Peters, 1991), approximately 10 percent of Irish population was estimated to have some type of involvement in SHGs (Ben-Ari and Azaiza, 1995) and many SHGs are found to be prevalent in major cities in China (Mok, 2001). In the United States, SHG participation amount seven to ten million in 1996 (Kessler et al., 1997) and it was recently noted that more Americans try to change their health behaviour through self-help than through all other forms of professional programmes combined (Davison et al., 2000).

The self-help group concept is not new to India. While the term ‘Self-Help Group’ or SHG can be used to describe a wide range of financial and non-financial associations, in India it has come to refer to a form of Accumulating Saving and Credit Association (ASCA) (Bouman, 1995) promoted by government agencies, Non-Governmental Organizations (NGOs) or banks. These groups manage and lend their accumulated savings and externally leveraged funds to their members. Several SHGs have been carved out of larger groups, formed under pre-existing NGO programmes for thrift and credit or more broad-based activities. Some have been promoted by NGO within the parameters of the bank linkage scheme but as part of an integrated development programme. Others have been promoted by banks and the District Rural Development Agencies (DRDAs). Still others have been formed as a component of various physical and social infrastructure projects.
NGO promoted SHGs were often nested in sanghas or village development groups undertaking integrated development activities. As they have developed, SHGs or sanghas have been grouped into larger clusters and multi-village federations for financial and non-financial activities. The SHG-bank Linkage Programme has its origin in a GTZ-sponsored project in Indonesia. Launched in 1992 in India, early results achieved by SHGs promoted by NGOs such as Mysore Resettlement and Development Agency (MYRADA), promoted by National Bank for Agriculture and Rural Development (NABARD) to offer refinance to banks for collateral-free loans to groups, progressively up to four times the level of the group’s saving deposits. SHGs thus ‘linked’ became micro-banks which is able to access funds from the formal banking system. The linkage permitted the reduction of transaction costs of banks through the externalization of costs of servicing individual loans and also ensuring their repayment through the peer pressure mechanism.

The programme encompasses three broad models of linkage:

**Model I : Bank – SHG – Members**

In this model, the bank itself promotes and nurtures the SHGs until they reach maturity.

**Model II : Bank – Facilitating Agency – SHG – Members**

Here groups are formed and supported by NGOs or government agencies.

**Model III : Bank – NGO – Micro Finance Intermediaries (MFI) – SHG – Members**

In this model, NGOs act as both facilitators and micro finance intermediaries and often federate SHGs into apex organizations to facilitate inter-group lending and larger access to funds.
Another model has been piloted recently by NABARD for facilitating the formation of SHGs for bank linkage in areas where there are no NGOs. This involves using the services of committed individual volunteers identified by bank branches.

A similar approach to NABARD’s bank linkage, using NGOs/MFIs as intermediaries (model III above) has also been adopted by other bulk lending institutions such as the Small Industries Development Bank of India (SIDBI), Rashtriya Mahila Kosh (RMK), Housing and Finance Development Corporation (HDFC), Housing and Urban Development Corporation (HUDCO), Rashtriya Grameen Vikas Nidhi (RGVN) and Friends of Women’s World Banking (FWWB). Over the years, a large number of the well-known international donors have supported micro finance (MF) programmes run by NGOs. Several large projects are also promoting SHGs through multilateral funding. These donors provide administrative support and capacity-building grants as well as revolving loan funds to NGOs. With the liberalization of guidelines for external commercial borrowing, micro finance institutions are now borrowing from various international lenders such as Deutsche Bank, Robobank Foundation and Oikocredit. The major government programme for promoting SHGs and channeling large funds for poverty reduction is the Swarnajayanthi Gram Swarozgar Yojana (SGSY) programme. Other state and central government programmes too have promoted SHGs in large number, especially in Andhra Pradesh (Tanka, 2002). Linked with micro finance approach, the SHG movement has now been accepted by all countries of the world as an effective strategy for poverty alleviation, generating income, empowering the poor and reducing unemployment. SHG linked micro finance includes such credits which are provided to the rural poor on easy terms and conditions and give access to several income generation activities.

The concept of SHGs gained significance, especially after 1976 when Prof. Mohammed Yunus of Bangladesh began experimenting with micro-credit
and women SHGs. The strategy made a quiet revolution in Bangladesh in poverty eradication 'by empowering the poor women' (CIRDAP Digest, 2000).

According to Chawla and Patel (1987), self-help organization is an entity, set up and run by the local people, who are also the beneficiaries of the programmes. It has a close organizational structure, but strong commitment and a sense of purpose. NABARD (1992) while documenting the mechanism of organization of SHG as a sub system in primary agricultural co-operative societies has defined SHG as “a group or association of individuals with common economic needs, who undertake a systematic economic activity pertaining directly to decision-making and sharing benefits on an equitable basis”.

Rappaport (1987) asserted that SHGs, which offer the venue for shared experience, emotional support and social learning, can help constitute a social identity. Yalom (1995) contended that SHGs provide unique opportunity for growth, social experimentation and change.

NABARD (1995) opined, “A self-help organization denotes an institutional frame work for individual or households who have agreed to co-operate on a continuing basis to pursue one or more objectives. It is further observed that self-help organization is a membership organization, which implies that its risks, costs and benefits are shared among its members on an inevitable basis and that its leadership for their deed”.

Fernandez (1995) reiterated that the basis of the SHG exists prior to any interventions. The SHG concept is not new to India. The traditional Indian society functioned mainly on the basis of self-help and mutual aid. Moreover, many have practiced self-help, since time immemorial in many ways. The basis of the SHG exists prior to any interventions. A common bond like castes, sub-castes, blood kinship, community and place links the members. Governments or banks must have the experience to identify these natural groups which are commonly called ‘Affinity Groups’ – what links together the
group members, therefore is not primarily the need for credit, but a 'capital stock' of relationships built on mutual trust and confidence, degree of social and economic homogeneity and on the gut feeling of its members that the group offers the best opportunity to realize their talent and supposed aspirations to develop economically and socially without creating social tensions locally, with which they cannot cope.

SHGs are small informal associations created for the purpose of enabling members to reap economic benefits out of mutual help, solidarity and joint responsibility. The benefits include mobilization of savings and credit facilities and pursuit of group enterprise activities. The group based approach not only enables the poor to accumulate capital by way of small savings but also help them to have access to formal credit facilities (Shylendra, 1999). These groups by way of joint liability enable the poor to overcome the problem of collateral security and thus free them from the clutches of money lenders (Stigliz, 1993). Besides, some of the basic characteristics of SHGs like small size of membership and homogeneity of composition will bring about cohesiveness and effective participation of members in the functioning of the group (Fernandez, 1994). In general, the SHGs created on the above line of functioning have been able to effectively reach the poor, especially the women, help them obtain easy access to facilities like savings and credit and in the long run in alleviating poverty by empowering them (National Bank, 1995).

Carr and Chen (1996) envisaged that the self-help concept is common in the context of both rural and urban development. In the rural agricultural scenario, it is often considered as a group of farmers coming together to achieve any specific objective, which will lead to better livelihood conditions and a higher income. It serves as an effective mechanism for mobilizing and organizing farmers and villagers to achieve development objectives. Self-supporting income generation is the key to rural development, which will benefit a substantial number of poor farmers in rural communities.
Srinivasan (1996) found that SHGs offer means by which the poor could have access to resources in their own right, without waiting for anyone and not by another person's mercy. This makes the people confident that by saving small amount over a period of time, they could master resources to hold each other in a big way. This gives a feeling of being in charge of their own lives. They feel emboldened to conduct themselves and take a share of resources as a matter of right.

Ramesh (1993), while studying SHGs concludes that members share common perception on needs and belong to almost same economic and social status. And also from inculcating socially desirable habit and ethics amongst the members, the four-in-one rule of SHGs are a money lender (advantage only), a development bank (without cumbersome procedures), a co-operative (without external interference and inflexibility) and a voluntary agency (help, awareness, education and overall development).

The concept of SHG in the view of South Asian Perspectives Network Association (SAPNA) (1997) is an organized group to solve the problems in such a way that members are automatically empowered by realizing the importance of snatching their rights and utilizing their own part of resources.

NABARD (1998), while analyzing on SHG-bank linkage programme, commented on common fund through regular savings, supplemented by outside borrowings. Loans for traditional and non-traditional production and consumption activities and the terms of credit is decided by consensus in group meetings. Collateral consists of mutual confidence and trust, simple documentation, peer pressure and group dynamics to ensure repayments.

Thomas (1998) described SHG as a homogenous group of rural poor voluntarily formed to save small amount of their earnings, which is convenient to all members and agreed upon by all to form a common fund corpus for the group merit members for meeting their productive and emergent credit needs.
Tyagi (1999) examining the concept of SHG believes that even the poor people have the inherent capacity to organize themselves and improve their capacity. It tries to build upon the existing self-help potential of the poor and assist them as producers and in the identification of occupations and activities, which provide a higher net return on invested labour and capital. Thus it attempts to raise the level of voice of majority of the poor in the economic system by build up an institutional framework that is toned to their capacities of self-administration and better to meeting their needs.

Murugan and Dharmalingam (2000) reiterated that the concept of SHG serves to underline the principle “for the people, by the people and of the people”. This was exclusively established for the poor. Self-help group is a small, economically homogeneous and affinity group of rural poor, which voluntarily agrees to contribute to a common fund to be lent to its members as per group decision, which works for group solidarity, self and group awareness, social and economic empowerment in the way of democratic functioning.

Agarwal (2000), described training of rural women is important so as to increase their involvements in development process, enhance their skill and make them equal partners in national development. The major objectives of training of rural women should be to prepare them with better skills and enhance their knowledge so as to prepare them to face the challenges due to technological developments.

Das Gupta (2001) in his paper on informal journey through SHGs observed that micro-financing through informal group approach has effected quite a few benefits i.e., (i) saving mobilized by the poor ; (ii) access to the required amount of appropriate credit by the poor ; (iii) matching the demand and supply of credit structure and opening new market for financial institutions ; (iv) reduction in transaction cost for both lenders and borrowers ; (v) tremendous improvement in recovery ; (vi) heralding a new realization of subsidy-less and corruption-less credit ; and (vii) remarkable empowerment of
poor women. He stressed that SHGs should be considered as one of the best means to counter social and financial citizenship not as an end in itself.

Gurumoorthy (2000) maintained that SHG is a viable alternative to achieve the objective of rural development and to get community participation in all rural development programmes. SHG is a viable organizational set up to disburse micro credit to the rural women for the purpose of making them entrepreneurs and encouraging them to enter into entrepreneurial activities.

To Barbara and Mohanti (2001), SHG is an appropriate people’s institution which provides the poor with the space and support for taking effective steps towards greater control of their lives in private and in society. It is a path towards the empowerment of women and the ultimate enhancement of their social and economic status. The SHG is not a static entity; it grows on the resources and management skills of its members and their increasing confidence to get involved in issues and programmes that require their involvement in the public and private spheres.

Barik and Vannan (2001), in their work have stated that SHGs can be developed as a sub system to Primary Agricultural Co-operative Societies at village level. However, the linkage with the co-operative credit system was proverbially poor. As such the need of the hour is to make an earnest effort to bring about effective linkage with the co-operatives.

According to Tandon (2001), SHG is a supportive, educational, usually change-oriented mutual aid group that addresses a life problem or condition commonly shared by all members. Its purpose may be personal or social change or both. Significance of social movement as power to the people, was borne out of the realization that society's traditional arrangements for solving their problems are inadequate. Self-help refuse the provision of aid to self and it emphasizes self-determination, self-reliance, self-production and self-empowerment by mobilizing internal resources of persons, the group or the community.
Ranjan et al. (2002) envisaged that the concept of SHG is very crucial for sustainable development of human resource as well as livelihood. Besides many other advantages, it provides a unique opportunity to replace subsidy-oriented development with revolving fund-oriented development.

Rao (2002) maintain that a review of the genesis and development of SHGs in India reveals that the existing formal financial institutions have failed to provide finance to landless, marginalized and disadvantaged groups. The origin of the SHGs could be linked to mutual aid in Indian village community. SHGs encourage savings and promote income generating activities through small loans. The experience available in the country and elsewhere suggests that SHGs are sustainable to have reliability, stimulate savings and in the process help borrower to come out of vicious circle of poverty.

Sarangi (2003) has mentioned in his article that the SHGs in our country have become a source of inspiration for women welfare. He has also highlighted that now-a-days, formation of SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes. SHG is also a viable organization set up to disburse micro credit to the rural women and to encourage them to enter into entrepreneurial activities.

Chatterjee (2003) has focused in his article that the main objective of Swanajayanthi Gram Swarojgar Yojana (SGSY) was to bring the assisted poor families above the poverty line by providing them income-generating assets through a mix of bank credit and government subsidy. He has also explained that it covers all aspects of self-employment of the rural poor mainly by organizing them through SHGs and their capacity building, training, election of key activities and planning of activity clusters, infrastructure build-up, technology and marketing support. A major shift of the SGSY from the erstwhile programmes was its emphasis on the social mobilization of the poor. Social mobilization enables the poor to build their own organization, viz., SHGs.
Villi (2003) has highlighted in his article that rural micro enterprises play a vital role in areas like promoting and generating avenues for rural employment, utilization of local rural resources, skills development, promotion of rural entrepreneurship, mitigating regional imbalances, reducing rural urban disparity, arresting migration of rural labour to urban centres and creates capital assets in the rural areas itself.

Rangarajan (2003), in his study has stressed that the SHGs are playing a crucial role of harmonizing the society and strengthening rural economy. Hence the members must avail themselves of training programmes and should manufacture diversified quality products. He has also pointed out that the SHG is expected to be one of the major programmes of poverty alleviation in India with full participation from the formal banking system and without any interference by the government.

Vyas (2003) reported that today there is a multiplicity of civil society organizations working with rural and urban poor on concerns ranging from housing and water supply to credit needs as workers’ rights. The increasing trend is for the NGOs and government functionaries to initiate self-help initiatives that truly began with the idea of self-help in addressing specific concerns of groups in a particular community context. He further observes that SHGs are “the more or less formally organized expressions of people’s desires to meet work with and help others who are experiencing similar social or health situations. These groups rely primarily on lay energy or indigenous direction, sometimes initiated or supported by professionals”.

According to Rajmohan (2003), “SHG is a media for the development of saving habit among the women”. In the opinion of Jain et al. (2003), “SHGs enhance the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life”. Santhanam (2004) has observed that SHGs are transforming the face of Tamil Nadu and strengthening the gender equality. Economic independence and managerial training have empowered them. Socio-economic
empowerment and capacity building are achieved through a series of training programmes.

Devasia and Antony (2004) ascertain that the social development is a plea for the integrated view of the scope of development, which would embrace development in all aspects. This can be ensured with SHGs. It would mean growth and development in all aspects, which encompasses equality, status, security and complete physical, mental and social well-being of the group. The social status of women is a reliable indicator of the social development of a society. Women’s development is possible only if they are given opportunity to develop freedom and participate in decision-making.

Leelavathy (2004) has observed that the SHGs remove the curse of money lenders. SHGs are the ladder for upliftment of the down-trodden economically and socially. She has also pointed out that the SHGs are taking up construction work for their hamlets like laying of roads, closing down of liquor shops, contributing to the rehabilitation works and management of their village affairs.

Das (2004), in her article explained that micro finance through SHGs has become a ladder for the poor to bring them up not only economically but also socially, mentally and attitudinally. She has also revealed that micro finance not only deals with the credit part but also deals with savings and insurance part. The most successful region for micro finance is the southern part of India.

Venkatachalam and Jayaprakash (2004), have described in their article that the concept of SHG has sown the seeds for a silent revolution at the village level. It paves way for women to spell out their views and to participate in the local administration. They have also pointed that more than 80 percent of SHGs are established in rural areas and only five percent is located in municipality areas.
SGSY is a holistic programme covering all the aspects of self-employment in the sense that the latter operate, ‘de-facto’ as public sector enterprises with little autonomy and member-participation. While the former emerge out of people’s own initiatives and are owned wholly by them, self-help leads to ‘self-reliance’ and to achieve such a state it no longer depends on the benevolence or assistance of third parties. Thus, a self-reliant group is one that has developed sufficient analytical, productive and organizational capacity to design and implement a strategy, which effectively contribute to the betterment of its independent status. Self-help promotion is a deliberate effort to facilitate the emergence and foster the functioning of SHGs so that they become self-reliance institutions of poor people (NCW, 2003).

According to Bhatia (2007) an SHG is a small group of about 20 persons from a homogeneous class, who come together voluntarily to attain certain collective goals, social or economic. The group is democratically formed and elects its own leaders. The essential features of SHGs include members belonging to the same social strata and sharing a common ideology. Their aims should include economic welfare of all members. The concept of SHGs is predominantly used in the case of economically poor people, generally women, who come together to pool their small savings and then use it among themselves.

To Singh et al. (2007), SHGs have emerged in order to help poor women to secure inputs like credit and other services. The concept of SHG in India was introduced in 1985. SHGs are small, economical, homogeneous, affinity groups of rural poor who are voluntarily ready to contribute to a common fund to be lent to their members as per the group decision. They work for group solidarity, self-group awareness and social and economic empowerment through democratic functioning and have refinanced `3.00 crores to the banks. Many rural development programmes like SGSY which is a combination of six rural development programmes are based on the SHG strategy. It is a viable alternative to achieve the objectives of rural
development and to get women's participation in all rural development programmes.

According to Baskar (2009), SHGs refer to self-governed peer controlled informal group of people with similar socio-economic background and having a desire to collectively perform for common purpose.

Reddy and Narasimahalu (2009) point out that the term SHG is generally used in India to refer to unregistered voluntary association of poor people of 10 to 20, from the same socio-economic group, involved primarily in saving and credit activities. It can be all-women group, all-men group or even a mixed group. However, over 90 percent of these groups have only women members.

Kumar (2009) observes that the concept of SHG is the most exciting discovery in the context of micro finance. He further points out that SHGs are usually informal groups whose members have a common perception of need and importance towards collective action. These groups promote savings among members and use pooled resources to meet the emergent needs of their members. It is expected that, within the group, there should be true democratic culture in which all the members must participate actively in the decision-making process by taking part in debate. Though the cohesiveness among the members would be increased due to the homogeneity of groups in terms of education, occupation, income distributions, sex composition, but in the long term, stability of SHGs depends on the members' loyalty to it and the growing needs of the members. Thus, according to Kumar (2009), collective work, leadership with fixed tenure, mutual trust and co-operative philosophy are the driving force for SHGs.

To Parida and Sinha (2010), a SHG is defined as a group with an “average size” of 15 people from a homogeneous social or economic class, all of who come together for addressing their common problems. The members of SHGs meet regularly and save small sums of money. They rotate these
small-pooled savings as loans within the SHGs. They maintain records of such financial transactions and slowly learn the basic aspects of financial management.

Surender and Sehrawat (2011) define SHG as a small voluntary association of poor people preferably from the same socio-economic background. They come together for the purpose of solving their common problems through SHG. The number of members in one SHG does not exceed 20. The groups have been recommended to be informal to keep them away from bureaucracy, corruption, unnecessary administrative expenditure and profit motive. Size of SHG is 20 because any group larger than this would need to be registered under the Indian legal system. These groups are expected to foster true democratic culture where all the members participate actively by taking part in the debate and decision-making process, which is possible only in small groups. Groups are expected to be homogeneous so that the members do not have conflicting interest and all the members can participate freely without any fear.

To sum up, the SHGs are informal groups of persons joining together in order to share common concerns or programmes. These groups are formed voluntarily and managed democratically. In most cases their membership consists of homogenous individuals. Their common aim is to foster the welfare of all the members in their group.

II. PERFORMANCE OF SHGs IN INDIA

Several studies have been conducted to assess the performance of SHGs over the years. Studies by Kumaran (1997), Manimekalai and Rajeswari (2000), Vijayanthi (2000), Datta and Raman (2001), Madheswaran and Amita (2001) and Nirmala et al. (2004) have all shown that despite the short period of its launching, the SHG programme has been performing much better by improving the socio-economic status of its beneficiaries than the
earlier poverty alleviation schemes through formal credit system in the country.

Kumaran (1997) in his study on 21 SHGs found that 19 were active groups and one each was passive and dissolved group. According to him, the individual monthly contribution for savings varied from group to group (10–30) and the total saving for 18 groups in a year was 33,013, while the total credit generated during the same period was 2,18,223 of which business took a share of 29 percent, followed by others at 28 percent, commutative loan at 23 percent, clearance of old debit at 12 percent and health expense at 6 percent. The interest rate on the loan varied from 5 percent to 3 percent between the groups on monthly basis.

Ahmed (1999), through a case study on thrift groups in Assam, highlighted that women are coming to the administration directly for their just rights and to address their grievances boldly.

Vatta and Singh (2001), in their study revealed that about 83 percent of BPL groups were eligible to get bank loan but only 5 percent of them could get it. Undue delays in the sanctioning of loans need to be eliminated to achieve the objective of economic upliftment of the poor. An extensive awareness campaign needed to convince the banks that the poor are bankable and advancing credit to them was more profitable and secure in terms of recovery.

Datta and Raman (2001), highlighted that SHGs are characterized by heterogeneity in terms of social and economic indicators. The success of SHGs in terms of high repayment was mostly related to the exploitation of prevailing social ties and cohesion found among women members. Social cohesiveness among members spring not only from their diverse background of knowledge base, skills, occupations and income levels but also due to the dynamic incentive system of progressive lending to the groups on the
successful completion of loan repayment. However SHGs are heavily dependent on external financial agencies for their lending operation.

Manimakalai and Rajeshwari (2000), in their paper highlighted that the provision of micro finance by the NGOs to women SHGs has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization.

Baonkar (2001), studied the impact of SHGs on women in Goa and observed that individual loans were mostly for productive purposes with cent percent recovery and monthly interest rate charged was high but it goes to group fund. SHGs made a lasting impact on the lives of the poor and quality of life has improved in the family in terms of increase in income, savings, consumption expenditure, gaining self-confidence, getting opportunity to improve hidden talents. It has contributed to address poverty and unemployment and able to bring social transformation through economic development and social change.

Singh (2001), conducted a study in Uttar Pradesh comparing the pre and post SHG situations of women SHGs. He found that the average value of assets increased by 64 percent and the annual income per household by 28 percent between pre and post SHG periods.

Awasthi and Ralhi (2001), in their study on the impact of SHGs on economic status of women in Madhya Pradesh observed that the SHG women were engaged in Mahua, mushroom cultivation, aamchur, papad making, pisciculture, nursery, etc., with the group loan at 2 – 4 percent interest per month. They realized an increase in income and employment. SHGs have made a positive impact on creating leadership, improving literacy, consciousness about health and hygiene and skill promotion among the group member. However they suffered from lack of motivation, infrastructure,
forward and backward linkages, insufficient loans, inadequate provision of marketing and inputs, lack of systematic monitoring and follow up, etc.

A study by Sethi and Athibudhi (2001), found that the average group size was 14 and 82 percent of the SHGs which were formed by women. There has been an uneven growth of SHGs in all the regions. The percapita loan was very low at ` 177. It was suggested that more number of groups should be linked with the banks so that their credit support would be strengthened. Besides, intensive training and skill development may be offered to make the members independent and self-reliant.

Puhazhendi and Badatya (2002) assessed the impact of the SHG-Bank Linkage Programme (SHG-BLP) on SHG members in the Indian states of Orissa, Jharkhand and Chhattisgarh. The study followed a multistage random sampling method. The findings suggest an increase in household savings and assets for the SHG members after they formed the group. The average loan amount per member increased significantly by 123 percent between the pre- and post-SHG periods. About 83.3 percent of the groups had promptly repaid the loans and only 16.7 percent had repaid late. The net annual income of SHG households increased by 23 percent after joining the SHGs. Employment was found to have increased by 34 percent on an average in each SHG household. The share of SHG member households in below the poverty line fell from 88 percent to about 75 percent.

Lalitha and Nagarajan (2002) conducted a critical study on the functioning of SHGs in three selected districts of Tamil Nadu. NGOs who had organized SHGs for more than four years were identified and out of a total 14 such institutions, nine NGOs were selected and two SHGs from each NGO were selected on the basis of non-proportionate random sampling technique. The study highlighted the facts that SHGs were people’s institutions and with their support, women could march towards empowerment and that the groups could promote individual and group ventures of income generating activities under the effective guidance of NGOs. The study also revealed that effective
leadership, group cohesiveness, savings, regular meetings, peer-group pressure, linkage with other institutions and effective supervision by the NGOs were the factors which contributed to the success of the groups.

Anand (2002) examined through an exploratory study, the functioning of selected SHGs in the district of Malapuram in Kerala. Malapuram, the most backward district in the State with the lowest per capita income, highest population with women out numbering men, educational backwardness etc., was purposively selected. SHGs promoted by voluntary agencies and Government sponsored Kudumbasree Groups were selected for an in-depth study. A detailed socio-economic survey of the members was conducted and the members’ perception on factors contributing to groups sustainability and their attitudes after joining the groups were collected using a structured interview schedule. The findings of the study show that this participatory approach also helped in the focused selection and prioritization of the poorest of the poor. SHG intervention has improved the living standards, inculcated saving and loan repayment habits and had brought about a positive change in attitudes, social skills thereby leading to empowerment in 52 percent of the respondents. However right from the outset, it was seen that the SHG members had not fully conceptualized the essence, which has lead to the phenomenon of changing membership from one voluntary agency to another. Mushroom growth of SHGs promoted by various Government organizations and voluntary agencies have led to unhealthy competition among the members and promoting agencies, which is against the very basic principles. There was still a growing tendency to consider SHGs as a panacea for all the ills of the community. The study found incidences where the non-sustainability of income generating activities led to default and heavy dependence on promoting agencies.

Singh (2003), has indicated that most of the SHGs have come up due to the dynamic leadership of certain individuals within a group or through the catalytic role played by the NGOs in developing such groups. One such NGO is the MYRADA whose mission is building of people’s institutions. The
building of appropriate people's institutions to manage and control resources was an essential component for sustainability and for the confidence and self-reliance which was necessary to cope with external threats. He has also pointed out that the focus on institution building goes against the prevalent culture of patronage where benefits flow to individuals with the right contacts. MYRADA has over 1006 groups of women with focus on women's rights and access to and control of resources, which they require to ensure a sustainable livelihood.

Chakrabarti (2004) and Moyle et al. (2006) have assessed more specific issues such as the role of SHG federations in the sustainability of SHGs and the economic and personal empowerment of women, as well as the role of micro finance in poverty eradication. The major findings of these studies are that SHG federations play a critical role in improving the sustainability of SHGs through financial and organizational support. Besides promotion of savings among SHG members in general and savings for education, housing, marriage, and festivals in particular, they also provide loans to SHGs at low interest rates. As far as organizational support was concerned, federations employ their own resources in promoting new SHGs and have been able to reduce the cost of promotion of SHGs as compared to other agencies such as banks and NGOs.

Reddy and Manak (2005) examined the SHG operating model, the state of SHGs today, their impact on civil society and how they need to be supported. The study found that SHGs have spread rapidly due to their ease of replication. SHG Bank Linkage has provided the capacity for SHGs to increase their capital base to fund more members and bigger projects. Today, it is estimated that there are at least over 2 million SHGs in India. In many Indian states, SHGs are networking themselves into federations to achieve institutional and financial sustainability. Cumulatively, 1.6 million SHGs have been bank-linked with cumulative loans of ` 69 billion. In 2004-05 alone, almost 800,000 SHGs were bank-linked. However, the key areas of weakness which undermine the sustainability of SHG movement are financial
management, governance and human resources. While the spread of the movement was impressive, these are key areas that need to be addressed if any external intervention was to be effective. The status of women has generally improved as they have developed stronger confidence which has changed gender dynamics and their role in the household. In South India, significant improvements in fertility rates, female literacy, participation in development programmes and economic independence are evident. Women are able to fight for their rights and entitlements and have emerged as a force to be reckoned with. Further, SHGs are becoming more than just financial intermediaries they have emerged into a more political and social unit of society. More importantly, the penetration of micro finance to the poorest of the poor was still weak and needs a wide reach.

Kabir (2005), in her study on micro finance has assessed the impact of micro finance on women's empowerment. The findings suggest that there was need for action in talking about the impact of micro finance in general. It offers an important and effective means to achieving change on a number of different fronts, economic, social and political.

Randhawa and Mann (2007) focussed on tracing the genesis and structure and evaluate the functional aspects of SHGs. The study sample comprised 222 SHG leaders and 888 SHG members from 74 randomly selected blocks. The major findings revealed that majority of SHGs were promoted by government and there were few SHGs promoted by NGOs. The results of the study revealed that monthly meetings were regular feature and majority of SHGs were using savings for inter-loaning purposes. Further, majority of the SHGs were performing badly in terms of capacity building of members. Therefore, the authors conclude that future focus of SHG must be on capacity building and skill upgradation of rural women.

A more recent study on the impact of the SHG-Bank Linkage Programme (SHG-BLP) on SHGs reported that the net household income of SHGs registered a significant growth of 6.1 percent per year between the pre-
and post-SHG periods. Net change in the value of consumer durable assets per household was ` 4,329 and the assets recorded a high annual growth of 9.9 percent between the two periods. Average savings (financial and physical savings) per household registered an annual growth of 14.2 percent between 2002 and 2006. The average loan amount per household registered an annual growth rate of 20.5 percent between the pre- and post-SHG periods. The study also reported that about 93.0 percent of households took out loans in the post-SHG period as compared to 46.5 percent during the pre-SHG period. Loan repayment was also very good as 96.4 percent of households made regular repayments on their loans. One of the important findings of the study was that the share of households living below the poverty line decreased from 58.3 percent to 33.0 percent between the two periods. Regarding the impact of the SBLP on social empowerment of women, the study found that about 92.0 percent of households reported that women were more empowered socially after joining an SHG (NCAER, 2008).

Chavan and Birajdar (2009) uses secondary and primary data on SHGs in order to evaluate the role played by these institutions towards financial inclusion of the groups / regions excluded from the formal financial system. The findings of the study reflect the significantly limited scale and spread of micro finance in India. The continued dependence of women members belonging to mature SHGs on informal sources, as revealed from the primary data, further corroborates the point regarding the limited spread of micro finance. The relatively high rates of interest on SHG loans, which are comparable with the rates of informal sector, underline the issue of affordability of micro finance for poor borrowers. Further, an issue related to interest rates was that of dropouts of members. The most commonly noted cause for dropouts among SHG members was the irregular repayments of loans. The members complain of inability to repay their loans on time and subsequently drop out. The observations reflect the considerable scope for micro finance to evolve as an effective means of financial inclusion which is accessible and affordable for the excluded groups / regions and help to
loosen the grip of informal sources of finance and ensure permanent inclusion of the excluded sections in the ambit of formal finance.

Parida and Sinha (2010) in their paper explored the performance and sustainability of SHG bank linkage programme in India at the group level. Because income-generating activities and other characteristics vary with the gender composition of self-help groups, their performance and sustainability vary. The analysis in this study was based on data from a survey carried out in six states in India. Overall, the performance analysis reveals that all-female SHGs perform best. The female SHGs are doing particularly well in terms of recovery of loans and per capita saving. The econometrics results indicate that only all-female SHGs are sustainable. The factors that determine the sustainability include recovery of loans, per capita savings and linkage with an SHG federation.

III. IMPACT OF SHGs AND WOMEN’S EMPOWERMENT

Srilatha (1992) in her study on employment generation, income and expenditure pattern of Development of Women and Children in Rural Areas (DWCRA) beneficiaries in Mahaboobnagar district of Andhra Pradesh found that majority of the rural women were middle aged (27 – 43 years), illiterate, belonged to backward classes.

Snehalatha (1994) in her study on impact of thrift and credit groups in improving the status of rural women reported that majority of the beneficiaries were illiterate (89.17 percent).

Prasad and Hemalatha (1995) found that women from the younger age group (below 30 years) were more suitable for any self-employment non-traditional activity. She opined that any new skill development was possible only among the younger age groups when their physical strength and psychomotor skills are at their peak.
Pillai and Nadarajan (1995) analyses the impact of micro finance on the empowerment of SHG leaders in psychological, economic, social aspects, managerial skills and their attitudes in Kanyakumari District. The study concludes that micro finance has brought better psychological and social empowerment than economic empowerment. The respondents of Thiruvattur block possess better empowerment than the respondents belonging to the Thovalai block, even though both the blocks have same level of socio-economic conditions. The impact of micro finance was commendable in courage, self-confidence, self-worthiness, skill-development, awareness about environment, peace in the family, reduction of poverty, improving rural savings, managerial ability, decision-making process and group management. In other variables, the impact was moderate. As a result of participation in micro finance through the SHG programmes, a significant improvement of managerial skills, psychological well-being and social empowerment was observed. It was recommended that the SHGs may be granted legal status to enhance their performance.

Coleman (1999) in a study considered the impact of group lending programmes in North East Thailand. The survey shows that the impact of village banks that provide group-loans in villages was insignificant on physical assets, savings, productions and productive expenditures and other variables. However, it had positive impact on women's high interest debt because a number of members had fallen into vicious circle of debt from moneylenders in order to repay their loans from village banks. It has positive significant impact on women's lending out with interest because some members engaged in arbitrage, borrowing from village bank at low interest and then lending out money at mark up.

Puhazhendhi and Jayaraman (1999) analyzed the functioning of SHGs in performance, sustainability, empowerment of women, economic impact on the members, future potentials etc. She observed that SHGs in tribal welfare are performing well towards social changes and transformation. The emerging trends are leading to positive direction of empowerment of members and
promotion of micro finance. It was also revealed from the study that
participation of women in SHGs made a significant impact on their
empowerment both in social and economic aspects. The women members
were able to increase their income level manifold and contribute to the
development of the family. In the process, many women members expressed
that they were participating in the financial decision of the family, which were
not allowed during the pre-linkage period. He observed that equality in
attending meetings and saving habit was a disciplinary measure in SHGs. It
was also revealed that 61 percent of the groups could be rated as good
performers and 29 percent as average performers while the remaining 10
percent fell under the category of poor performers. All the good and average
performing groups were maintaining records in a systematic manner.

Puhazhendi and Satyasai (2000) used a multistage stratified random
sampling method to assess the impact of micro finance on socio-economic
conditions of 560 household members in 223 SHGs located in 11 states. They
found that the average value of assets per household (including consumer
durables and livestock) increased by 1.72 times in the post-SHG period from
the level of ` 6,843 during the pre-SHG period. Average household saving at
a meager ` 460 during the pre-SHG period, increased by 214 percent in the
post-SHG period. The share of households among the SHGs living below the
poverty line (42 percent) decreased to about 22 percent in the post-SHG
period. With regard to employment performance, the study found that
employment increased by 17 percent between the pre- and post-SHG
periods. On empowerment, they found that involvement in SHGs had
significantly contributed to the self-confidence of the participating women.

Sen (2000) has attempted to find out the development of SHGs
promoted by Sreemamahila Samity and its impact on women members in
Nadia district. The findings of the study revealed that the individual loans were
mostly used for productive purposes, the rate of recovery was very high
compared to the rate of recovery of the formal institutional system and group
dynamics was an instrument for change in the quality of life of the poor
people. The study also revealed that other than economic activities, the
groups worked towards primary education, basic health care of family, safe
drinking water and environmental protection. The study concluded that group
cohesion, group action, need-based credit and timely repayments are
essential elements for sustainability of the groups.

Manimekalai and Rajeshwari (2000), in their paper highlighted that the
provision of micro finance by the NGOs to women SHGs has helped the
groups to achieve a measure of economic and social empowerment. It has
developed a sense of leadership, organizational skill, management of various
activities of business right from acquiring finance, identifying raw material,
market and suitable diversification and modernization.

Madheswaran and Dharmadhikary (2001) examined the SHG
mechanism of the micro credit scheme as an effective and financially viable
tool in channelizing credit to the rural poor. An attempt was also made to
analyse the impact of SHGs in providing credit to the rural poor, to help them
to uplift their economic status. The analysis was based on a survey of three
villages of Pune district, conducted during 1999, when Maharashtra Rural
Credit Programme was being implemented. The results revealed that micro
credit did meet the demands of the rural women, leading to gradual
improvement in the quality of their life and enabling them to identify activities
for economic betterment.

Barbara and Mohanti (2001) in their paper maintained that the SHGs
have helped to set up a number of micro enterprises for income generation.
Rastriya Gramin Vikas Nidhi’s credit and saving programme in Assam, has
been found successful as its focus was exclusively on the rural poor. It
adopted a credit delivery system designed specially for them with the support
of a specially trained staff and a supportive policy with no political intervention
at any stage in the implementation of the programme.
Dahiya et al. (2001) in their analysis of 54 SHGs in Himachal Pradesh found that of the six groups, four were women and two were mixed groups. They were from small business and service / profession like tailoring, marginal farming and so on. The study found that the social impact was deep in empowering women folk, educational development of children and emancipation from social evils like drunkenness by male household members.

Nedumaran et al. (2001) in a study conducted in Tamil Nadu on the impact of SHGs found that more than 60 percent of the SHG members were scheduled caste/scheduled tribes. Nearly half of them registered high performance. The average loan availed was positively associated with age. Net income received increased by 33 percent over pre-SHG situations. Social conditions also have improved and SHGs have contributed for the overall improvement.

Sharma (2001) maintained that through SHGs women empowerment was taking place. Their participation in the economic activities and decision making at the household and society level was increasing and making the process of rural development, participatory, democratically sustainable and independent of subsidy. Thus micro financing through SHGs was contributing to the development of rural people in a meaningful manner.

A study by NABARD (2002) covering 560 SHG member households from 223 SHGs across 11 states, showed many positive results on the impact of participation of rural poor in the SHGs. It shows that there have been perceptible and wholesome changes in the living standards of SHG members in terms of ownership of assets, borrowing capacities, income generating activities, income levels and increase in savings. It indicates that the average annual saving per household registered an increase over three-fold.

A study by Puhazhendi and Badatya (2002), also carried out for NABARD, assessed the impact of the SHG-Bank Linkage Programme (SHG-BLP) on SHG members in the Indian states of Orissa, Jharkhand and
Chhattisgarh. The study followed a multistage random sampling method. The findings suggest an increase in household savings and assets for the SHG members after they formed the group. The average loan amount per member increased significantly by 123 percent between the pre-and post-SHG periods. About 83.3 percent of the groups had promptly repaid the loans and only 16.7 percent had repaid late. The net annual income of SHG households increased by 23 percent after joining the SHGs. Employment was found to have increased by 34 percent on an average in each SHG household. The share of SHG member households below the poverty line fell from 88 percent to about 75 percent.

Tankha (2002) examining the data on outreach and impact of the SHG movement clearly shows that the major achievements in SHG promotion so far have been in the southern states. There was also concern that many of the members of SHGs are not from the poorest families. The poverty belt of northern, central and eastern India comprising the states of Bihar, Jharkhand, Uttar Pradesh, Uttarakhand, Rajasthan, Orissa, Madhya Pradesh and Chhattisgarh continue to be deprived of opportunities for fighting their way out of poverty. Given the size of their poverty population, Uttar Pradesh, and Bihar are particularly under-served by development programmes. Part of the problem lies in the fact that there was a shortage of competent NGO partners working in these States. However, this is a challenge that must be met by re-examining the policies and move towards working in a more focused manner in poorer regions. Capacities of existing partners should be built up and new partners sought as part of this thrust. The experienced NGOs of the south are of the opinion that strategies for SHG development employed by them in the southern states are replicable in these states as well. The wider replication of the successful models of SHG promotion needs to be undertaken urgently.

Lalitha and Nagarajan (2002) examining the role of SHGs in promoting empowerment of rural women in Theni, Dindigul and Madurai districts of Tamil Nadu reiterated that organization of women in the form of SHG have laid the seeds for economic and social empowerment of women. Group dynamics
among the women members empower them to fight against social evils in the community like female infanticide, dowry problems, evils of drinking, corruptions, etc. Formation of cluster level committees also empowers women to form network of groups and undertake community based issues with the government departments. The experience gained in the group meetings has also emboldened women to assert their voices not only in the immediate context of their community but also in the larger democratic bodies. The opportunities given to women in the meetings have also paved the way for their participation in the local Panchayat election.

Rani et al. (2002) had undertaken a study to evaluate the social status of women in house management, leadership qualities, health and sanitation and economic status after participation in SHGs. Out of 600 SHGs established by Padmavathi Mahila Mandal, Tirupathi, Andhra Pradesh, 50 SHGs were randomly selected for the study. From each group, two women were selected randomly. The study was based on primary data and a specially designed rating scale was administered to the sample to collect the needed information. The findings of the study revealed that in all the four aspects, there was positive correlation between women’s educational status and empowerment. The study observed that the participation in SHGs enhanced the empowerment of women in these four aspects. Self-confidence among the women increased. Their decision-making power also increased during the period of participation.

Kushawaha and Srivastava (2003) asserted that the SHG enhance the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. They have also revealed that the impact of SHGs on socio-economic status of women were found to be significant on education, housing facilities, exposure of mass media, external orientation, occupation, size of holdings and material passions.
Care India (2002) conducted a client satisfaction study under Credit and Savings for Household Enterprises (CASHE) project in the year 2002 in West Bengal, Orissa and Andhra Pradesh. The study observed that SHGs do add significant value to them in terms of self-development and provide them with strong sense of recognition. Savings are perceived to be one of the highest points of the programme. Present loan structures does not fulfill their requirements so women still depend on other sources for money.

In the year 2002, Micro Credit Innovations Department (MICD) of NABARD conducted an evaluation study to find out the impact of SHG-bank linkage programme covering 560 SHG member households from 223 SHG spread over 11 states. The findings reveal the household members of SHGs are landless agricultural labourers (31 percent), marginal farmers (23 percent), small farmers (29 percent) and others (17 percent). About 58 percent of the household reported increase in assets. Housing conditions generally improved with a shift in the ownership from kuccha to pucca houses. Almost all members developed saving habits in the post-SHG situation. Overall loan repayment improved from 84 percent to 94 percent. Average net income per household increased from `20,177 to `26,889. About 70 percent of the loans taken in post-SHG situation were for income generating purposes. It improved self-confidence of the members. The members were relatively more assertive in confronting social evils and problems situations (N.W.C., 2003, N.D.).

In order to understand the effectiveness of SHG’s in the promotion of micro-enterprises, a research study was carried out by Swadeshi Jagaran Foundation (2002-2007) in four district each in Tamil Nadu and Rajasthan, specifically to examine the impact beyond financial capital to include social and human capital i.e., skills gained and changes in personal, family, community life and attitude. The hypothesis framed was the micro-enterprises which will build social and human capital by increasing the tangible assets. The study brought out at individual level, savings, main aspects in the programmes, has created an opportunity for women to have savings as a
group. Women have increased their self-worth and self-esteem as a result of their involvement in income generating activities. Only the group leaders and office bearers have been empowered whose mobility and skills are enhanced due to their roles and the capacity building training programmes at household level, no change was observed in the ownership (Property rights), pattern of assets within the family. Micro-enterprise led by women has not made men change their minds about sharing the inherited or acquired properties. Women do most of the reproductive, community work and contribute actively to the productive work but yet their contribution was not acknowledged by family members. Women do not have much control over the earnings made through their enterprises. Earning capacity does not lend power to the women to send their children, especially girls to school. Women still depend on men for support ranging from loan repayment to spending their savings. At group level the transformative approach from savings to micro enterprises was not found in the women SHGs. The products and services do not address the strategic interests of women clients. Many of the facilitating agencies including NGOs are not gender sensitive. They do not have the skills to understand or analyse women's position. Group members stop taking interest in activities beyond financial transactions. At community level, members of the SHGs are definitely better placed when compared to the non-SHG members. Group solidarity was found that would be role models in the rural areas. Political participation by women members has increased significantly (NCW, 2003).

Vadivoo and Sekar (2004) observes in their article that empowering women was not just for meeting their economic needs but also for more holistic social development. In SHGs, collective action and solidarity was an important empowering mechanism. They are of the opinion that by empowerment, women would be able to develop self-esteem, confidence, realize their potential and enhance their collective bargaining power.

Singh (2004) in his study aimed at reviewing the status of micro finance and its implications, analyzing the impact of micro-credit on socio-economic empowerment of rural women and suggesting policy measures for
empowering them, strengthening micro finance programme and effective and efficient functioning of SHGs. The study was empirical in nature and based on mainly primary data collected from field survey conducted in 7 districts of Uttar Pradesh and Uttarakhand, covering the sample of 224 SHGs in 143 villages of 28 Development blocks of the two states. Besides, it also covers 1120 beneficiaries and 173 officials and non-officials of the areas of the sample. Most of the beneficiaries belonged to the middle aged group who were married, little educated and have nuclear families. The housing conditions of the beneficiaries are found to be somewhat satisfactory. Their landholding size has been reported to be small and marginal. They are mainly in services and self-employed. The annual income of their families was also found to be low since most of them are living just above the poverty line. Their participation in decision-making has gradually increased with the SHGs intervention. Most of them have joined SHGs recently. They were motivated by NGOs workers and family members. The decisions are taken on the basis of consensus emerged from the deliberations in the meetings. Most of the respondents were aware of groups activities. Their savings are reported to be low while main purposes of the savings were notified as social security, education, health, emergencies, agricultural operations, self-respect, asset building etc. Only half of the members have availed the benefits of training and exposure. These programmes had impacted on productivity, efficiency, income generation and confidence building. Most of them have received internal loan, bank loan and revolving fund. However, 64 percent had repaid their dues. The purposes of loans have been reported to be consumption needs, emergencies, expenses for income generation activities, etc. SHGs have effected changes in the perception of community and family while the role of women in decision-making has increased significantly.

A survey undertaken by Loyola Extension Services for the Ministry of Human Resource Development (2004) aimed at making a comparative study of the enabling processes and efforts by the NGO and Kudumbasree towards social, economic and political empowerment of poor women since last few
years in Kerala. Multi-stage, simple random sampling method was used for selecting the SHGs and respondents. Thus a total of 80 SHGs and a sample of 400 members representing the sample SHGs were selected for the study. While looking into the enabling processes of the selected SHGs, their constitutional procedures and functioning pattern were compared, in which a wide variation were observed among the SHGs of NGOs and between the SHGs of Kudumbasree and NGOs. When comparing the socio-economic profiles of the respondents, not many differences could be seen between the SHGs of Kudumbasree and NGOs and a great majority of them were from low economic backgrounds. However the member's exposure to various activities in SHGs of both NGOs as well as Kudumbasree had enabled the members' social, economic and political empowerments to a large extent. Based on the study few suggestions were also made for improving the organizational and promotional strategies of both the NGOs and Kudumbasree in the process of empowering poor women in Kerala.

Using panel data from Bangladesh for 1991-92 and 1998-99, Khandker (2005) examined the effects of micro finance on poverty reduction. He found that access to micro finance had contributed to overall poverty reduction at village level and especially among females.

Kabir (2005), in her study on micro finance has assessed the impact of micro finance on women's empowerment. The findings suggest that micro finance offer an important and effective means to achieving changes on a number of different fronts, economic, social and political.

Kumar (2005) has mentioned in his article that apart from financial aspects, SHGs also became a platform for exchanging ideas regarding prevention of AIDS, dowry, nutrition, marital laws, literacy, sanitation, child rearing, etc. He pointed out that leadership qualities developed through SHG meetings have seen 2500 women becoming president (or) members of panchayats and local bodies in the states.
Asokan and Sudha (2005) empirically analyzed the economic status of rural women SHGs in Nagapattinam district of Tamil Nadu. The results have shown that sample respondent’s asset structure increased after joining as members in SHGs, particularly financial assets increased considerably from 6.6 percent to 15.5 percent. About 40 percent of women became empowered in decision-making. The study also revealed that the SHGs are successful to some extent in the study area in respect of economic process and social development.

Jakimow and Kilby (2006) evaluated the potential of SHG programmes through the reduction of internal, institutional and social constraints that prevent the marginalized from pursuing their interests. An analysis of the normative model of SHG programmes and its actual application shows that while SHG programme have the potential to empower women, this was often not realized through the persistence to top-down approaches in implementation. SHG programmes have further limited their ability to transform social relations due to their apparent insistence that the marginalized are the only legitimate actors in their own empowerment. Rather than argue for the discontinuation of SHG programmes in India, their potential to empower women can be increased through a bottom-up orientation in implementation, while recognizing that SHG programmes cannot reduce all the constraints preventing the pursuit of interests.

A specific study on women's empowerment (Moyle et al., 2006) found that a large share of female SHG members reported significant development of their self-confidence and work efficiency despite the challenges they face due to the work and responsibilities involved with being an SHG member.

Sitaram (2007) in her report prepared for ADB observe that the SHG movement which was started due to the Karnataka Urban Infrastructure Development Programme (KUIDP) initiative in the urban slums of the six towns in Karnataka has brought changes in the lives of the women. It has allowed poor women to move from their earlier position of silence to one of gaining voice, has reduced their sense of fatalism, improved their living standards and has increased their collective bargaining powers. Of course, SHGs cannot be taken as the answer to solve all the problems related to poverty and gender inequality. The SHGs provide women with abilities to survive the worst situations. Whether they can become really sustainable institution depends also on the ability to grow with the changing internal needs and external developments like globalization and competition from aggressive new markets. It would not be reasonable to expect SHGs to be the vehicle for significant changes in the short run, such as transformed traditional gender relations. But for the 12,000 or so women living in the slums who have been a part of the SHG programme, a mass movement of this kind has been a boon. Self-help promotion was the best strategy for grass root level development. SHGs can also help implement development projects at the grass roots. This study concludes that projects supporting SHGs should be of five years duration and need a clear withdrawal strategy which was defined from the beginning

Sharma and Varma (2008) in their study point out that SHGs have been successful in empowering rural women through entrepreneurial activities. Increase in income, expenditure and saving habits of rural women were observed. The SHGs had major impact on social and economic life of rural women. The study revealed an increase in social recognition of self, status of family in the society, size of social circle and involvement in intra family and entrepreneurial decision-making. There was an increase in self-confidence, self-reliance and independence of rural women due to the involvement in the entrepreneurial and other activities of SHGs.
Reddy (2008) attempted to study the impact of SHGs on women in the State of Andhra Pradesh. There are about 4.65 lakhs of women SHGs in Andhra Pradesh covering nearly 61.70 lakhs poor women. Andhra Pradesh alone has about half of SHGs organized in the country. Since inception, an amount of ` 1556.90 crores was mobilized as corpus by these groups. The findings and results of the survey revealed that 88 percent of the members borrowed loans from banks and repayment was 95 percent. Ninety percent of them save regularly. Eighty five percent of eligible members adopt small family norms. The financial status of households had improved due to improvement in access to formal credit institutions, since SHGs are linked with banks. Access to credit has enabled women to undertake income generating activities. Additional family incomes to members range from ` 1000 to 3000 per annum depending on the income generating activities. Increase in income has been spent on better nutrition for children and on the health care of the family. There are improvements in school enrollment, attendance, toilet facilities and access to electricity and gas. The political process picks momentum with the SHGs being federated and also establishing links with local-self government bodies. In fact, 10,000 SHG members were elected to the local bodies in 1997 elections. Increase in awareness levels about the society led to laying roads, planting trees, conserving environment, construction of water harvesting structures, donations to the victims of natural calamities, campaign against eradication of social evils like dowry, child marriages, crime against girls and women, untouchables, aids and support to widows and destitute.

Nirmala et al. (2008) examined the role of SHG micro-credit as a tool of capability development and women’s empowerment in rural areas in Pondicherry region in the Union Territory of Puducherry, India. The study was based on primary data collected from a random sample of 300 poor women during March 2006. The findings revealed the sample respondents to be possessing poor human and economic capabilities due to poverty. As a result, majority of them were engaged in traditional and less remunerative non-farm
activities. Access to SHG credit significantly improved their employment opportunity and annual family income during the post-credit period. Analysis of the determinants of rate of return to SHG credit indicated that while experience and education squared had a positive significant effect on it, the impacts of current education, skill and experience squared were negative and significant. This indicates that human capabilities development, in terms of further education, relevant training and experience were important to improve the rate of return to SHG credit of the sample respondents. While socio-economic development was their main benefit, their major problems comprised credit not received in time, low profits and competition from mechanized products, besides marketing and work place problems. The study indicated that the economic inclusion strategy combined with capabilities development would go a long way in empowering and improving the well-being of the rural poor women in the study area.

Gaonkar (2008) evaluated the role of SHGs in the empowerment of the State of Goa. The study was based on both the primary and secondary data. Out of a total of 500 SHGs functioning in Goa, at present 100 SHGs are promoted by the National Co-operative Union of India (NCUI). The SHGs promoted by NCUI are satisfactorily performing their role of women empowerment. Hence, twenty five women SHGs promoted by NCUI from Bardez and Bicholim talukas were selected on the basis of random sampling. The paper emphasizes that the SHGs are the effective instruments of women empowerment. The SHGs have also created better understanding between the members of the different religious groups as the members of SHGs belong to different religions.

Burra et al. (2008), in her edited volume on Micro-credit, Poverty and Empowerment have highlighted the SHG based micro finance and their impact on women empowerment in India. They presented analysis of case studies and modules of micro finance in India. They are of the view that collective strategy beyond micro credit to increase the endowments of poor women enhance their exchange outcomes viz-a-viz, the family, state, markets
and community and expand socio-cultural and political spaces required for poverty reduction and women’s empowerment.

Lokhande (2009), carried out a study on micro finance initiatives in India. His study pointed out the emulative progress of SHG-bank linkage started with 235 SHGs in 1992-93 and upto 2007-08, as many as 2924973 groups have been formed. In the same period, bank finance has made a remarkable success by increasing funding from 0.29 crore in 1992-93 to 18041.00 crores in 2007-08. The study observed that the SHG-Bank linkage programme in India was the largest micro finance programme in the world. SHGs have been instrumental in initiating micro entrepreneurial activities among the poor. SHG-Bank linkage programmes was responsible for developing banking habits among the poorest of the poor people. The most significant contribution of SHGs was that they build up enough confidence among the poor and now they are ready to participate in the process of development. Micro finance programme has a significant role to play in Indian economy for boosting micro entrepreneurial activities for creating productive assets coupled with employment generation.

Ahirrao (2009) made an extensive study of rural women empowerment through micro finance. The study reveals manifold importance of micro finance and empowerment of women. The study maintained that small loans have made good business sense among the women. The success of micro-credit initiatives has often been attributed to their particular focus on empowering women and encouraging their self-reliance through developing their own means of income. With the formation of women SHGs, these women are now achieving social and physical mobility and control over income leading to greater levels of economic independence. Through the income of micro enterprises, the borrowers of micro-credit can enjoy better life, self health care, and education for their families and above all, these small earning will provide a hope for better future.
Swain and Wallentin (2009) examined the link between micro finance and women’s empowerment. The article contributes to the discussions by arguing that women’s empowerment takes place when women challenge the existing social norms and culture, to effectively improve their well-being. It empirically validates this hypothesis by using quasi-experimental household sample data collected for five states in India for 2000 and 2003. A general model was estimated by employing appropriate techniques to treat the ordinal variables in order to estimate the impact of the SHG on women’s empowerment for 2000 and 2003. The results strongly demonstrate that on average, there was a significant increase in the empowerment of women in the SHG members group. No such significant change was observed however, for the members of the control group. The elegance of the result lies in the fact that the group of SHG participants shows clear evidence of a significant and higher empowerment, while allowing for the possibility that some members might have been more empowered than others.

Mok (2009) in their paper addresses SHG participation and its empowerment effect in Hong Kong. Delineated into intrapersonal empowerment, interpersonal empowerment and extra-personal empowerment, personal empowerment was viewed as a form of social capital that can be derived from participation in the social relations within the group, and one that can facilitate the obtaining of maximum benefits from the group for the goal of effectively coping with the problems concerned. A path model was constructed to compare the direct effects and indirect effects of participation on personal empowerment, and of participation and personal empowerment on reported extent of benefits obtained. Findings support a somewhat weak relationship between participation and personal empowerment, but a strong relationship between personal empowerment and reported extent of benefits obtained.

Based on two rounds of a 2,400 household panel, Deininger and Liu (2009) uses double differences, propensity score matching and pipeline comparison to assess economic impacts of longer (2.5 – 3 years) exposure of
a program that promoted and strengthened self-help programs in Andhra Pradesh. The analysis finds that longer programme exposure has positive impacts on consumption, nutritional intake and asset accumulation. Investigating heterogeneity of the impacts suggest that even the poorest households were able to benefit from the programme. Furthermore, overall benefits would exceed program cost by a significant margin even under conservative assumptions.

Banerjee (2009) in her paper made an effort to estimate the impact of SHGs created under SGSY programme of Government of India on the basis of primary survey undertaken in the district of North 24 Parganas of West Bengal during September 2005 to March 2006. Data were collected from group members as well as from non-group members. It has been observed that income generation through group activities has improved the average income of group members but the inequality of distribution of income was high among the group members than that of the non-group members. Secondly, there has been a significant decline in the medical expenditure and school dropout rate in the families of group members than that of non-group members.

Swain and Varghese (2009) evaluated the impact of training in SHGs on two outcome measures, income and assets. Using regression adjusted matching methods, they found that training actually impacts assets and not income. The impact of training on assets reveals that training strengthens members’ skills in savings and asset accumulation. The lack of impact on income indicates that much more needs to be established for income generation. For example, marketable goods, infrastructure and other factors play a part and that paradoxically, the effects on income generation may take more time than asset accumulation. Finally, the estimates on business training reveal that with longer membership, business training positively impacts both assets and income.
Pattenden (2010) notes the prominence of SHGs within current anti-poverty policy in India and analyses the impacts of government and NGO-backed SHGs in rural North Karnataka. He argues that SHGs represent a partial neo-liberalisation of civil society where they address poverty through low-cost methods that do not challenge the existing distribution of power and resources between the dominant class and the poor laboring class. The study finds that intra-group savings and loans and external loans / subsidies can provide marginal economic and political gains for members of the dominant class and those members of the labouring classes whose insecure employment patterns currently provide above poverty line consumption levels, but provide neither material nor political gains for the poor labouring class. Target-oriented SHG catalysts are inattentive to how the social relations of production reproduce poverty and tend to overlook class relations and socio-economic and political differentiation within and outside of groups, which are subject to interference by dominant class local, politicians and landowners.

Jose and Nair (2011) examine vying evidence as to whether the SHG movement really did enhance development among the coastal women in the coastal areas of Kerala. On one hand, the conscious group mobilization, thrift collection, serendipitous exposure to diverse, novel experiences, and the frequent discourses culminating in consensual decision-making, all enhanced the coastal women's ability to articulate and gain a higher status in the family as well as in their locality village, on the other hand, consumption of loans by the poor members did not substantially contribute to improve their productive capacities, neither did micro credit attract the poorest and the needy. The study also evidences that such initiatives eventually led to another form of domination over women through the development of new hierarchies of power, which further created hurdles and enslaving them financially on their spouses. The authors were forced to concede that evidence with respect to the impact of SHGs on women's status and their well-being.

Rao and Radhika’s (2011) study begins with a background discussion about unemployment and poverty in rural areas and why low-income persons
seek self-employment as a viable option towards building social and human capital to work towards poverty alleviation. It move on to a discussion of a qualitative analysis, the impact of SHGs on individual members, family and community life, changes in skills, knowledge and attitudes, successful outcomes and the development of human and social capital. Utilizing these finds, effectiveness of women SHGs in the promotion of micro enterprises was discussed, suggesting that micro enterprise development was a viable option for poverty alleviation and community economic development. The study shows that SHGs are still in a state of flux and their sustainable development depends on a number of factors, which are both internal and external to the group. Further, SHG as a system has infused certain synergy among its members to move up in the socio-economic ladders from passive onlooker into an active partner/stakeholder in the development process. Today, SHGs in India have become a potential tool for the empowerment of women, social solidarity and socio-economic betterment of the poor in their own setting.

Surender et al. (2011) examined critically the impact of SHG on employment generation. It was found that employment generation with the help of SHGs was more among Below Poverty Line (BPL) than Above Poverty Line (APL) members. Expenditure of beneficiaries has increased from last year to current year showing the positive impact of SHGs on earning. This was more among BPL than among APL members. Annual income of beneficiaries has also increased from last year to current year showing the positive impact of SHGs on employment generation. It was more among APL members than BPL. Number of working days of beneficiaries in livestock business and any other profession had increased after joining the SHGs indicating that SHGs generate employment. Majority of beneficiaries accepted the improvement in economic condition after joining SHG. It shows the positive impact of SHG on employment generation.

To sum up, the broad findings of the impact studies so far suggest that the average value of assets and savings of SHG member households
increased significantly during the post-SHG period. Average annual net income of SHG member households increased significantly and this considerably contributed to poverty reduction. Employment per household had also increased. There was remarkable improvement in social empowerment of SHG members in terms of self-confidence, decision-making and communication.

IV. PROBLEMS OF SHGs

Gautam and Singh (1990) reported the constraints of non-functioning units as improper selection of group activities, lack of co-operation and zeal among the members of the group, non-availability of adequate amount of raw material, high cost of raw material as compared to finished product and lack of local demand and marketing facilities.

World Bank (1990) in its exclusive summary on “Good practice in non-lending operations” reported that effectiveness of credit programmes for women was constrained by (a) weak organizational structure and poor loan supervision of most agencies especially government agencies, (b) tendencies of women to invest in activities with inherent low rates of returns constrained by bulk market facilities and low skill levels and (c) high operating cost of credit agencies because they need to provide non credit services to clients.

Neogi (1991) reported that prevalence of common felt needs among group members was the basic requisite of group forming success and was significantly associated with dynamic leadership.

Ramalakshmi (1991) pointed out that inadequate working capital was the most serious constraints restricting the performance of many DWCRA groups and also the group members need training for skill enhancement especially for items like soft toys, terracotta pottery, readymade garments, footwear, woolen blankets, etc.
Hatti and Heimann (1992) reported that the problem with the informal group was that there was no leader generally to co-ordinate the activities of the group, making it difficult to develop it into a more permanent and dynamic force to play a more effective role.

Schlappa (1992) expressed that a trained field worker should be attached to a SHG with sufficient time to listen, watch, answer question and give whatever support whenever needed, the absence of which led to the failure of SHG project in Nepal.

Parekh and Mehta (1992) in their paper reported the constraints faced by rural women as vested interests of the officials, refusal to give loans to defaulter families, etc.

Seetaram (1992) in his study highlighted the constraints faced by rural women. Majority of the women are engaged in traditional household industries because of uneconomic holdings. Besides, they also face problems like restrictions of women's access to resources like land, credit and technology, inadequate training and educational facilities for women, inadequate information and career guidance, household, child care responsibilities.

Reddy (1993) says that among other things, wider recognition of leadership and its functional cohesiveness contributes to the successful implementation of developmental programmes. He opines that leader has some essential elements which distinguishes him from others namely, (a) he is a member of the group and (b) he influences the members of the group.

Sithalakshmi and Jyothimani (1994) opined that formation of groups with like-minded members goes a long way in making the members feel that the group was pleasant entity to be part of and if group formation was satisfactory, opportunities of participation would be greater.
Rajanichandran (1995) in her study, highlighted that the three major immobilities of women are lack of health, lack of education and lack of economic independence.

Sundar and Singh (1995) revealed the constraints faced by the Development of Women and Children in Rural Areas (DWCRA) beneficiaries as poor physical layout, ventilation and lighting of the work place, lack of transport, delayed payments for goods.

Kiranmayee (1996) revealed that majority of the group leaders of “PODULAKSHMI” are middle aged, illiterate, married, belonged to backward caste. The major constraints include lack of co-operation among members, irregularity in repaying the loans, insufficient loans, illiteracy, lack of marketing facilities, lack of knowledge, etc.

Tejaswini and Veerabhdraiah (1996) identified the constraints faced by rural women in pursuing the DWCRA activities. The findings revealed that 85 percent of them were facing difficulties in getting good price for their produce, lack of common work place (83 percent), lack of proper marketing facilities (75 percent), problems in getting loan money released in time (66 percent) and lack of training facilities (50 percent).

Dwarki et al. (1996) concluded that the goal of SHG was to pool together the strength of the worker sections and gear them towards developing a self-reliant community.

Kumaran (1997) concluded that passivity in SHG was mainly on account of irregularity in payment of savings and repayment of loans, non-adherence to norms set by the groups and lack of mutual trust and confidence among members. Regular defaulting by some members resulted in dissolution of some SHGs.

Shylendra (1998) observed that the wrong approach followed in the SHG formation by the team, misconceptions about SHGs goal both among
the team and members of SHGs and lack of clarity about the concept of SHG, particularly by the team led to the failure of SHGs in Bidaj, Gujarat.

Prasad (1998) concluded that the gem cutting unit of DWCRA was defunct due to the reasons like heterogeneity in selecting the beneficiaries from different villages, ignorance about technicalities involved, arbitrary selection of income generating activities against the philosophy and spirit of group approach, lack of critical awareness about the job performance and non-corporation of family members hampering participation.

Snehalatha and Reddy (1998) listed out the constraints faced by group members as selling the product without assured market outlets, lack of co-operation and team work among group members, non-availability of sufficient matching grant in time, ineffective group leadership, lack of training in group formation, unequal work delegation, mismanagement of accounts and discontinuance of internal lending. The constraints perceived by group leaders were lack of time to perform farm, home and group activities, no reimbursement of money spent for group purposes, explaining accounts to illiterate members, resolving group conflicts and misunderstanding of group members that leaders benefit more and lack of economic incentives for being a group leader.

Puhazhendi and Jayaraman (1999) attributed non-co-operation of individual members with group activities as well as personality clash between office bearers and group members to the disintegration of groups. Lack of follow up action by the field staff of NGOs also played a major role in disintegration.

Govindappa (1999) in his study reported the constraints faced by women as social risks like going out of the home and developing new relationships related to the new activity, caste’s perception of the new activity and other problems like technical risks as women are not equipped with skill, knowledge and information required to carry out new economic activity.
Mangasri (1999) reported the constraints faced by DWCRA women as
lack of awareness, social and community pressures. The major constraints
faced by the SHG members were difficulties in diversification and starting of
activities (41.67 percent), lack of space of storage of materials (28.24 percent)
and inadequate availability of raw materials at the right time. Suggestions put
forth by SHG members included improvement of overall functioning of the
group (74.04 percent), improvement in enterprises (60.31 percent) to overall
governmental financial assistance through developmental programmes.

Suriakanthi (2000) from her survey of 120 SHGs found that 95 percent
of the members and 75 percent of the office bearers are illiterate. Thus, they
carried out their activities with the help of their husbands and educated wards.

Datta and Raman (2001) highlighted that SHGs are characterized by
heterogeneity in terms of social and economic indicators. The success of
SHGs in terms of high repayment was mostly related to the exploitation of
prevailing social ties and cohesion formed among women members. Social
cohesiveness among members spring not only from their diverse background
of knowledge base, skills, occupation and income levels, but also due to the
dynamic incentive system of progressive lending to the groups on the
successful completion of loan repayment. However SHGs are heavily
dependent on external financial agencies for their lending operations.

Satish (2001) in his paper raised certain issues related to the
functioning of SHGs. Adequate care should be taken to ensure homogeneity
of socio-economic status of the members, while forming SHGs. The process
of SHG’s formation has to be systematic whether a bank or an NGO forms it.
He emphasized that SHG’s experiment has to be spread throughout rural
India rather than being concentrated in a few pockets of the country. NGOs
are more suitable for forming and nurturing of the SHGs and the study
concludes by reiterating the need to strengthen them and their resources so
that they should increasingly undertake this work.
Lalitha and Nagarajan (2002) identifying the factors that contributed to the success / failure of SHGs in rural areas observed that loans from the common fund was mainly used for debt redemption. This posed a big problem as the loans were used for unproductive purpose. Besides this, the magnitude of consumption was also increasing. Caste conflicts among members pose a big threat to the group cohesiveness resulting in drop-out in a few groups. The NGOs were not very comfortable in dealing with banks, their complicated and lengthy procedures and time lag in sanction of loans add to their woes. Similarly banks are also not too familiar with the NGOs, their style of functioning, etc.

Das (2003), observe that the inability of the credit institutions to deal with the credit requirements of the poor effectively, has led to the emergence of micro finance or micro-credit system as an alternative credit system for the poor. He has also mentioned that in rural India, it can be seen that the poorer sections of the society and destitute cannot avail credit from banks and other formal institutions due to their inability to deposit collateral security and mortgage property.

Rajmohan (2003) analyzed the impact of the economic programmes of SHAGE, a NGO in Tamil Nadu on poverty reduction with the help of data collected from the households of 84 women members. The economic programmes have contributed to savings and income increase for women. However, the member group was not found to be significantly different from the comparison group in terms of control over income and decision-making.

The Public Opinion Survey (2004) revealed two major problems faced by SHGs as (a) finding an economic activity that will yield a rate of profit necessary to cover the interest rate on the loan and (b) marketing of the produce. The study observed that “unless there is a proper marketing system, merely producing the goods would not help”. If the goods produced by the rural poor are sold at a right time with profitable price, then the poor will be able to improve their savings potential, credit handling capacity and access to
financial institutions, inculcate entrepreneurial skill, develop an urge for investment and also risk-taking attitude through SHGs.

Reddy and Manak (2005) observed through their study of SHGs in India that SHG’s financial management was average or weak. Thus the research suggested that it was virtually important that both government and NGOs work to bear all the costs in mind of interventions to make them sustainable, otherwise the SHGs will be overburdened and destined to failure. Government regulations could help manage this risk and increase the emphasis on sustainability of SHGs. There are key areas of SHG’s financial management that need to be improved such as internal controls, accounting, management stewardship, organizational efficiency and others.

Sabhlok (2006) observed in her study that what was often overlooked was that the SHG’s efforts remain context bound, localized and dependent on the facilitators. It needs to be recognized that women’s needs and interests can be different in different areas of the country. The condition and position of women in different areas and even within the same groups are not the same. Kinship and marriage patterns, caste and class differences, differences in the capacity of facilitating organizations would require different approaches to SHG’s formation and functioning in different areas of the country. Due to dependency, the SHGs are functioning more as micro credit groups and not as social empowerment or social action groups for women.

Bhatia (2007) reviewing the present status of SHGs, which were linked to banks till March 1998 under the SHG bank linkage program observed that despite the phenomenal growth under the programme, certain areas of concerns continue to persist. First, the focus on achievement in terms of numbers has resulted in the qualitative aspects of the SHGs not getting the deserved attention. Second, there remains a strong regional bias towards the southern States. As at the end of March 2006, while Andhra Pradesh, the State with the largest share among the southern States, accounted for 26.2 percent of the total SHGs and 38.1 percent of the total loans disbursed.
Rajasthan, the State with the largest share of SHGs in the northern region, accounted for only 4.4 percent of the SHGs and just 2.1 percent of the total loans disbursed. Third, the quantum of loan granted per SHG continues to be very low. In March 2006, the amount was `37,582 for new loans and `62,949 for repeat loans to existing SHGs. Considering that on an average an SHG has 14 members, the per capita loan amount in March 2006 was `2,684 for new loans and `4,496 for repeat loans. Fourth, the issue of sustainability of SHGs has also not been highlighted. Only since 2001, NABARD has been publishing data regarding the number of SHGs provided with repeat bank credit. These data reveal that the percentage of SHGs getting repeat bank credit has remained quite low, indicating that most SHGs have had access to bank credit on only one occasion.

Kaushal (2007) observed that education had significant correlation with participation, task function, interpersonal trust and group cohesiveness. The land holding had a positive and significant relationship with participation and style of influence. The caste had a negative but highly significant relationship with participation, task functions, interpersonal trust and group cohesiveness.

Bhatia (2007) reviewed the present status of SHGs, on various parameters such as continued existence, membership, meetings held, leadership, savings made and loans obtained and loan utilization and repayment. The study was based on both primary and secondary data. While secondary data were obtained from NABARD and controlling offices of banks, primary data was collected from 44 SHGs, 12 bank branches, 65 SHG members and 5 NGOs. Data collection was carried out between December 2005 and April 2006 through pre-designed schedules and personal interviews with bankers, SHG members and chief functionaries of NGOs. The study revealed that the picture of repayment in respect of SHGs linked to banks upto March 1998 was not a rosy one as would have expected. At the branch level, bankers conceded that several SHG accounts showed signs of irregular repayments. It was observed that the bankers did not make any worthwhile efforts for effecting recovery from recalcitrant SHGs, presumably because of
the small sums involved. Significantly, the repayment record where the bank had itself promoted the SHGs (in Hanumangarh district) was much better than where the SHGs had been promoted by NGOs. In the former case, the bank was directly in touch with the individual SHG members on a weekly basis; hence it resulted in a closer and intimate monitoring of the accounts. In other districts, the banks relied very heavily on promoting NGOs for monitoring the accounts of SHGs. In one of the districts, the banker was ignorant about the location of the SHG and conceded that he had never visited the group. In other districts too, the bankers seldom paid a visit to the SHG after the loan was sanctioned though visits prior to sanction had been made.

Baland et al. (2008) in their paper deals with member attrition and group failure in SHGs, the dominant institutional form in Indian micro finance. The study surveyed groups composed entirely of women in three rural and relatively poor districts of the country; Keonjhar and Mayurbhanj in northern Orissa and Raigarh in Chhattisgarh. The authors found that 10 percent of the 1,102 SHGs created over the period 1998-2006 were no longer active at the end of 2006 and 22 percent of women had left the groups that they first joined. Data suggest that groups are more likely to survive if at least one of their members was well educated and if they are located in villages with other SHGs. Caste fractionalization and other measures of social cohesion do not systematically influence group failure, but they do result in greater exit of members from functioning groups. It was found that SHGs engaged in a variety of social activities, but the provision of credit does seem to be their primary role. Among groups that were active at the time of our survey, 88 percent of members had received internal loans and about three-quarters of these groups had borrowed from commercial banks.

Azad and Singh (2009), in their study, revealed that in the women entrepreneurship, women are facing lot of challenges like social barrier, absence of entrepreneurial aptitude, marketing problems, financial problems, lack of education and shortage of raw materials, etc.
Chavan and Birajdar (2009) used secondary and primary data on SHGs in order to evaluate the role played by these institutions towards financial inclusion of the groups and regions excluded from the formal financial system. In this connection, the study also analyses the geographical spread of micro finance institutions, access and affordability of micro finance for women borrowers and movement of women borrowers out of SHGs. The findings of the study reflect the significantly limited scale and spread of micro finance in India. The continued dependence of women members belonging to mature SHGs on informal sources, as revealed from the primary data, further corroborates the point regarding the limited spread of micro finance. The relatively high rates of interest on SHG loans, which are comparable with the rates of informal sector, underline the issue of affordability of micro finance for poor borrowers. Further, an issue related to interest rates was that of dropouts of members. The most commonly noted cause for dropouts among SHG members was the irregular repayments of loans. The members complain of an inability to repay their loans on time and subsequently drop out. Hence, the observations of this note reflect the considerable scope for micro finance to evolve as an effective means of financial inclusion that was accessible and affordable for the excluded groups and regions which can help loosen the grip of information sources of finance and ensure permanent inclusion of the excluded sections in the ambit of formal finance.

Kaul and Mohan (2009) conducted a study in rural villages of Ratlam district of Madhya Pradesh in 2007. Fourteen SHGs were surveyed, of which 11 are tribal women SHGs and rest are non-tribal groups. Their findings reveal the savings were more in non-tribal SHGs. They mostly contributed ` 100 per member, whereas, tribal members contributed ` 50 only. Problems reported in tribal SHG groups were difficulty in managing time for meetings among some groups, lack of seriousness among some members, delayed payment of monthly saving amount and non-availability of bank loans in spite of need. The use of loans by tribal women was mainly for purchasing agriculture input, purchase of livestock, treatment of illness, marriage, etc.
Non-tribal women could manage the credit from relatives, neighbours and banks. The tribal women were trapped in the vicious circle of taking credit from local money lenders. The rate of interest paid ranged between 60 percent – 120 percent per annum to local money lenders. Change in confidence level among women after joining SHGs were also assessed.

To conclude, the major constraints of SHGs include ineffective group leadership, mismanagement of accounts, group conflicts, illiteracy of its members, poor credit handling capacity, lack of entrepreneurial skill, organization inefficiency and undue dependence of facilitators.

V. OTHER RELATED STUDIES

Singh (2001) in his study in Uttar Pradesh highlighted that the SHGs was now functioning in the place of money lenders because loan could be taken at any time as and when needed for any purpose. There was no formality involved and the transaction cost was low. The study recommended bank and other financial institutions and State government to come forward to help the rural poor through the SHGs and provide liberalized credit facilities at cheaper rates of interest.

Malaisamy and Srinivasa (2001) compared the micro finance performance of SHGs and Primary Agricultural Co-operative Banks (PACBs) in Madurai district of Tamil Nadu and found that majority of the PACBs were willful defaulters which was not observed with the SHGs. A comparison of over-due of SHGs beneficiaries with those of co-operatives showed that the latter had a high level of over-dues compared to the former. The debt asset ratio, educational level of the beneficiaries and membership of the SHGs have explained the variation in over dues. The transaction cost was found to be higher with SHGs due to higher interest rate as compared to co-operatives.

A study by Ahlin and Townsend (2003) contrasted the presence of joint liability loans versus individual loans on the basis of data gathered from Thailand. Their study showed that the wealth level showed a ‘U’ shaped
relationship with group loans and it was found that the lower the probability of success of the project, higher was the likelihood of taking a group loan.

Kumar and Kaptan (2004), point out that the members of SHG, with their local identity can easily predict the demand. The members, being a part of rural community can be a good source of information. They can serve markets with required information regarding the behaviours of rural customers. They can also help in designing the behavioural models that facilitate the marketers. They have also highlighted that the member’s local identity, their knowledge of the local market, their entrepreneurial spirits and cohesiveness in the group are great strengths.

Mohammed (2004), observed in his article that women are contributing significantly to modern business and commercial world in their own way. Working women can be classified into different professionals, employees in the organized private and public sectors and women workers in unorganized sector. He urged that transforming the prevailing social discrimination against women must become the top priority and must happen concurrently with increased direct action to rapidly improve the social and economic status of women. The success of micro finance organizations in building up the organizational capacity of poor women provides the basis for their social mobilization that many other development interventions have not been able to achieve.

Purushotham (2004), in his study has indicated that the SHG was characterized by heterogeneity and diversity. Yet, across a broad range of settings, field evidence suggests that with appropriate market support strategies, the members of SHGs could be effectively assisted to identify and build micro enterprises as a source of their employment and income. He observed that no market development strategy was static and enjoys universal replicability. These have to be identified, appraised and evolved continuously to suit the local condition and activities. Further, to be relevant,
the development functionaries should be innovative in their modes of development support.

Tripathy (2004) in his article observed that necessary training could be provided to the SHG members to create awareness of community health, traditional and modern agriculture practices, micro credit, veterinary practices, water resource management, Panchayat Raj and other relevant issues as applicable to the area concerned. He has also provided that with appropriate mechanisms, various Ministries / Departments / Organizations can look towards the SHGs for targeting their programmes, which ultimately would help in improving the quality of life in rural area.

Bhagat (2004), in her work has expressed that there has been a sea of change in the attitude of men towards women's groups and micro finance. She has also stated that in the last 10 years, the banker's attitude has changed substantially and there was a remarkable difference in the way they look at these women's groups.

Kamaraju (2005), has mentioned in his article, that in rural areas SHGs utilized the loan for purchasing milch animals, goats and for meeting personal urgent needs. Some SHGs have purchased power tillers for agricultural purpose on hire basis. Investment in power tiller will increase their income both individually and collectively. Hiring out power tiller to peasants was an important entrepreneurial activity of SHG. He suggested that the SHGs should function as a non-political and non-controversial one. Political and religious neutrality paves the way for its healthy growth.

Srinivasan (2005) in his paper observed that the banking industry had recorded the utopian recovery rate of more than 95 percent of loans to women SHGs with an added bonus on timely repayment. Repayment patterns turned the tables and risk were transformed into safe options in the form of SHGs. In short the SHGs showed to the world, the most innovative ways of saving-almost refining thrift.
Muthukrishnan (2005) argued in his paper that the SHGs should be careful in terms of positioning their product relative to other competitive products in the markets. It has to decide on the product and price vis-à-vis its costs of production, and the price at which its competitors are selling the product, credit time, marketing infrastructure available, etc. and above all SHGs should focus on improving the quality of their product.

Mishra (2005) in his article has explained that two types of Self Help Promoting Institutions (SHPI), namely, Government and NGOs that are active in the household level garment sectors. The District Rural Development Agencies (DRDA) promoted SHGs are more organized and have better infrastructure to carry out the activities relating to the garment sector. The NGO promoted SHGs, on the other hand, have taken part in other developmental activities in the village in a bigger way than in the DRDA - promoted ones. He has also indicated that capacity building and credit availability are complementary inputs to the growth of SHG based garment sector.

Nair (2005) explores the potential of SHG federations in providing sustainability to SHGs. Using a case study approach, the paper explores the merits and constraints of federating. Three SHG federations that provide a wide range of services were studied. The findings suggest that federations could help SHGs become institutionally and financially sustainable because they provide the economies of scale that reduce transaction costs and make the provision of these services viable. However, their sustainability was constrained by several factors – both internal, related to the federations themselves and external relate to the other stakeholders. The paper concludes by recommending some actions to address these constraints.

According to Jakimow and Kilby (2006), two types of claims are made about the benefits of self-help programmes. First, it was suggested that self-help empowers its participants more so than other externally directed or implemented programmes. The second less vocal claim was the compatibility
of self-help with cost-reduction strategies, both in terms of material costs and costs to the prevailing social and economic structure. He explores these two claims through a case study of a SHG programme in Tamil Nadu. The author argues that although empowering outcomes are stated as the rationale for self-help, these are often neglected in favour of achieving cost-reduction. This was an outcome of the concept of self-help being absorbed into the practices and discourses of the dominant development paradigm. Self-help has thus been divorced from its role in enabling self-direction and has become the rationale for pressuring the marginalized to take responsibility for improving their own condition within a non-negotiable economic and social structure.

Mittal et al. (2007) discusses the state of SHG-based micro finance in India and the opportunity untapped because of the huge existing demand supply gap. With traditionally loss-making rural banks shifting their portfolio away from the rural poor in the post-reform period, SHG-based micro finance, nurtured and aided by NGOs, have become an important alternative to traditional lending in terms of reaching the poor without incurring a fortune in operating and monitoring costs. The government and NABARD have recognized this and have emphasized the SHG approach and SHGs working with NGOs in its initiatives. In spite of the impressive figures, the supply side of micro finance in India was still presently grossly inadequate to fill the gap between demand and supply but it holds the promise to act as a great opportunity for the financial sector and the economy as a whole.

Dwaraknath (2009) conducted a study on micro enterprise development as a viable option for poverty alleviations. The research document finds that micro enterprise development run by the self-employed was an important option for the low income, unemployed, underemployed, disadvantaged society, especially in rural and urban areas. He found several reasons for why low income people seek self-employment which include need to find a job, an additional sources of income or need for creating a job for themselves and others in the community in areas where wage employment availability was low or their quality and pay for jobs available was poor. He
found SHGs take-up individual activities like farming, animal husbandry, artisan work, petty trade and wage labour. They also come together to own common investments like a common well, agro-service centre. They may also take up joint activities like social forestry with joint responsibility and involvement to generate employment to earn livelihood.

Mohanty (2009) conducted a study on emerging social innovation of micro financing in Orissa, during the period from 2001 to 2006 in all the districts of “KBK regions” in Orissa. He found that three districts of Orissa such as Subarnapuur, Malkanagir and Nabarangpur have maintained 85.24 percent of average growth of SHG movement in physical terms for Orissa while physical SHG growth rate in India remained at 55.3 percent. SHG growth rate recorded by the state of Orissa, in the financial terms, remained at 106.1 percent whereas India’s growth rate was only 89.9 percent. The average growth rate of SHG in India during the study period remained at 32.34 percent whereas the average growth rate of Orissa in the same financing model remained at 37.00 percent which was more by 4.74 percent. Hence, there was need to build strong and efficient micro finance institutions. This requires governance professional management, strengthening internal control and accounting. The local and the national government have an important role to play in ensuring the growth and improvement of micro finance. Special incentives should be provided to NGOs working particularly in hilly and backward districts. Some special schemes should be introduced for the better performance of NGOs in the formation of SHGs in the backward regions. All SHG particularly in the backward regions should be considered under one umbrella by adopting e-Channel system and monitoring activities are to be performed by using computer mechanism, a new modified system prevalent in some of the states in India.

Nair et al (2009) in their paper discusses the issue of social responsibility of India micro finance using two theoretical streams from business social responsibility research – stakeholder theory and social contract theory. They argue that being distinct entities that aim to produce
pro-poor social change through the instrumentality of financial service business, micro finance initiatives should clarify and endorse their responsibility and responsiveness towards the communities they claim to serve. This can be done only by assigning primacy to clients as stakeholders. Meaningful social contracts based on trust and reciprocity, self-regulating codes of conduct and concern for inclusive processes are central to being socially responsible.

Kayser et al. (2010) examined the micro credit programme of the SHGs implemented for widowed and abandoned women in Tamil Nadu shortly after the Indian Ocean Tsunami. Data were collected from 109 participants measuring the women's investment patterns, loan amounts, demographics and overall well-being (psychological, economic, communal and familial). Results indicate that loan amounts and investment patterns were not significantly related to the women's well-being. Length of group participation and having children were negatively related to the women's well-being.

CONCLUSION

The review of earlier studies on SHGs, women empowerment and micro finance revealed that the earlier studies have dealt extensively on a range of issues like functioning of SHGs, enhancement of leadership potential, economic empowerment through skill upgradation, level of participation in decision-making, discrepancies / constraints in the functioning of SHGs etc. While most of the empirical studies deals with micro level situation, few studies also analyses the working of SHGs at the macro level. It is in this context the researcher identified the research problem for the current study. None of the earlier studies have analysed the functioning of SHGs in Andaman Island and the impact of SHGs in empowering women. The present study is a maiden effort to analyse the working of SHGs in Andaman Island with the objective of throwing light on an explored area, though unexplored in the selected region and add to the theoretical inputs in the subject of women empowerment.