CHAPTER VIII
SUMMARY AND SUGGESTIONS

SUMMARY

Microfinance has come to include a broader range of services credit, savings, insurance etc. A success indicator in microfinance lies in a ‘credit-plus’ approach, where the focus has not only been on providing credit, but to integrate it with other developmental activities. Today, microfinance is very much in the agenda of public policy, and it has been increasingly used as a vehicle for reaching the otherwise unreachable poor in the country.

Linking the SHGs to the banks has thus become a workable way of channelising microcredit to the poor. According to RBI guidelines, banks can lend upto Rs. 5 lakh to SHGs without insisting on any sort of collateral. This model will also help in enhancing the savings by members of the SHGs.

Through SHGs are helping the poor in emergencies to meet their short-term and long-term financial requirement, they are not free from some problems. They are facing the following problems in dealing with SHGs activities. They are: 1. Spousal consent problem to move out of the house and to participate in social activities which leads to inadequate attention to quality governance; 2. Capacity constraints and sustainability due to illiteracy or lack of education cause lack of self-esteem/confidence in decision making and in maintaining accounts; 3. Lack of information and access to markets for their products due to lack of education; 4. Difficulties linked to their governance structure due to lack of required skills. 5. As there is no rural banking net-work, the transaction costs of dealing with formal banks are high.

Women in rural India lived in virtual isolation, unable to access even the most basic of services. But, with the formation of Women's Self-Help Groups, these women are now achieving social and physical mobility. It is recognized that while the empowerment of women is a process that will not happen automatically, SHG is a suitable means for the empowerment of women. The impacts of SHGs on socio-economic status of women were found significant.
Micro-finance through Self-Help Groups (SHGs) is propagated as an alternative system of credit delivery for the poorest of the poor groups. Recognizing their importance, both Reserve Bank of India and National Bank for Agriculture and Rural Development (NABARD) have been spreading the promotion and linkage of SHGs to the banking system through refinance support and initiating other proactive policies and systems.

The Self-Help Groups – bank linkage programme has emerged as the major microfinance programme in the country and is being implemented by the commercial banks, RRBs and cooperative banks. As on 31st March, 2009, 4.2 million SHGs were operating with an outstanding bank credit of Rs. 22,800 crore. During 2008-09, banks financed 1.6 million savings accounts with banks as on March, 31st 2009, with total deposits amounting to Rs. 5,546 crores. The role of Microfinance Institutions (MFIs) in providing financial services to poor is growing in importance. During 2008-09, Banks loan amounting to Rs. 3,732 crore were disbursed to 581 MFIs, increasing the total outstanding loans to Rs. 5009 crore to 1915 MFIs as on March, 31st 2009.

In India, there are two routes through which micro-credit is channeled to borrowers. The first is the “SHG-Bank Linkage Programme” where NABARD and commercial banks identify Self-Helf Promoting Institutions (SHPI), which promote the formation of self-helf groups (SHGs). Banks lend directly to SHGs, which, is turn, open group savings accounts in the banks.

The second route is the “MFI model”, which has now become controversial. Here, the MFI is the most important institution in the China. An MFI may be a not for profit society or trust or company (registered under section 25 of the Companies Act), the activities of these not-for-profit MFIs, except section 25 companies.

Microfinance is, no doubt an effective instrument of financial inclusion and a boon to the rural poor women. But it also proved itself as a tune ringing its danger bells across the society in different Districts of the state. The ugly facets of Microfinance surfaced in different dimension especially with respect to the Microfinance Institutions, a wing of the Microfinance Mechanism besides the SHG-Bank linkage programme. The MFIs which are the Non-Banking Financial Institutions are expected to intervene and deliver Microfinance assistance to the rural
and urban poor through SHGs. The ideological base is good but the practicalities reveal a lot of leakages raising the pangs of distress and death. The tentacles of hardship by the MFIs to the Microfinance beneficiaries include hardship of payment, exorbitant interest rates, fleecing of the poor unbearable harassments, strong-arm methods of recovery indiscriminate lending, improper utilization etc. Actually the conceptual base of Microfinance through SHGs is to assure the path of economic self reliance in adherence to the financial discipline with the support of government programmes. The SHG Bank linkage programme involving delivery of credit directly by the banks to the SHG members is mostly observed in pursuit of the philosophy behind.

The Self-Help Groups are with the basic philosophy of women empowerment they are expected to cover the women groups mostly in the rural areas. 85 to 90 per cent of the SHGs under bank linkage programme are women groups. Moreover the number of families assisted under the programme of credit linking of SHGs with banks which were only 45 lakhs during 2000-01 consistently increased to 632 lakhs families during 2008-09.

The share of co-operative banks in the total number of participating banks under the SHG bank linkage programme ranged between 23.9 per cent (2000-01) to 70.7 per cent (2006-07). The RRBs assumed a share ranging between 19.1 per cent (2008-09) to 55.4 per cent (2000-01). The commercial banks share in the total number of participating banks ranged between 8.2 per cent (2004-05) to 13.7 per cent (2000-01). It could be observed that, though the share of commercial banks in the total number of participating banks under SHG bank linkage programme stands minor the coverage in terms of the number of SHGs and the amount of bank loan.

The model wise linkage of SHGs with banks include (A) SHGs formed and financed by banks, (B) SHGs formed by NGOs and formal agencies but directly financed by the banks. (C) SHGs financed by banks through NGOs of the three models of linkage SHGs formed by NGOs and formed agencies but directly financed by banks constitute a majority share ranged between 70 per cent (2008-09) to 76 per cent (2000-01). The major model of SHG bank linkage programme is the SHGs formed by NGOs and formal agencies but directly financed by banks which account for more than 70 per cent.
The table the number of SHGs during 1992-93 which were 255 with a bank loan of Rs. 0.29 crores, phenomenally increased to 1227770 (SHGs) with a bank loan of Rs. 8849.26 crores during 2008-09. The number of SHGs stood at 807905 with a bank loan of Rs. 4585.45 crores. Thus the number of SHGs over the years increase at a rate of 60.7 per cent as against 76.6 per cent growth in the amount of bank loan.

The per SHG bank loan which was Rs. 1.1 crore during 1992-93 experienced an increase to stand at Rs. 7.25 crores during 2005-06 and finally stood at Rs. 5.67 crores during 2008-09. The analysis clearly shows that, under the SHG-Bank Linkage Programme the amount of bank loan experienced a more impressive growth compared to the growth in the number of SHGs.

It can be observed the amount of bank loan as well as the number of SHGs, over the decade under reference went up by leaps and bounds. But the decennial growth rate in the amount of bank loan is registered at 66.40 per cent as against the growth of 46.92 per cent in the cumulative number of SHGs between 1999-00 to 2008-09 this supports the earlier observations that the rate of growth in the amount of bank loan against the SHGs is phenomenal when compared to the growth in the cumulative number of SHGs.

The average annual growth rate witnessed over the decade during 1999-00, 2008-09 is in the number of SHGs in India is 75.29 per cent as against 535.17 per cent in the amount of bank loan. Moreover, over the decade under reference the number of SHGs and the amount of bank loan experience a compound annual growth rate 46.92 per cent and 66.39 per cent respectively. This shows that over the period under review the amount of bank loan against the SHGs experience a more impressive growth comparative the number of SHGs.

The amount of bank loan disbursed to SHGs under the bank linkage programme was only Rs. 0.29 crores during 1992-93 and increased to Rs. 192.98 crores during 1999-2000 and stood at Rs. 31402.17 crores by the end of the year 2008-09 with an annual growth rate of 110 per cent between 1992-93 to 2008-09. Thus it could be observed that, over the years under review, under the SHG bank linkage programme both the number of SHGs bank linkage programme both the number of SHGs and the amount of bank loan disbursed experienced the phenomenal
progress but the annual rate of growth is observed higher with respect to the amount of bank loan disbursed when compared to the number of SHGs. It is supported further by the fact that, the per SHG cumulative bank loan which was Rs. 0.11 lakhs during 1992-93 increased to Rs. 0.17 lakhs by the end of 1999-2000 from then onwards the per SHG cumulative bank loan increased by leaps and bounds to Rs. 0.59 lakhs during 2007-08 and stood at Rs. 0.58 lakhs by the end of 2008-09.

Over all the years under reference, ending with 2009, it is the southern region of the country, consisting of the states of Andhra Pradesh, Tamil Nadu, Karnataka, Kerala and Pondicherry, that assumed a major share both with respective the number of SHG financed and the amount of bank loan disbursed. It is evident from the fact that, between 2003-09 the share of the southern region with respective the number of SHGs financed under SHGs bank linkage programme ranged between 48.46 per cent (2009) to 64.64 (2003). With respect to the amount of bank loan disbursed, the share of southern region ranged between 59.04 per cent (2007) to 78.75 per cent. Thus the southern region stands at the top with respect to the cumulative amount of bank loan disbursed and also the No. of SHGs financed in different regions of the country under SHG bank linkage programme.

During 2000-01 to 2008-09 the north eastern region registered in the highest compound annual growth rate of 97.47 per cent followed by the western region (44.84 per cent) and eastern region (51.82 per cent) as against the all India average of 39.64 per cent. The southern region registered the lowest growth rate of 33.81 per cent. It is clearly because of the changed orientation and emphasis in favour of the backward regions like north eastern region, northern region, eastern region. Still the southern region stands with a lions share of the total number of SHGs linked to banks with a share raising between 48.46 per cent (2008-09) to 71.14 per cent (2000-01).

Out of the total number of SHGs linked to commercial banks in the southern region (397599) during 2003-04. Andhra Pradesh accounts for 63.17 per cent followed by Tamil Nadu and Pondicherry 21.75 per cent, Karnataka 9.70 per cent and Kerala 5.38 per cent. During 2008-09 the statusquo has been maintained where Andhra Pradesh stood with a share of 48.53 per cent of the total number of SHGs linked to commercial banks (1816110) in Southern India. It is followed by Tamil Nadu and Pondicherry with (31.01 per cent), Karnataka (12.52 per cent) and Kerala
(7.94 per cent). During 2008-09 it is again Andhra Pradesh that stood with a major share of 49.90 per cent of the total amount of loan to SHGs (Rs. 1307039.4 lakhs) by commercial banks and it is followed by Tamil Nadu and Pondicherry (28.98 per cent) Karnataka (9.14 per cent) and Kerala (5.73 per cent). Out of the total number of SHGs linked to RRBs during 2003-04 (405998) and 2008-09 (977834) respectively Andhra Pradesh accounts for a share of 61.67 per cent (2003-04) 59.70 per cent (2008-09).

Out of the total number of SHGs financed by co-operative banks during 2003-074 (61911) Karnataka assumed a share of (45.51 per cent) followed by Tamil Nadu and Pondicherry (40.10 per cent) Kerala (11.28 per cent) and Andhra Pradesh (3.11 per cent). During 2008-09 It is Tamil Nadu and Pondicherry is assumed the dominant share of 53.64 per cent of the total number of SHGs (223392) financed by co-operative banks and is followed by Karnataka (30.13 per cent) Kerala (9.67 per cent) and Andhra Pradesh 6.55 per cent with regard to the amount of bank loan disbursed to the SHGs by the co-operative banks.

The total number of SHGs under the bank linkage programme witnessed a growth rate of 25.07 per cent as against 35.36 per cent in the amount of bank loan. A state wise analysis shows that with respective the number of SHGs linked to banks between 2003-04 to 2008-09 Tamil Nadu and Pondicherry experiencing a higher growth rate of 28.36 per cent followed by Karnataka 28.36 per cent followed by Karnataka (25.67 per cent) and Andhra Pradesh 21.15 per cent. In the case of the amount of bank loan disbursed Karnataka experience the highest growth rate of 52.83 per cent followed by Kerala (40.63 per cent) Tamil Nadu and Pondicherry (34.04 per cent). The state of Andhra Pradesh experienced a growth rate of 31.41 per cent which is bellow the average of the southern region (35.36 per cent).

During 2003-04 to 2008-09 the number of SHGs financed by the commercial banks ranged between 58.96 per cent to 70.37 per cent with regard to bank loan also out of the total amount disbursed to SHGs the share of commercial banks ranged between 69.11 per cent (2008-09) to 62.17 per cent (2003-04), that at all India level and also at state level in the Southern India the commercial banks share of contribution stands dominant followed by the RRBs and the co-operative banks.
The total amount of bank loan disbursed to SHGs by different banking institutions was Rs. 185.55 crores against 361731 SHGs during 2003-04. By 2008-09 the amount of bank loan consistently increased to stand at Rs. 253.51 crores with a growth rate of Rs. 101.05 per cent as against 1609586 SHGs which registered a growth rate of 28.25 per cent over the period under review. Moreover the per SHG bank loan of Rs. 5.13 Lakhs during 2003-04 incessantly increase to stand a Rs. 76.13 lakhs by the year 2008-09.

The role and contributions of commercial banks in financing SHGs is increasingly dominant when compare to RRBs and co-operative banks over the years under review. It is as evident of the fact that the share of commercial banks both in the number of SHGs finance and the amount of bank loan disbursed state dominant over the years. It ranged between 59.57 per cent (2003-04) to 65.78d per cent (2008-09) with respect the amount of bank loan disbursed and 49.03 per cent (2003-04) to 62.41 per cent of the number of SHGs financed moreover the rate of growth in the amount of bank loan (104.40) per cent and the number of SHGs finance of (33.51) per cent between 2003-04 to 2008-09 stood higher above that of the RRB, and co-operative banks.

Among different agencies of Microfinance under bank linkage programme the commercial banks stood dominant both with respect to the number of SHGs financed and the amount of loan disbursed followed by RRBs and co-operative banks. It can be also been observed that the women SHGs assumed a dominant share in the case of all the agencies under reference. Moreover regarding the number of women SHGs financed and the amount of loan disbursed to women SHGs it is again the commercial banks that accounted for a major share.

Andhra Pradesh finds a prominent place in the movement of Self-help Groups with 8.51 lakh Self-help Groups, covering about 101.82 lakh rural women, the state has, infact, come to be known as the microfinance capital of the country. It is estimated that about 50% of the population of the state is either directly or indirectly impacted by the programme.

The coastal Andhra Pradesh has been a leading region in the SHG movement due to high level of awareness among people. The region had the advantage of
proactive district administration which adopted innovative modes to increase the number of SHGs like involving all the line departments in formation of SHGs, integrating and routing all state government programmers through SHGs, providing incentives in the form of deposits to the banks for providing linkage etc.

The share of SHG-Bank linkage programme of A.P as compared to national level was 49% during the year 2001-2002 and increased to 64% by the year 2003-2004. During the year 2007-08, the state has only a share of 32.82% as other states have also picked up in implementation of the programme, as shown in Table 5.5. Moreover, the growth scenario, with respect to the member of SHG’s credit linked and the credit flow, in the state of A.P. as against All India, reveals that with respect to the number of SHGs Andhra Pradesh recorded a compound annual rate of growth only at 19.88 % as against 27.7% All India. But with regard to the quantum of credit flow the state registered a promising stand with marginally higher growth of 49.78% as against 48.20% of All India.

The banks in Andhra Pradesh have played a proactive role in financing SHGs, Starting from financing of 35 SHGs with a bank loan of Rs. 0.09 crore in 1992-93, the banks have moved ahead a long way in financing SHGs and by the year 2008-09, a cumulative amount of bank loan to the tune of Rs. 6767.40 crore was extended to 5.00 lakh SHGs. 18.61 lakh groups have been credit linked in the state involving outlay or Rs. 19461.71 crore as at the end of 31 March, 2009. Some of the Regional Rural Banks have acted as Self-help Promoting Institutions in the initial phase of SHG-Bank Linkage Programme.

Commercial banks and Regional Rural Banks have been the major players in the SHG-Bank Linkage programme in the State. During the period 1997-98 to 2008-2009, the share of commercial banks in the SHG-Bank Linkage programme has gone up from 55% to 63% in terms of number of SHGs linked and 63% to 74% in terms of bank loan disbursed to SHGs. The share of RRBs has come down during the period both in terms of number of SHGs (from 45% to 35%) and bank loan (37% to 25%), the cooperatives have increased their share to 2% in terms of number of SHGs and 1% in terms of bank loan.
The state of Andhra Pradesh consists of three geographical regions which include coastal Andhra consisting of Nine Districts, Rayalaseema (4 Districts) and Telangana (10 Districts). By the year 2008-09 the total number of SHG groups in the state and the total GLC disbursed respectively stood at 440387 and Rs. 596183 lakhs of the total number of groups in the state. The coastal Andhra accounted for 48.76 per cent (213104) followed by Telangana (38.54) per cent and Rayalaseema (16.21) per cent. With regard to the GLC also costal Andhra assumed a share of 51.05 per cent followed by Telangana 33.75 per cent and Rayalaseema 15.14 per cent. The growth scenario of SHG-Bank linkage among the regions in terms of the number of SHGs and the amount of ground level credit further focuses on regional revelations. As evident from the table during 1992-93 to 1999-2000 the growth rate in the number of SHGs registered higher at (177.72 per cent) in Telangana regions followed by Rayalaseema (174.91 per cent) and costal Andhra (110.55 per cent).

By the year 1996-97 the number of SHGs linked to banks increased to 434 spreading their presence to nine districts of the state with larger number of groups in Nellore district (171) followed by Visakhapatnam (116) and Medak (114). By the year 1999-2000 the total number of SHGs under bank linkage programme in the state of Andhra Pradesh increased to 29242 with a balanced spread of the groups over the 22 districts of the state where East Godavari accounted for a greater share of 19.43 per cent of the groups followed by Medak (10.01 per cent) Karimnagar (9.32 per cent) West Godavari District (9.01 per cent) and Ranga Reddy (8.10 per cent). By the year 2008-09 the number of SHGs under bank linkage programme in the state stood at 437003 experiencing a decennial compound annual growth rate of 31.05 per cent between 1999-2000 to 2008-09.

By the year 2008-09 the total amount of GLC under the programme in the state is Rs. 596183 lakhs with a disannail annul growth 59.80 per cent. Moreover during 2008-09 East Godavari accounted for a major share of 13.25 per cent (Rs. 79015 lakhs) followed by West Godavari (7.44 per cent) with Rs. 44346 lakhs GLC, Krishna (5.74 per cent), Chittoor (5.85 per cent), Guntur (5.74 per cent).

Between 1995-96 to 2008-09 the number of SHGs in West Godavari district of Andhra Pradesh experienced an average annual growth rate of 130.34 per cent as against 285.09 per cent in the amount of GLC. In the district under study, both the
number of SHGs as well as the ground level credit increased but comparatively the
growth in GLC (285.09 per cent) was recorded considerably above that in the number
of SHGs (130.34 per cent).

Between 2003-04 to 2008-09 there observed a marked shift in the position of
mandals with regard to their proportion and status both with respect to the number of
SHGs and amount of credit. It is evident from the fact that Eluru revenue division
which accounted for a majority of top five mandals in the amount of credit and the
number of SHGs during 2003-04 stood with a majority of the three out of the five
mandals with the lowest proportion of the amount of credit. On other hand the
Jangareddigudem revenue division which hither to housed a majority of the three
mandals out of the five with least proportion of SHGs and the amount of credit
experienced an improvement during 2008-09. Such a shift in the position of mandals
over the years with respect to the number of mandals and the amount credit reflects
the policy emphasis and continuous monitoring by the administration.

Among the SHG members the landless constitute the majority (around 30 per
cent) followed by the small and marginal land holders.

The SHGs are located in the village panchayat head quarters and it is followed
by mandal head quarter (29.1 per cent) and in the inhabitation itself (11.7 per cent). A
revenue division analysis also shows that, the majority of SHG members 58 per cent
in Narasapuram division 57.8 per cent in Kovvur 45.4 per cent in Eluru and 58.6 per
cent in Jangareddigudem divisions also stated that the SHGs are located in the
panchayat head quarters followed by mandal head quarters.

Andhra Bank, the lead bank in the district, accounts for financing 41.3 per cent
of the total SHG members, followed by cooperative banks (15.7 per cent), Indian
Bank (14.1 per cent), State Bank of Hyderabad (10 per cent), Grameen bank (8.1 per
cent), State Bank of India (7.3 per cent) and other (3.7 per cent). Thus the public
sector commercial banks put together are observed to provide credit, under SHG-bank
linkage programme, to 72.7 per cent of the SHG members.

A majority of 545 (29.3 per cent) of the total 1860 SHG members opined that,
the local leaders led them and initiated in getting bank linkage. It is followed by other
strategies like repeated visits to the bank (18.6 per cent), good book keeping (12.4 per cent), goodness of the group (12.1 per cent), qualify of group compositing (10.9 per cent) others (8.8 per cent).

As reflected by 49.2 per cent of the SHG members banks initiated and forcibly sanctioned loan to the groups. 41.3 per cent of the respondents expressed that the bankers sanctioned loan to the SHGs because of external pressure from the side of government administrations, policies and Rural Developmental Agencies. The instance of group requesting bankers for sanctioning of loan is reported by only 4.1 per cent of the SHG members.

A majority of 34 per cent of the SHG members bankers are the appraisers followed by DRDA (17.5 per cent) NGOs (98 per cent), Velugu Project Officials (8.3 per cent), cooperatives, animators and mandal federation respectively 5.8 per cent, 5.3 per cent and 3.8 per cent.

Majority of groups are appraised by the bankers followed by DRDA, NGOs and Velugu Project for bank linkage.

A majority of 25.7 per cent of the members reported that the leaders are selected with consent of members. 23.1 per cent of the members stated that the leaders are elected democratically. It is also interesting to note that, the leaders are imposed by officials as stated by 19.4 per cent of the SHG members. Moreover, 16.6 per cent and 16.2 per cent of the respondents respectively opined that the leaders are self declared and the initiated by influenced persons in village.

It is observed that, the SHG group leaders change now and then. A majority of 32.2 per cent of the respondents opined that, the change of the group leaders is a rare phenomenon. Whereas 32.1 per cent reported the leaders of the group are changed frequently and 31.7 per cent reported that it is very rare. Thus it could be observed that a majority of 63.9 per cent expressed that, the group leasers are changed rarely and very rarely. Whereas 32.1 per cent of the respondents opined the leaders are changed frequently only a negligible 4 per cent of the respondents reflected that the leaders are changed very frequently.
As perceived by 28.6 per cent of the SHG members the decisions are taken by the leaders and committee members where as 28.5 per cent of them opined that the decisions are taken on the basis of majority opinion after discussing the matter in group meetings. It could be observed that 76.5 per cent of the SHG members in Narasapuram revenue division 78.5 per cent in Kovvur, 53.7 per cent in Eluru, 72 per cent in Jangareddigudem revenue division make out that the decisions are taken by the leaders and committee members, and majority opinion after discussions of the matter in SHG and consensus arrived at after discussing the matter in the SHG members.

It is perceived by a majority of 30.4 per cent of the SHG members that the banks insist upon depositing a portion of loan as fixed deposit. Whereas 19.1 per cent of them stated the savings or the matching grants are blocked and 13.7 per cent of the members opined that some fixed deposits of the individual are solicited. Moreover 14 per cent and 8.7 per cent of the members viewed that respectively that group seniority and group quality are the qualitative aspects of security for SHG credit by the banks.

A majority of 33 per cent of the members expressed that, the loan amount sanctioned by the bank to the SHGs is adequate. It is followed by 30.1 per cent of the respondents who reported the amount of loan as not at all adequate and 27.8 per cent reported it as inadequate only 9.1 per cent of the respondents expressed that the quantum of loan in highly adequate.

Though, on the whole, a majority of 33 per cent of the SHG members expressed the quantum of loan to SHGs as adequate, those who reported the quantum of loan as inadequate and not at all adequate put together stand at 57.9 per cent.

A majority of the SHG members (12.7 per cent) reported the inadequacy of funds as the main reason followed by availability of alternate credit locally at low interest rate (11.9 per cent), expensiveness of SHG-bank linkage (10.6 per cent), priority by banks to the new groups (10.4 per cent), and completions of targets (9.7 per cent). It is also the case with the four individual revenue divisions under study where the inadequacy of funds, availability of chief alternative credit, expensive bank linkage, and priority by banks to the new groups, completion of targets besides the
non-clearance of earlier loans are observed to be dominant reasons for non-repetition of loans.

SHG members’ savings, external funding, bank loan, revolving fund and NGOs support put together constitute a major source funds to SHGs as reported by 71.1 per cent of the total SHG members. The scenario is similar with regard to the individual revenue divisions where 61.8 per cent of the SHG members in Narasapuram division, 73.1 per cent in Kovvur, 76.9 per cent in Eluru 70.1 per cent in Jangareddigudem revenue divisions reported the said five sources of funds (thrift, external funding, bank loan, revolving fund, and NGOs support) are the major sources of funds for the SHGs.

Some expenditure under different heads is incidental under SHG-bank linkage programme for availing loans. The majority of 17.9 per cent of the total SHG members stated that conveyance charges assume a higher incidence followed by the prince (11.9 per cent) expenditure on food (11.3 per cent) opportunity cost due to loss of daily wages (10.8 per cent) expenditure on animator (10.2 per cent), expenditure on book keeping, records and stationary (9.4 per cent).

26.2 per cent of the total SHG members are reported mentioning trading or petty business as the purpose of loan followed by purchase of milk animals (15.2 per cent), seasonal business (15 per cent), starting small enterprise and drilling bore wells in the feets (14.6 per cent each), purchase of fertilizers, pesticide and seeds (9.1 per cent). In the revenue division-wise analysis also trading petty business is reported as the prime purpose of SHG loan followed seasonal business, purchase of milk animals starting small enterprises.

As opined by 42.2 per cent of the members, the total loan disbursed to the SHGs is distributed equally among the SHG members, 32.9 per cent of the members expressed that in the SHG bank linkage programme need based lending is followed whereas 13.3 per cent reported that, the amount of loan is totally invested on a group enterprise. On the whole it could be observed that equal distribution of SHG loan among the members and need base of disbursement are the dominant patterns of lending as perceived by a majority of above 70 per cent of the SHG members.
There is no statutorily stipulated of periodicity of loan repayment from SHG to the bank. Different periods from monthly to yearly installments and single payment at the end are followed. Loan repayment by monthly installments in the popular periodicity of loan repayment as reported by 27.1 per cent of the members. The monthly and bi-monthly schedule of repayment are the dominant modes of loan repayment as reported by the majority of around 50 per cent of the SHG members in each revenue division.

The bankers and the SHGs are dominant agencies deciding the number of installments. This phenomenon could be universally observed in all the four revenue divisions under study. It is reported by 56.1 per cent, 78 per cent, 56 percent and 58.7 per cent of the SHG members respectively in Narasapuram, Kovvur, Eluru and Jangareddigudem revenue divisions.

Those SHG members perceiving the interest charged by the banks on the positive side (from reasonably to very low), are a majority constituting 82.8 per cent. In the case of individual revenue divisions under reference also the scenario is similar where 36 per cent (Kovvur) to 57 per cent (Eluru) of the SHG members reported the interest rates are as reasonable. Among the revenue divisions also a majority of the SHG members ranging between 73.2 per cent (Jangareddigudem division) to 88.5 per cent (Narasapuram) perceived the interest rates charged by the SHG members as reasonable and low.

A majority of 40.8 per cent of the SHG members reported drought cyclone and other disasters as the major reasons followed by defaulting nature of SHG members (29.9 per cent), migration for livelihood (9.7 per cent). In the case of the revenue divisions under study also drought, cyclone, disaster is reported as the dominant reason by the majority of a SHG members between 36.8 per cent (Jangareddigudem) to 43.9 per cent (Narasapuram). that for the irregularity in the payment of installment by the SHG members, the major reasons reported are drought/cyclone/disaster, defaulting nature of the members and migration to other places.

The low saving capacity is ranked at the top most reason for dropouts by 80.9 per cent of the members. It is followed by group conflicts (78.1 per cent).
The low saving capacity of the members, conflicts in the group, delay in bank linkage, irregular payments, delay in matching grant, partiality and favoritism in lending etc, are the strong reasons for the dropout of the members from the SHGs.

It is common that SHG-bank linkage, repayment schedule and proper utilization of bank loan etc., are influenced by the draught and disaster but the difference is in degree. A majority of 27 per cent of the SHG members stated that they postpone the repayment of loan and 26.9 per cent of them opined that the bank linkage is postponed due to the draughts and disaster. On the whole postponement of repayment by borrower, postponement of bank linkage, diversification of loan amount for consumption, and postponement of recovery by the banker are the areas of impact that are perceived by 89.4 per cent of the SHG members.

The SHG member families are generally poor and observed to face a number of socio-economic problems like alcoholism and drug addiction atrocities against women, non-availability of safe drinking water and insufficiency of basic infrastructure, differential wages, domestic violence etc. Domestic violence is said to be existing as one of the major problems as reported by 66.8 per cent of the SHG members followed by alcoholism and drug additions (64.4 per cent), atrocities against women (63.4 per cent), eve teesing (63.3 per cent), child abuse and child labour (60.2 per cent).

Presence of trouble shooters hinders the efficacy of SHG operations.

A majority of 67 per cent of the members reported that the SHG members themselves are the trouble shooters followed by the leaders of the committee (64.7 per cent), higher authorities (60.5 per cent), outsiders (50.4 per cent).

As stated by 74.8 per cent of the SHG members, the SHGs participate in the activities of AIDS control mission followed by campaign against child labour (72.7 per cent) family planning (72.4 per cent), environmental protection (71.5 per cent), anti liquor campaign (70.2 per cent) total literacy campaign (69.2 per cent), ICDS activations (66.4 per cent) political awareness activities (65.8 per cent) and food for work (62.4 per cent). It can be observed from the analysis that the SHGs widely participate in socio-economic development programme like AIDS control mission,
campaign against child labour, family planning, environmental protection, anti liquor movement etc.

The participation of members in the self-help groups is expected to result in different positive dynamics and the expected benefits of participation which are both quantitative and qualitative and also social and economical. A majority of 67.4 per cent of the SHG members reported improved self confidence followed by relief from indebtedness (65.2 per cent), easy credit access (64.3 per cent), inculcation of habit of savings (63.9 per cent), employment generation (63.2 per cent), decision making power (63 per cent), and uplift from poverty (63 per cent) leadership qualities (61.9 per cent), access to formal institutions (61.7 per cent), team spirit and group solidarity (60.2 per cent), improvement in income (60 per cent).

The participation in self-help groups is expected to be the launchpad for improvement in social status and decision making power, especially of women in the family. as a result of participation in SHGs, 38.2 per cent of the members perceived a change in the attitude of men in positively recognizing the value of household work by women. In the areas of household work and health care, as stated by 36.3 per cent and 36.2 per cent of the members respectively the views of women are set to be more accepted. the participation of women the SHG helped bringing in transformations in their social status under their sole in decision making in the family.

Provision of health services is emphasized as the most essential requirements by 88.9 per cent of the members as against, food security by 77.7 per cent, housing by 75.1 per cent, more credit and education by 74.7 per cent, skill up gradation and marketing by 70.9 per cent and training by 70.5 per cent. Thus as identified by the members of the SHGs it is observed that health services, food security, provision of housing, credit and education, skill up gradation and marketing, and training of the most essential future requirements for efficacious operations of self-help groups.

As long as access to institutional/bank finance to the poor remained limited, there was no way of preventing them from borrowing from multiple agencies to meet their requirements. The inability of the banks to lend adequate loans to the poor women is compelling the latter to approach the MFI's.
The functioning of SHGs have revealed that while the groups are able to meet the credit requirements of the members and continue to be in group mode over the years, some areas of concern regarding the quality and sustainability of SHGs exist on the positive front, the members in general exhibited faith and trust in the groups and preferred to remain members of group for their life due to self awareness it has created and the solidarity and social security the group has provided. Despite not so strong group dynamics, the groups have been able to provide financial services to the members, which demonstrates the organizations sustainability of the groups. The sustained access to finance has enabled the groups to retire old debts, up scale current livelihood activities and improve their economic status as the banks continue to support the SHG-bank Linkage Programme (SBLP). It constitutes 20-50% of total loan portfolio of rural branches and formed a significant component of rural banking.

Some areas of concern continue to remain as is reflected in the functioning of the groups. The group dynamics are not sound and awareness about group objectives beyond thrift and credit at member level is limited. Further, with no rotation of leadership, dependence of groups as leaders continues to be high and there is no clear understanding of rights and responsibilities of leaders/members. Maintenance of records needs significant component of rural banking. Micro credit plans are generally not prepared systematically and even when prepared, the bank loans are distributed equally amongst the members contrary to the credit needs assessed.

It is observed that SHGs Bank Linkage Programme has resulted in positive economic and social impact on the beneficiaries in terms of increase in saving and income, asset creation, employment generation, decrease in depending on money lenders, improve decision-making ability, active participation in community development programmes and on the whole the empowerment of women. The present study proved that providing finance assistance, developing the habit of saving and imparting training among SHG women will lead to economic empowerment and there by improve the quality of life and social status. These in turn motivate them to ‘dream big’ and fight against poverty and social backwardness. The SHGs have contributed in developing the personality of women in moulding the community into right perspective and in exploring the initiatives of women in taking up entrepreneurial activities. SHGs have emerged as the providers of social capital for
transferring todays rural India into a powerful society through microfinance. Thus SHGs create a silent revolution which must be viewed as “change agents” in rural women. Microfinance through SHGs – bank Linkage not only enhances the national conscience but also enable in achieving Millennium Development Goals.

The SHGs bank linkage programme has made significant contribution to social and economic improvement of the member households of SHGs. The structure and conduct of SHGs especially with reference to size, homogeneity, conduct and attendance of meeting, record keeping etc., was broadly inconfirmitive with the guideline with the guideline of the programme. Varied saving product that are suitable for the poor were made available for the SHGs members that facilitated increased rate of savings among them. Institutional credits deepening and widening among the poor were achieved to a greater extent. Availing loans from money lenders and other informal sources with higher interest rate was significantly reduced due to SHGs intervention. However, there was no change in the loaning pattern of the SHG members since they borrow mostly for the purpose of their family expenditure like food and other confirmation needs. There was remarkable improvement in social empowerment of SHG members in terms of self-confidence involvement in decision-making etc., Sustainability of SHGs was well established through the better performance of groups with 5 years of existence. In terms of increased value of assets and savings rate better access of institutional loans, higher rate of repayment of loan, elimination of informal sources and impressive social empowerment.

Self help Groups intermediated by micro-credit have been shown to positive effects on women. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, empowering and emboldening women by giving them control over assets, increased self-esteem and knowledge. SHG- banking has resulted in the success of microfinance programmes. The women members could earn good image and reputation in the society by developing their skills and economic conditions. But they do suffer from the failure of business due to the difficulties in marketing. If the Government and Non-governmental organisations come forward to wipe up the problems of marketing, they could find good revenue in their venture.
Analysis and findings of the study reveals that the development of rural women is depending upon the most effective gross-root level structure of Self Help Groups, delivery of timely credit, using of availed credit for productive purposes and availability of technical services to SHG members.

The SHG Bank linkage programme at present has no explicit social or economic benchmarks for inclusion of members into groups to be credit linked in line with the flexible approach of the programme. Microfinance programs not only give women and men access to savings and credit, but reach millions of people worldwide by bringing them together regularly in organized groups. These programs can contribute significantly to gender equality and women's empowerment. Microfinance programs contribute to women's ability to earn an income, initiating a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families, and wider social and political empowerment. Microfinance services and groups involving men also have potential to question and significantly change men's attitudes and behaviours as an essential component of achieving gender equality. Gender equality and women's empowerment in turn are integral components of pro-poor development and civil society strengthening.

The women's economic empowerment process can start with strategies such as income generation programs through micro credit; however, the most important is to develop their personality. As women become confident about interacting in society, that the decision-making power and control over their own income has given them, they gain freedom on deciding what matters to them. With 'this, the women are able to mobilize themselves towards economic empowerment.

The formation of SHGs and linking them with micro credit alone is not enough to ensure women empowerment. Unless SHG members are organized through voluntary organisations committed to the cause of social development and women empowerment the micro credit alone may not be useful in removing the age old discrimination that women in general have suffered. In this respect the mobilization of women through government agencies have found to be lacking in promoting them for rural entrepreneurial activities. The civil society will have to take initiative in organizing women for ensuring their participatory role in democratic development, organizing and mobilizing them for maintaining savings for setting up small
enterprise, contribute in the family income, create emergency fund against any calamities, help their family members and fellow group members at the time of distress, productively utilize savings for children's education and medical care.

The micro credit programme through the formation of SHGs and motivating and encouraging them to involve themselves in income generating activities would go a long way in combating the poverty alleviation programme. This goes to point out that the SHGs are not only a platform for extending credit facilities to its member but also a forum for initiating positive intervention in social life. Those who have been on the margin of social structure i.e. women and Dalits have found this forum a platform for alleviating their sufferings. The government's apathy and bureaucrats in sensitivity to deal with social and economic problems have rekindled their faith in sangathan and in its activity. In a way sangathan has become what James C. Scott called 'weapons of the weak'. Needless to mention here that the activities of sangathan hold bright future prospect for sustained development and women's empowerment in rural areas. The microfinance programme to lift poor households to above poverty line status as a promotional strategy has foregrounded the potential of microfinance to serve as a protective strategy. By protecting income and consumption levels of the poor following below a certain threshold level the MFIs has the potential to supplement the family income provided the credit facility is productively utilized. Within the federation of SHGs promoted by a voluntary organisation, the negotiation of terms between donors and a sponsoring NGOs and banks, are the points where the coordinated efforts and commitment of NGOs is a preconditions for its success. The ideological leaning, social consciousness, commitment and leadership quality have to be interlinked for enhancing the efficacy of grass roots level financial intermediation process. Thus without incorporating the strategy of social mobilization aiming to build collective action and solidarity among the poor, the task of rural transformation through SHG microfinance will remain a distant dream.

A woman gets empowered through the Self Help Groups located in rural and urban areas. Government is providing maximum opportunities for the women to improve their economical status. Women can improve their entrepreneurial skills and can innovative new thing by not depending on others. It gives their confidence to live on her way and to make wise decisions. Entrepreneurship among women no doubt
improves the wealth of the nation in general and family in particular. Women today are more willing to take up the production activity and have been proving that they are more than men in contribution to the growth of the economy. But women have been facing many problems from different angles in the Indian society. Hence provision of necessary support in production, financing and marketing and improvement in the socio-cultural environment are the urgent need of the day to overcome from the problems.

SHGs have made a mark in the social life of rural economy in the state of Andhra Pradesh; catalyzing flow of rural credit and stimulating leadership quality and entrepreneurial skill, especially among women. The system is accepted as a vibrant tool to attain economic independence and thereby improved social status for women in rural household. However the goal set forth by the SHGs continues to be within the limits of easy access to micro-credit and to the maximum of setting up small enterprises. On attaining these goals they do not nurture the dreams to move further, looking beyond the horizon and for widening the activities to new areas. It is desirable to have a further intervention at the appropriate stage to resist complacency that may set in and to keep the enthusiasm glowing in the minds of members. Being rated as an effective intervention to address the problems related to rural women, and poor households, the system has a place in the society, which shall continue with added vigour.

Still miles to go to reach the destination of socio economic development of rural poor people. Simply looking at the success rate of micro-enterprise in the initial stage is not an end. Its follow up success rate is more important.

Financial and infrastructure inclusion should go hand in hand for all-round rural development to take place so as to ensure that villagers have access to health, education, shelter, information technology and insurance apart from credit. Thus the banks may show continued involvement to bridge the gap which will usher in an era of prosperity for a better tomorrow.

The SHG-Bank linkage programme has increased the now of institutional credit to landless and marginal farm households and discouraged non-institutional borrowing through the thrift creation. Percentage of household which reached the...
medium and high degree of financial inclusion, increased with the size of the land holding. The percentage of households, which reached the higher degree of financial inclusion, is relatively more among SHG member households compared to non-member households. The chi-square results lead to the conclusion that the SHGGBank linkage programme increased the degree of financial inclusion among landless, marginal and small farm size category.

Microfinance can create social capital by promoting horizontal and vertical networks of workers within a community, establishing new norms of behavior and fostering a new level of social trust. The proliferation of the SHGs, through new and new patrons also poses great threat in the sustainability of the sector. It results in multiple memberships, multiple loans and consequent overdue syndrome, which may lead to the natural death of the system itself. The question of 'effective membership' is very important in the success of the Microfinance programme. If corrections are made at appropriate times it can safely conclude that Microfinance has a major role to play in the future development of our economy.

SHG banking has resulted in the success of Microfinance programmes throughout India. The same could be seen even in Andhra Pradesh from the Number of SHGs promoted so far and SHG credit linked so far. The bankers have a very good positive attitude towards the SHG activities which is portrayed in the field survey. Their positive outlook is bound to bring sustainability to this type of banking operations. Some of the suggestions given below may be able to address the problems encountered by the staff.

Qualified microfinance practitioners can be employed by banks, so that pressure on existing staff can be reduced and these qualified professionals can help the other staff to master the techniques of SHG banking. Awareness and training programmes to the staff of the banks would help to bridge the knowledge gap on SGSY programme. Employees handling the SHGs activities should be sensitized to the needed of the SHGs, so that the employees absorb the objective and rationale behind microfinance programmes and also grasp the nuances of the operations related to linkage of SHGs. Performing employees (in the SHGs activities) can also be recognized with awards or highlighting their performance in journals or reports, this will definitely act as a motivator. Motivated staff can be the pillars on which SHG
banking can sustain and facilitate microfinance systems to penetrate deep into the most poverty stricken segments of society.

Efforts must be taken to know the specific social ad economic environment of the SHG covering their livings conditions, resources available, skills, market, attitudes of the people, work culture, saving habits and their relation with outside world. There must be a platform to discuss the problems with other SHG group members. SHGs should help their members to learn to function as collectives, enable them to secure skills in coordination, communication and meaningful discussion in common issues. There is poor governance and the capacity of the members to enact good governance is weak. The members of SHGs do not have much experience with establishing formalized monitoring and review functions or complying with legal regulations. With the growing size of the loans being made to SHGs, a strong governance system is needed to ensure that there is accountability. The linking of SHGs with the financial sector was good for both sides. The banks were able to tap into a large market, namely the low-income households, transactions costs were low and repayment rates were high. As some SHGs have grown and matured to a sizeable scale, they need access to more financial services. Governments can address this need through their state-owned banks by introducing flexible and easily accessible products. Specifically, products such as innovative savings products, micro-insurance, larger loans and enterprise financing can be introduced. Banks lending to SHG federati9ns could also facilitate access to livelihood finance by the women SHG members. Although SHGs themselves are no magic bullets, they have potentially important to play and part of broader poverty elimination strategy.

The financial institutions in India are playing a crucial role in providing rural credit to enhance the standard of living of the rural poor and bring an equitable economy in India. This programme is also aimed at generating employment opportunities and women empowerment in India. To increase the out reach, post offices are also to be involved in the programme to provide micro-credit in places where there is no sufficient banking networks.

Self-Help Group enhanced the capacity of the young entrepreneurs of both men and women to take risk, responsibility and create innovative product ideas. No doubt our Government of India indirectly implementing financial inclusions through
Self Help Group schemes, Automatically it facilitates to the SHG members to learn bank operations and bank saving habit. Many women from rural and urban areas are earning a regular income for them and additional income for their family through SHG scheme, so, it increases the overall capacity and socio-economic status of the SHG members. In India microfinance scheme is dominated by SHGs Bank Linkage programme, aimed at providing a cost effective mechanism for providing financial services to the ‘unreached poor.’

"Microfinancing ……..

Developing path to ……..

Self-sufficiency …….. "

Rural economic and social reconstruction is a difficult task and no bureaucratic organization can singly achieve all that is desirable. It is beyond the competence and capacity of the Government. Voluntary organizations, people's associations, local Government bodies and state all together may be able to make a dent on the rural poverty and unemployment, enthusing people to bring about social transformation. The SHGs are a right choice for the eradication of poverty and the enrichment of health and wealth among the rural poor.

Self Help Groups are a potential source of empowerment of women both economically and socially. This, in fact will benefit not only the individuals but also their families and community on a whole through collective action. The Mantra behind this concept is, 'For the women, by the women and of the women'. Thus in this current scenario of global meltdown and economical crunch, SHGs have a vital role to play in poverty alleviation and upliftment of women, especially in rural areas. Thus it is certain that SHGS are here to stay and are to grow stronger and stronger.

The training programmes aim to provide support to the members to strengthen, and sensitize members on gender issues. Training and workshops are effective tools to strengthen the process of capacity building. Training leads to acquiring new skills- a specific ability to do something in a good manner. These new skills show the way to future income generating activities and also increase the empowerment of the
members. The sustainability of SHGs largely depends on their active participation, for which training is essential requirement. The training should be need based. The Government and Non-Government organizations should take necessary steps to ensure the effectiveness of training programmes. Effective and efficient training are the essential ingredients to gear the members to become a change agent. Long term training can be of great help to women community a large.

The evolution of commercial banks in India brings out that, though the social banking approach was in initiated, but due to politicising and beuacratisation of the credit delivery the objective could not serve. The SHGs linkage programme is appropriate to reach the credit to the poor people and it has many advantages. However, with formal institutions are joining in promoting the which is target oriented and people do not have any professionalism in promoting the SHGs has caused great concern for quality. The commercial banks have not joined all of them, who have joined also identified only few branches for the purpose. But, still the commercial banks are resisting to this programme and some of the NOGs are partially involved in this, as they facing certain problem such as security and documentation, problems. To improve this programme there is need to improve in its organisation including the SHG-bank linkage specific training.

MFI Looks Susceptible to the Financial Catastrophe The reason is plain. Converse to the hope articulated by many people earlier are now seen to be susceptible to shocks through financial markets, credit environment and the destiny of their customers. This is demonstrated in the sharp rise in the ranking of risks posed by macro economic trends from No. 23 to NO.3. Fears about the impact of recession on loan portfolios, particularly the problem of over indebtedness, dominated the responses. This marks a sharp spin from the earlier view that MF borrowers had a good repayment record; respondents accused the growth of competition and the attrition of lending standards for motivating people to borrow beyond their ability to repay.

Sharp Increase in Credit and Funding Risk The credit crunch has also raised concerns about the liquidity of MFIs and the expectations for refinancing funding obligations.
Since membership in self-help group has positive impact on income of the household, promotion of income-generating activities at the household may be encouraged among the members to improve their income. Women education may be encouraged improve the physical health and nutritional status of the household members. Since wage rate positive impact on self-employment income and family labour supply, it is important to improve the productivity of labour per hour of work by selecting activity, which yields higher income. Finally, SHGs and NGOs are to be trained in this regard for improving the welfare of the rural poor.

From the analysis given in the preceding pages, it may be concluded that microfinance has to play a revolutionary role if the country like India has to be economically powerful in the coming years. It cannot afford to keep a sizable population, especially rural people (who face financial exclusion) out of the ambit of formal financial sector progressing in the country. The efforts made in the areas of financial inclusion and SHG bank linkage, although are pioneering, but these are insufficient as a large number of population in the backward districts are having no access to the formal financial products. The state of Andhra Pradesh needs an integrated strategy to be followed whereby all the banking institutions including Regional Rural Banks along with NGOs shall formulate a joint action plan at each district level under the supervision of NABARD. Thus, the un-bankable can be made bankable within a specified time period under a mission and dream as envisaged by the Committee on Financial Inclusion.

While it is debatable whether economic benefits or the social benefits result first, needless say, they are mutually reinforcing. However, the microfinance combined with Social Capital will bring in greater changes of success. As virtually all those who participated in the microfinance programme were women, use of social capital (SHG) enabled them to attain social empowerment in terms enhanced social status and decision making power, besides economic empowerment as well terms of greater access to micro credit and income generation from their economic activities on sustained basis.

Despite success at the grass root level there are certain point 'of concern for the policy makers like very low experience of increase in providing health care awareness, improvement in the Sanitary Facilities in the Area, improving drinking
water facilities in the area, providing education facilities for the children as well as adult, reducing their borrowings by way of local money lenders by engaging themselves in the SHG activities. There is low experience with regard to the adequacy to the loan amount. It is found the overall experience of the members of the SHG is almost equally divided. 51.4% of the members have high experience and 48.6% of the members have low experience. Therefore, the policy makers should try to frame the policies to reduce the gap. The policy makers should try to maintain the success achieved in certain areas where the members have positive experience like increase in family income, the training for the self employment, getting the family support of the members, increase in savings, receiving loan at lower interest rates, high experiences of getting loans in a less hassled manner and ability to repay the loans. Therefore, the policy makers after identifying the gaps should try to address these issues so as to reduce the expectation-experience gap and then only the microfinance can become a real tool to bring happiness for the people at the grass root level.

Women empowerment before joining SHGs is low in comparison to the data observed after joining SHGs since they had greater opportunities in seeking leadership. The relatively low prominence before joining SHG may be related to three important clusters 1) Buying jewellery and social visits 2) Buying groceries and education of children 3) Poor understanding of live stock rearing and lack of experience of working outside. These conditions may have changed when they joined SHGs. Probably, while buying groceries, they could view other assets of significance, visiting offices and meeting officers independently or in groups empowered them to decide about their children's education and contact with more people by working outside enabled them to take independent decisions relating to health and medical care, of family members.

Thus the SHG approach has helped the poor to build their self confidence through community action. Interactions in group meetings and collective decision making have enabled them to identify and prioritize their needs and resources. This process has led to the strengthening of socioeconomic empowerment of the poor as well as improve their collective bargaining power.

The formation of Self Help Groups is not ultimately a Microcredit project but an empowerment process. The concept aims at empowering women through
awareness and capacity building and thus uplifting their families above the poverty line. Building capacity refers to the strengthening of ability to undertake economic, cultural and political activities and enhance self-respect. Capacity to undertake economic activities includes ownership and control of productive resources and alternative employment opportunities at local level. There is remarkable improvement in empowerment of SHG members. Measured on the basis of empowerment indicators, there is positive empowerment in terms of economic security, ability to make small purchases, ability to make larger purchases, involvement in major household decisions, physical mobility and relative freedom from domination by the family.

Composite Empowerment Indicator reveals that the level of empowerment is predominantly higher in Sample Group compared to Control Group. The hypothesis that the participation of SHG- Bank Linkage Programme empowers women stands accepted. A Binary Logistic Regression model, on basis of seven empowerment indicators that were previously identified as statistically significant in the bivariate analysis, was used to test the hypothesis that duration of a women's participation in SBLP has a positive effect on her empowerment. The duration of women's participation in SBLP has a positive effect on her empowerment. SHG-Bank Linkage Programme has been successful in triggering a virtuous cycle of growth and development of the poor. SBL Programme provides an opportunity to the poor for getting sufficient amount of credit easily to start any income generating activity.

Almost all the respondents have felt that their entry in SHG have helped them immense if to improve their status and image both in their family and social 86% have debuted wards and 14% have adult independent, 86% contribute to income towards their children's education in sample member have gained self confidence emotional belief after joining the SHG so the investigator concluded that women are empowered through SHGs and it enhances their freedom and reduce the bias at least at the family level. The role of SHGs is commendable and economic well being of the respondents has been increasing considerably. In addition, their attitude and mental make up have been changed on desirous rounds.

While some respondents borrowed to finance productive income generating activities, 79.8% of the respondents utilised credit for non-income generating
activities such as consumption, medical services, repair/construction of house, debt servicing, social functions etc. The impact of Micro credit on poverty alleviation would depend on the type of employment, the willingness of the members to start new enterprises and the marketing facilities to market the products produced by the members of Self help Groups.

In the SHG bank linkage programme commercial banks are playing very important role. During study period cooperative sector bank linkage is more than 52 percent, RRBs bank linkage is 34 percent and commercial bank linkage is only 13 percent only. In case of loan recovery the cooperative banks performance is poor when compared to commercial banks and RRBs. And also Savings of SHGs with Banks are increasing at an impressive rate. Based on analysis the following suggestions are made and will be useful to policy makers to get best result with the SHG bank linkage programme.

The rural Microfinance Institutions (MFIs), which has emerged as a powerful tool for fighting poverty, may be made a part of the financial system for effective delivery of rural financial services. The banks need to gear up their rural branches for facilitating bank linkages of SHGs where the programme has not shown satisfactory progress. The Business Correspondence models (MFIs, NGOs, etc.), as recommended by the Internal Group on Microfinance known as Khan Committee, may also be put in place, which will increase banking outreach.

The SHG-Bank linkage programme is built upon the existing banking infrastructure; it has obviated the need for the creation of a new institutional set-up or introduction of a separate legal and regulatory framework. Policy making bodies have an important role in creating the enabling environment and putting appropriate policies and interventions in position, which enable rapid up scaling of efforts consistent with prudential practices.

There is also a need to explore the possibility how SHGs can be induced to graduate into matured levels of enterprise. The SHG Bank-Linkage programme also needs to introspect whether it is sufficient for SHGs to only meet the financial needs of their members, or whether there is a further obligation on their part to meet the non-financial requirements necessary for setting up business and enterprises. In the
process, ensuring the quality of SHGs warrants priority attention. State Governments have to make critical assessment of the manpower and skill sets available with them for forming, and nurturing groups and handholding and maintaining them over time.

Microfinance does not directly address some structural problems facing society and the economy, and it is not yet as efficient as it will be when economies of scale are realised and a more supportive policy environment is created. Still, microfinance is one of the few market-based, scaleable anti-poverty solutions that is in place in India today, and the argument to scale it up to meet the overwhelming need is compelling. MF in India can put the poor on the roads of prosperity by following some simple guidelines as:

a) There should be a sense of responsibility in the staff of all the institutions and proper training should be given to them.

b) There should be more focus on the literacy of the borrowers to make them more aware and also to make the proper use of the loan taken.

c) One way of expanding the successful operation of Microfinance institutions in the informal sector is through strengthened linkages with their formal sector counterparts. A mutually beneficial partnership should be based on comparative strengths of each sectors.

d) The organizations involved in Micro-credit initiatives should take account of the fact that: credit cannot by itself enable very poor women to overcome their poverty. In situations of chronic poverty it is more important to provide saving services than to offer credit.

Microfinance would be the solution for the development of tribal community by the way of improving standard of living. Thus it may be concluded that the economic activities of SHGs were quite successful in Khammam District of Andhra Pradesh in empowering women.

The SHG is really a boon in the rural areas, which gives financial autonomy to its members and makes them economically independent.
It is seen that significant changes in the living standards of SHG members have taken place in terms of increase in income levels, assets, savings, borrowing capacity and income generating activities.

The SHG movement 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 among SHG members.

The SHGs have become a platform for exchange of experiences and ideas.

It has been observed that the overall impact of micro-finance through SHGs is very effective in combating poverty, unemployment and empowerment of poor peoples.

Over time, Microfinance clients increase their income and assets, increase the number of years of schooling their children receive, and improve the health and nutrition of their families.

It is found that the satisfaction level is not much more satisfactory, but age group (35-45 yrs.) is more satisfied than the age group below 25 yrs. The data shows that the age group below 25 yrs having no knowledge about the SHGs or doesn't want to take interest to know about SHGs.

The loans borrowed from the banks by the SHGs; generally they utilize it in buying of cattle purposes. But many a times they draw loan from the bank for their family purposes as well.

Given the preoccupation with regularity of repayment, the credit programme shows a dear bias towards activities like petty trading (Due to daily cash flows), which do not result in significant value-addition to promote capital formation.

Solidarity is an expensive input for financial services production as the costs of group formation and interaction outweigh the benefits of high repayment with group control.
The Indian microfinance industry has proved that the sector is more resilient to financial downturn and performed well. It has been observed that the industry has come of age and if the issues like risk management, corporate governance and institutionalizing newer structure for scalability is taken care of, the industry will not only pave its own path but will also provide a way to other sectors with newer and niche markets.

For a better social impact on urban poor, where complex problem of instability in employment, low standard of living prevail, the MFIs should bring in an exclusive strategy in implementing financial services in Chennai. Definitely for established MFIs like SMILE, IMPACT and others such initiative should not be a big problem. It is only through the right technology and processes microfinance initiatives can bring sustainability in economic development. And such sustainability has to be cost effective to ensure outreach to new communities, villages and states; otherwise the Microfinance institutions will not achieve its mission of reaching out to vast multitudes of people. Whichever strategy, technology, used, it has to be transparent to the end-consumers. When sustainability versus outreach challenges still exists, the banks and institutions should further strive hard to enable their positive impact on society with people from remote areas, with low economic and social status.

The growth in the number of microfinance institutions continues to prove that microfinance, when delivered properly, can be a sustainable, viable, and profitable undertaking. Progress toward commercialization of microfinance is usually hastened by a strategic decision by microfinance institutions to adopt a 'for profit' orientation, accompanied by a business plan to operationalize the strategy to reach full financial self-sufficiency and to increasingly leverage the institution's funds to achieve greater levels of outreach. It is with this onset of commercialization that formal financial institutions have become increasingly involved in microfinance, and informal, unregulated institutions are moving toward formalization and venturing into activities that they did not previously undertake.

There is a need for substantial scaling up of Microfinance which includes credit, savings and insurance amongst weaker sections of the society. As the banking sector is not able to meet the entire credit needs of the poor. It is necessary to encourage the growth of MFIs, subject to appropriate regulation which should not be
too restrictive. As the money lenders are still dominant in the rural credit sector, it is pragmatic to institutionalize them with adequate safeguards to prevent exploitation of the poor. There is also a need to shift the focus from the quantity of credit to quality of credit so as to safeguard the interests of the downtrodden. In order to achieve this, emphasis should be given to creation of adequate infrastructure efficient extension services, processing and marketing facilities etc. Emphasis should also be given to SHG formation and group lending. Micro-finance Ombudsmen may be set up at district levels to decide on complaints regarding exploitative and illegal practices by the lenders.

The lofty objective of microfinance is for the poorest of the poor through SHGs as a permanent source of income for them to rise up from BPL. However, the samples under the research study, deviates greatly from the great ideals of the SHGs and microfinance. Therefore, under the present findings it can only be concluded that 76 % have utilized the loan for non-productive purposes-a clear and marked deviation from the lofty objective of microfinance and SHG. Nevertheless, the microfinance has helped the respondents to flee from the money lenders/ usurers (mostly from other States) who charge exorbitant interest in the name of meter interest, daily interest etc. This freedom is a boon to the poorest of the poor and has ushered in a new era in their lives. The freedom and the easy hassle free availability of loans through microfinance and SHGs would certainly lead at least to invest in micro enterprises that ensures a source of permanent income in the near future.

Microfinance has resulted in overall upliftment of social status of members of SHG, Economic objectives are achieved better and Microfinance efforts resulted m bringing new hopes for members especially at lower levels in society. So Microfinance programmes have significant potential for contributing to economic social empowerment to its members of SHGs. Managing an Economic resource is tough task for rural poor. The need of the hour is to concentrate on identifying gross-root level problems focused on rural poor, and try to address them in a systematic way. Problems are part and parcel of any venture. Unfortunately no attempt has been made to address the problems faced by the beneficiaries in the district. Glamour are only given at both district and block level to the higher percentage of achievement of target size without boosting economic position of the beneficiaries. The potentiality of
the programme as a result nipped in the bud due to its non-implementation at the grass
root level. Strenuous efforts at all level should be made so that benefits of the scheme
may reach to the target groups, otherwise high tragedy in the name of poor continue.
By which it is possible to meet the economic challenges in the near future.

Today SHGs are fast emerging not only as a powerful too of socioeconomic
empowerment but also as very important tools for the implementation of social sector
programmes of the poor in out rural areas in India. SHGs enable the rural poor to earn
their own livelihood besides participating in the process of development. The small
SHGs have been taken to new heights from the stage of livelihood creations to
economic self-reliance. A large number of such groups are successfully intervening in
issues like violence against women, enforcing prohibition in the village, managing
water resources, ensuing, education of the girl child, demanding transparency and
accountability from the Government system, providing support to pulse polio drive,
hand pump repairing and local construction activities. In many villages, members of
SHGs have become strong pressure groups.

SHG-bank linkage contributes significantly to financial inclusion and
inclusive growth. Hence, a better planning and implementation of the intervention
with regular nurturing and support to the SHGs can result in even better socio-
economic change. Increase in income has contributed to a proportional increase in
expenditure and savings and expanded the avenues of growth. This has transformed
individual well-being and as such has percolated into transformation of the family and
society as a whole. The clients exhibit significant changes in education decision
making, health status, capacity building, have better access to social amenities and
become more mobile, similar features however, the issues concerning micro-financing
and its impact need to be addressed, and innovations in delivery systems are required.
Proper strategizing, planning, control and implementation at all processes right from
group formation can ensure emergence of microfinance as a pivotal and critical
intervention for poverty alleviation and socio-economic transformation.

If women empowerment and gender outcomes is to be pursued as a serious
objective by SHG programmes in particular and the larger microfinance community
in general, like more emphasis needs to be placed on training, education and creating
awareness in order to achieve a larger and more lasting empowerment. The increased
in participation however in itself need not be translated into empowerment for women. Thus the Care needs to be taken to ensure that this increased participation is not just" exploitative" use of women's labor and time, which is taken to be easily available and often not compensated for. However, if this participation also entails enhanced power and role in decision-making, then it is indeed a step towards deepening the process.

In Indian context SHG system forms dominant form of micro financing and proper nurturing these groups, with neither getting them polluted by external factors particularly political one nor over influenced by micro credit only, assumes importance. As a long term goal, these SHG federations should become an independent and self reliant mini Micro financial institution without hanging over external agencies reflecting candid participatory grassroots democracy in media

In fine candid MF approaches for poverty reduction involves more ethical imperatives which is found lacking in almost all contemporary development models. In this regard it is not out' of place to quote Amartya Sen16. He asserts" another surprising feature is the contrast between the self consciously 'non ethical' character of modern economics and the historical evolution of modern economics largely off shoot of ethics." Microfinance economics can be made more productive and result oriented in the process of poverty reduction by paying greater attention and more explicit attention at all levels to ethical considerations that shape human behaviour and judgment.

In essence, microfinance is about building domestic financial markets that serve their poor majorities. Microfinance is one of the social protection strategies provided to mitigate the impact of changing market conditions on the poor. Building domestic markets and local intermediation capacity between savers and borrowers requires more technical and managerial inputs than financial ones. Investors in microfinance feel that much of this money is not effective, or is duplicative and sometimes destructive of local markets. It is much more important to improve the effectiveness of that aid rather than doubling. So, what microfinance needs is better aid! not more aids.
The majority of SHGs are single-caste groups, one third of SHGs have some members from different castes. Despite the positive lights there are negative trades are SHGs have not been without their critics. Record keeping has emerged as a very weak aspect of SHG functioning.

The magnitude of poverty continues to be unabated. As many as 50 per cent are still poor and 13 percent are very poor. Savings have been hijacked in few cases by the male members of the family. The savings and incomes earned by the women led to domestic violence in some cases.

Regular supervision and monitoring and capacity building are yet to be strengthened. Women’s participation in decision making outside the Self Group is still limited. Bankers attitude is still an issue.

There was an urgent need to reduce the transaction costs as it was very high up to 41.62 %. Attempt should be made to gradually reduce the transaction cost to the level of 4-6 % by adopting area based concentrations, increasing loan amount per borrower, increasing volume of the business and adopting some innovations mode of operation.

To scale up SHG-Bank linkage, banks can use technology through introduction of smart cards / credit cards. However, this also requires authorities to introduce and maintain regulatory policy towards SHG - Bank linkage.

Indian banking system is the largest one and it is available on every nook and corner of the country the only action required is that this will have to be reorganized and revitalized with new mission for alleviation of poverty from the country and empowering women through micro-finance and SHG linkage and taking it at the door step of the poorest of poor who are deprived of banking services even after six decades of independence of the country.

All the rural branches of commercial banks and Primary Agricultural Credit Societies (PACS) will also be associated themselves with this new bank for Women SHGs by providing loans for undertaking viable business projects.
SHG-Bank linkage programme is not successful in remote areas where banking service is not available or bank is located at the far distance. Therefore, women between the age of 18 to 40 are to be given preference in the establishment of the groups. Educated women in the family are to be given preference. There is a need of training to increase employable industry. Annual audit of Self Help Groups transactions needs to be done. Gradation of these groups is required to avoid the laziness in the group. There should be efforts to establish Hindu and Muslim women's mixed groups. There is a need to have special focus on minority social classes empowerment.

Rural Employment Schemes should be strengthened along with sustained development of SHGs. Extension and consolidation of Microfinance to the socially disadvantaged segments must continue to help them to convert the Microfinance in to a source of livelihood. Thus, it would continue to be a boon for the SC, ST, BC, deserted women, eligible widows heading households, women who are landless and engage in unskilled work, women heading households because of male sickness, settled single women, and women with disabilities, women unskilled labourers without access to land, elderly women in poverty and MBC communities. By providing the essential commodities like rice, dal, palm oil, kerosene oil etc the tendency to utilize Microfinance for family expenses would dwindle.

Banks should allow the groups to withdraw their savings, after completion of three months, for extending small, internal loans. In addition, applications for bank loans should not be accepted before a minimum of one year of high loan-savings ratio through the rotation of small, internal loans to a large number of group members. The bank loan should be adequate to purchase the asset financed without the beneficiary having to supplement it from other sources and banking plans should be implemented on a flexible basis. The admissible subsidy should be given as "bonus" on completion of full repayment of the loan. Groups should also be given the option to maintain the funds in the bank as risk coverage for future loans.

The various categories for financial institutions in rural market have exhibited different potentials in serving rural women. There is need to synchronize their efforts so that their work becomes supplementary and complementary to them. In order to ensure proper utilization of the credit, there is an urgent need to introduce availability.
of consumption credit through the formal channel. There need is to sensitize bank staff towards the necessities, constraints and inhibitions of women. There is also the need to evolve new products by the banks commensurate with the requirement of rural women. The customer contact programmes, especially for women, should be organized to disseminate information of various schemes and financial requirements of women. Branch managers of financial institutions should in any case be close to the communities they serve, and should be open for any distribution charmel through which they can profitably reach new customers. They should ensure the existing level and types of group activity and informal intermediation, and be ready to offer services and selling products, which are appropriate for local communities. There is urgent need to streamline the procedure for applying, seeking and releasing of credit from the banks. The procedural difficulties are one of the major implements, which have deterred women from financial benefits from the banks. Therefore, the procedure for credit access to should be made more easy and simple. The micro-financing institutions need proper regulation and operation of business transactions. Therefore, RBI, NABARD and other organizations should evolve proper mechanism for monitoring, supervision, direction, appraisal and evaluation of such institution including self-help promotion institutions.

There is a need to diversify the profitable productive activities for which loans are available to women in order to increase women's awareness and empowerment. Poor, illiterate village women have a very limited exposure to productive activities beyond milk cows, sheep and goats. This diversification, however, needs to be based on the results of good market research undertaken in the different localities of project concentration.

The groups should be able to charge a small service charge for loans received by beneficiaries. While the groups should decide themselves, a guideline of 1% to 2% (on the total amount of the loan) could be suggested. In mature, well functioning groups, a system of individual deposits should be encouraged to promote creation of personal capital. Attempts to create some kind of group federation need not be undertaken until the groups have attained a mature level of functioning, appreciate themselves the importance of such federation, and are in a position to control it. The
present experience indicates that such federations should limit themselves to a social and information sharing role, refraining from playing any kind of financial role.

Social capability building programmes should be organized from time to time to train the NGO's activists, volunteers, Panchayat representatives, members of youth clubs etc. to promote small savings and women's activity and positive role in development process. Transformation of the repayment culture is required. Any expansion of micro-financial services will need not only appropriate and efficient micro products on a very large scale, but also customers who care willingly to pay the full costs of those services. Bankers must change their attitude towards small loans to poor, including women and start seeing them as a social obligation in treating them as potential business.

Empowerment is not an automatic outcome of the microfinance programme. The organisations have to develop their financial and non-financial services in such way that they empower their members with capacity building. The existing SHG groups can be further strengthened by non-financial services such as training, business skills acquisitions, general awareness programmes, leadership development programmes, etc. More emphasis should be given on the use of productive loans than distributing loans.

Loan amount is used by the members for their individual purpose, and no monitoring is done to channel the funds for creation of an enterprise. The system of graduation of loan from small amount to large amount should be designed with more emphasis on the use of loan for productive purposes.

The proper selection of activity for the 'group' is crucial for its survival and expansion. Efforts should be made to identify the suitable activity based on resources, skills and markets. The women microentrepreneurs should be given training for developing managerial and leadership skill to carry out their responsibilities effectively. The convener and joint converter of the enterprise should be rotated normally once in a year. Such rotation helps in leadership development in all the entrepreneurs.
The training facilities do not often reach the required level. Though 100% have attended training, they respondents expressed the need for further training in the areas of accounting, marketing, entrepreneurship etc. Need based training to members on modern techniques of production and on management, organizing a management wing consist of management experts at district level would solve technical and managerial problem to some extent. Regular monitoring of performance of microenterprises should be done by this team.

Accounting is one of the greatest hurdles for the micro entrepreneurs. Simple accounting is essential for conducting business. Opportunities shall be provided to entrepreneurs to interact with the educational institutions and banks. Students of educational institutions shall be encouraged to assist the women entrepreneurs of microenterprise in the basics of accounting under National Service Scheme or Social Service Scheme. The assistance of local banks especially the lead bank can be availed in this regard.

The Reserve Bank is placing a lot of emphasis on financial inclusion. In India, still the banking sector has to reform itself to include all in their financial net. The Banking sector may follow the recommendation for effective financial inclusion beyond taking initiatives and measures banks need to pay attention to the holistic approach, Viability and Scalability, Delivery Mechanism and Use of intermediate agencies, Community Development Support, Involvement of all especially Development / Administration at District/Mandal/Village level Product Innovation and Support Services, Regulatory and Policy Interventions; Infrastructure and Adoption of technology, Greater Role and involvement of Private Sector Banks and Financial Literacy and Credit Counseling to the SHGs to manage the funds for effective utilization.

SHGs show promising result for the development of poor women in rural areas the micro-finance (SHGs) may try to constitute federation of SHGs and joining the SHGs under their control, so that the SHG federation may have more financial strength to facilitate more members for availing loan for income generation activities without depending on any financial institutions and government.
Though the women have formed groups they have poor decision making capacity for their self-development. For the development of SHG members, regular saving habit must be encouraged by NGOs. NGOs must assess the needs of the inhabitants of the community through effective communications with SHG members.

Efforts must be taken to know the specific social and economic environment of the SHG covering their living conditions, resources available, skills, market, attitudes of the people, work culture, saving habits and their relation with outside world.

There must be a platform to discuss the problems with other SHG group members. SHGs should help their members to learn to function as collectives, enable them to secure skills in coordination, communication and meaningful discussion in common issues.

Bankers and financial institutions may make additional efforts to improve the financial performance of the Self Help Groups through regular visits to the places of business of Self Help Groups.

More meetings of Self Help Groups may be conducted so that there may be possibility to have complete elimination of social inequalities.

Every SHG member should be encouraged to participate and to take active role in the social programmes, like family planning, literacy improvement, Pulse polio, Aids Awareness Sustained Holistic Action (AASHA), immunization programmes, health care schemes and other similar activities which are beneficial to the village community.

It has been observed that group lending has distinct advantage in the form of excellent recovery rate and improvement in income level. The phenomenal growth of the SHGs indicates that the weaker sections of the society are also capable to sharpen their micro entrepreneurial skills with the help of their own savings and additional bank credit as needed. At this point, microfinance SHGs integration could be the way out for overall rural development vis-a-vis alleviates poverty.

Commercial banks should aware about their responsibility towards society. They should participate in SHG Bank linkage programme with great intensity. The
success of any programme is depended upon the joint and collective efforts. Banks should implement innovative ideas like DCCB by assigning the work of SHGs formation and link them with banks. Such work can be assigned to retired people, Anganwadi Teachers and other social workers. These people should be rewarded with monetary and non-monetary incentives so that they are motivated to show their best performance.

As per the Lead Bank scheme some leading banks are working well by bringing co-ordination between the bank lending to priority and non priority sectors. They are maintaining records of every bank working in a district. In the same way the Government should establish a separate bank for dealing in SHG movement at each district level. I would like to suggest all urban co-op banks should be involved in this SHG bank linkage programme who have philanthropic approach towards their customers.

After the initial years of learning the basic tenets of business/entrepreneurial competencies, the SHG’s feel that the Government NGO/Bank should also provide all round non-financial support in their ventures for a minimum period till they are able to stabilize themselves. The economic benefits due to new skills acquired or activities initiated with already existing skills, needs more support from such external agencies.

Though many of groups have said that they are cohesive, 35% are suffering from lack of cohesiveness which may defeat the very purpose of SHG. Hence the team leaders shall take lead role in maintaining the cohesiveness as well arrange for some counseling and motivational programmes to keep the group highly spirited with cohesiveness.

SHGs already address some determinants of health by proving improved accessibility to health care, better hygienic living conditions, better food habits, good social support etc. In addition to this micro-credit programs can be used as a platform to spread knowledge and awareness about various health issues. Awareness programs can be conducted within the SHGs or in their federations to make the women informed and cautious about causes of illness and how to prevent it. SHG members women can be provided training in nursing which would help them to take care of
themselves as well as their family members with hygiene during situations of ill health.

Urban and semi-rural SHG members felt that the loan was inadequate but timely, rural SHGs members were of the opinion that the loan amount was adequate but untimely, since them heavily dependent on field officers for documentation and loan processing.

The urban and rural groups differ in their opinion that there is an increase in independent life, decision-making, self-confidence, expenses on food and participation in community programmes due to microfinance. It was observed that rural groups participated more actively in community programmes than urban groups.

SHG members show perfection in establishment of small ventures in comparison to non members. However the degree of competence achieved by members of SHG remains at an average position in the case of 71.83 percent of members. Efforts need to be channelised for bringing better results. Regional disparity is identified among members of SHGs in choosing the types of enterprises. The toiling mentality, the profit potential prioritization, risk aversion mentality, the social status stigma assigned to different sectors of production etc by people of Andhra Pradesh, vary from region to region. But the region wise analysis of members and non-members shows negative influence on entrepreneurial competence among the respondents.

Generally, there is no SHG in the poorer and SC localities, the situation is, however, very different in the sample villages in AP where women from almost all the households are members of one or the other SHG. This arrangement is allowing their households to access internal as well as external credit along with the benefits being provided by the state government of AP in terms of subsidies on certain external loans. The involuntary savings mechanism was, however, a constraint with the poorest, who were found to be frequently asking for small amounts of loans to be able to meet the weekly savings requirements.
Social capital-enhancing characteristics of microfinance as witnessed in Andhra Pradesh Participatory value chains analysis framework, however, may be very useful for further developing such linkages.

Leveraging on the enhanced social capital generated by the SHG movement, the AP government has been increasingly involving the SHGs, VOs, MOs and DOs in implementing and monitoring various government development programmes. This has resulted in greater coherence of the microfinance products being delivered through the SHG mechanism with the benefits being accrue to the SHG members through such programmes. Such coherence has ensured greater participation of the poor in microfinance in AP partly because the poor are finding such products useful.

SHG-linked banks have been instructed to advance a loan of Rs. 20,000 to the beneficiary in AP. The beneficiary has to pay only 3% per annum as interest as the remaining amount of interest is subsidized by the government. As the subsidy amount towards such houses not adequate for complete construction of a dwelling unit; almost all such houses sanctioned to even the SHG members during last two years were incomplete and thus uninhabitable in UP and Gujarat. There was no such incidence in Andhra Pradesh.

The women empowerment through SHG Bank linkage is showing satisfactory result. Women are coming out of the four walls, gathering together, taking part in decision making, opening bank account, acquiring skills of keeping account and holding meetings, visiting various offices to acquire information etc. All these activities are strengthening the worn' empowerment in rural areas.

There is imbalanced development of promotion of SHGs in different mandals in West Godavari District so that balanced regional development concept is not possible. The linking banks and district administration should expand its innovative schemes so that the all mandals can be taped and eradicate poverty from the District by extending credit facilities to poor people.

There are certain problems where SHGs are facing where they need to concentrate. They are like: The reasons are: misutilisation of revolving funds, lack of proper initiative for implementing the scheme, absence of group activities, non-
formation of groups as per the scheme and lack of knowledge regarding the scheme of the members. Inadequate provision of backward and forward linkages needed for the smooth functioning of the scheme has emerged as another hurdle in the area under study. The partnership of Governmental and nongovernmental bodies are bringing remarkable changes in rural women's life, but still there are certain areas need to be considered for further development. They are:

Lack of clarity for SHG and development and support programmes. Lack of inter-departmental support in terms of networking and linkage with SHGs. Lack of focus on the activity cluster approach. Lack of Priority and planned action for capacity building; and skill development and skill upgradation of SHGs. Keeping track of Systematic Documentation of activities. Proper planning, evaluation and controlling of activities.
SUGGESTIONS

To overcome the above list of obstacles, there is a need on the part of the Government to provide education to members through adult education/distance education mode which will be more convenient for them to learn for development. Further there is a need to have regulatory framework or policy pro-active support or self-discipline code.

There are institutional maladies and systemic failures. These need to be carefully analyzed and appropriately tackled. These require a particular speed of correction and transparency so that they would not decimate the structures affecting the interests of the poor. Market-oriented business systems accommodate a variety of firms operating with a symbiotic relationship. When it is established that the outreach to the neglected sectors of population pursing limited economic agenda, like the women, small and marginal farmers, tenant farmers, non-farm micro enterprises engaged in exploring livelihood opportunities etc., would be possible only through MFIs, informal structures need to be preserved and protected to ensure financial inclusion.

The Central Government takes steps to check fleecing of poor by Microfinance Institutions (MFIs) which were forcing people to take to extreme steps like suicides. RBI and the centre remained through the MFIs were charging exorbitant interest rates of 30-50 per cent.

Women of the SHGs should tread the path of economic self-reliance in adherence to the financial discipline with the support of government programmes.

Indiscriminate lending and borrowing should be avoided to prevent undesirable instances, women of the SHGs to spend the loans for productive purpose. MFIs should also ensure proper utilization of the loans extended by them.

Any attempt to collect the loans by coercive methods will attract penal action under various sections of the IPC, stern action would be taken against the staff as well as the owners of the MFIs if they indulged in harassment of the women SHGs in the name of recovery of loans.
Debt swap scheme to liberate self-help groups (SHG) from the clutches of these institutions. The dept swap scheme to free them from private money-lenders. SHGs would be encouraged to avail low-interest loans from banks to clear their high-interest MFI-loans and meet their working capital needs.

To strengthen SHG movement in the state, there is an imperative need to initiate a few measures which, among others, include: (i) organise refresher programmes to group to reinforce the basic tenets and create better awareness and to strengthen group dynamics (ii) identify branch officials newly posted to rural branches and organize sensitization meets (iii) organise activity oriented training programmes based on the groups choice to initiate the groups into income generating levels (iv) to select a few mandal samakyas and support livelihood projects based as local resources and skills to promote entrepreneurship and give required confidence to groups to manage the business operations.

Banks and SERP functionaries at the field level need do synergies their efforts so as to strengthen the programme. Branch officials should make affectionate use of tools like community based recovery mechanism for sustaining the recovery performance. Stakeholders at state level should coordinate for building reliable data base on SBLP and MIS that will serve as an effective monitoring tool.

In the process of forming SHG federations, the focus should not be lost on strengthening of primary structures i.e. self-help groups. The emergence of higher structures should not weaken the primaries. The study reveals that adequate capacity building measures are not being taken at the level of SHGs. As such, the SHG federations along with project authorities have to lay more focus on capacity building of SHG members. The federations have to identify training requirements for upgrading skills of SHGs to enable them to take up income generating activities and also make efforts to mobilize resources for conducting required training. The federation may have to give more focus to livelihood/income generating activities and take measures for promoting collective marketing wherever required.

An apex bank should be established on the lines of the industrial development Finance Corporation, to serve the un-reached urban masses for their overall economic and social development.
No doubt that there has been greater outreach of financial services to the poor through SHGs. Of course the outreach has been good. However, the outreach has been limited still. The role of SHGs is both as an inspiration and as a financer. Impoverished women develop greater language and financial skills through the SHG which provides the building blocks for higher levels of confidence to engage the world. Also, the SHG sometimes finances the campaign of its members that stand for election.

The SHG programmes show a very skewed growth pattern in the country. The programme is largely concentrated in southern region of the country. It is important that the microfinance programmes spread more evenly so that the benefits are available especially in regions where the need is more accurate. This calls for increased investment in SHG formation and development by banks and government. The programmes have to orient themselves to the needs of the very poor as the existing SHG models have not been able to cover this section significantly.

The major constraint faced by SHGs is the continued restrictive loan policies of the commercial banks. The commercial banks took a long time to clearly recognize and internalize the concept. The SHG mode is primarily a savings based model. The commercial banks have been following largely 1:4 savings-credit ratio prescribed more as a norm for lending. Even the loan terms are uniformly prescribed. SHGs having lower savings ability find the lending ratio highly restrictive. As a result, many SHGs are unable to access credit adequately. This is forcing SHG members to restrict loan size/period and even distribute loan amount equally. There are instances of SHG members going back to moneylenders. In many cases banks are also not able to give adequate time to SHGs forcing SHGs to operate more in ways which suit banks than the SHGs. If SHGs, whose strengths lies in informality, have to make a better impact, the formal system has to tune itself to the needs of SHGs and their members. This calls for adopting highly proactive and innovative policies to deal with the SHGs.

The performance of SHGs to a great extent depends upon their quality of governance and management. Available evidence clearly suggests that the quality of SHGs has suffered due to their fast growth. In Andhra Pradesh which is one of the leading states in SHG formation, it was found that about one-third of SHGs were of
unsatisfactory quality with regard to their organizational and financial management abilities. It is also found that as SHGs grow older their quality further deteriorates. In many cases SHGs even break down or wind-up their operations. The major reasons attributed for the poor quality of SHGs are: target based promotion of SHGs, inadequate training and widespread illiteracy of the members. Continued and specialized trainings can help develop the abilities of SHGs in maturing fully.

The success of SHGs in contributing to poverty alleviation and empowerment depends on the ability of members to take up newer productive investment activities. Even where there is positive impact, it has been found that SHG members have utilized the loans mainly in conventional activities like agriculture, animal husbandry and petty business. Such an investment pattern has resulted mainly in women channelizing their loans to meet mainly the needs of other household members.

These call for separate policy interventions wherein efforts are made to develop the entrepreneurial skills of women and linkage to obtain technology, raw materials and marketing channels. Policies are required to reserve of show preference in allotting various schemes like PDS, mid-day meal and IT enabled services to SHGs. Training and exposure to SHG members on interventions managed by women should also become an essential part of the SHG development.

There is a massive mobilization of women taking place as a result of the SHG movement. The growth of SHGs incidentally has occurred during the economic reforms period. The SHG movement has a good potential to serve both as a human face of the economic reforms as well as contribute towards women’s emancipation. There is a major onus on all actors involved in SHG promotion and development to further intensify their efforts in enabling SHGs to reach a mature state. We need a major investment in capacity building of SHGs and proactive policies to help overcome the constraints faced by SHGs to integrate them fully into the developmental programmes aimed at women’s empowerment.

Analysis and findings of the study reveals that the development of rural women is depending upon the most effective gross-root level structure of Self Help Groups, delivery of timely credit, using of availed credit for productive purposes and availability of technical services to SHG members.
The women's economic empowerment process can start with strategies such as income generation programs through micro credit; however, the most important is to develop their personality. As women become confident about interacting in society, that the decision-making power and control over their own income has given them, they gain freedom on deciding what matters to them. With this, the women are able to mobilize themselves towards economic empowerment.

Microfinance has reached only a tiny fraction of the population. The challenge is to multiply access from the few households that have services at present to the many who do not have by correcting deficiency in the existing services. The government should build favorable environment to develop microfinance services. Donors must continue to finance innovations and pro-poor financial institutions must achieve a scale of operation large enough to generate efficiency and profitability to address these weaknesses. The researcher would like to conclude the study by stating that the microfinance industry promotes the dual objectives of sustainability of services and outreach to poor women thus resulting in the definite empowerment of women. Microfinance may not be perfect and hence may not be said as "the one and the only solution to alleviate poverty in the world", as it has got its own shortcomings and limitations, however the positive effect it has got on the empowerment of women cannot be denied and if made use of effectively, it has got a lot to contribute towards women empowerment, especially in developing countries like India where women are generally downtrodden and thus microfinance would definitely go a long way in empowering this downtrodden section of the society.

The formation of SHGs and linking them with micro credit alone is not enough to ensure women empowerment. Unless SHG members are organized through voluntary organisations committed to the cause of social development and women empowerment the micro credit alone may not be useful in removing the age old discrimination that women in general have suffered. In this respect the mobilization of women through government agencies have found to be lacking in promoting them for rural entrepreneurial activities. The civil society will have to take initiative in organizing women for ensuring their participatory role in democratic development, organizing and mobilizing them for maintaining savings for setting up small enterprise, contribute in the family income, create emergency fund against any
calamities, help their family members and fellow group members at the time of distress, productively utilize savings for children's education and medical care.

The micro-credit programme through the formation of SHGs and motivating and encouraging them to involve themselves in income generating activities would go a long way in combating the poverty alleviation programme. This goes to point out that the SHGs are not only a platform for extending credit facilities to its member but also a forum for initiating positive intervention in social life. Those who have been on the margin of social structure i.e. women and Dalits have found this forum a platform for alleviating their sufferings. The government's apathy and bureaucrats in sensitivity to deal with social and economic problems have rekindled their faith in sangathan and in its activity. In a way sangathan has become what James C. Scott called 'weapons of the weak'. Needless to mention here that the activities of sangathan hold bright future prospect for sustained development and women's empowerment in rural areas. The microfinance programme to lift poor households to above poverty line status as a promotional strategy has foregrounded the potential of microfinance to serve as a protectional strategy. By protecting income and consumption levels of the poor following below a certain threshold level the MFIs has the potential to supplement the family income provided the credit facility is productively utilized. Within the federation of SHGs promoted by a voluntary organisation, the negotiation of terms between donors and a sponsoring NGOs and banks, are the points where the coordinated efforts and commitment of NGOs is a preconditions for its success. The ideological leaning, social consciousness, commitment and leadership quality have to be interlinked for enhancing the efficacy of grass roots level financial intermediation process. Thus without incorporating the strategy of social mobilization aiming to build collective action and solidarity among the poor, the task of rural transformation through SHG microfinance will remain a distant dream.

A woman gets empowered through the Self Help Groups located in rural and urban areas. Government is providing maximum opportunities for the women to improve their economical status. Women can improve their entrepreneurial skills and can innovative new thing by not depending on others. It gives their confidence to live on her way and to make wise decisions. But women have been facing many problems from different angles in the Indian society. Hence provision of necessary support in
production, financing and marketing and improvement in the socio-cultural environment are the urgent need of the day to overcome from the problems.

SHGs have made a mark in the social life of rural economy in the state of Andhra Pradesh; catalyzing flow of rural credit and stimulating leadership quality and entrepreneurial skill, especially among women. The system is accepted as a vibrant too to attain economic independence and thereby improved social status for women in rural household. However the goal set forth by the SHGs continues to be within the limits of easy access to micro-credit and to the maximum of setting up small enterprises. On attaining these goals they do not nurture the dreams to move further, looking beyond the horizon and for widening the activities to new areas. It is desirable to have a further intervention at the appropriate stage to resist complacency that may set in and to keep the enthusiasm glowing in the minds of members.

Still miles to go to reach the destination of socio-economic development of rural poor people. Simply looking at the success rate of micro-enterprise in the initial stage is not an end. Its follow up success rate is more important.

Financial and infrastructure inclusion should go hand in hand for all-round rural development to take place so as to ensure that villagers have access to health, education, shelter, information technology and insurance apart from credit. Thus the banks may show continued involvement to bridge the gap which will usher in an era of prosperity for a better tomorrow.

Microfinance can create social capital by promoting horizontal and vertical networks of workers within a community, establishing new norms of behavior and fostering a new level of social trust. The proliferation of the SHGs, through new and new patrons also poses great threat in the sustainability of the sector, It results in multiple memberships, multiple loans and consequent overdue syndrome, which may lead to the natural death of the system itself. The question of 'effective membership' is very important in the success of the Microfinance programme. If corrections are made at appropriate times it can safely conclude that Microfinance has a major role to play in the future development of our economy.
Since most of the people are involving in the agro and its related activities their income assets are very minimum. In order to save them from poverty and the clutches of money lenders, banks and non-government organizations are serving in this area. There is a considerable improvement in income, saving, productive assets, expenditure and borrowing of the group members in the post SHG period. It is very interesting to mention that most of the members are involved to lead the society on the right platform. They are extending various services, the economic, education and health development activities are chief among them. Hence, the central, state and local governments, and voluntary organizations should take necessary steps to inculcate various socio-economic development programme to the self help group members to bring the entire human being in one developmental umbrella.

SHG banking has resulted in the success of Microfinance programmes throughout India. The same could be seen even in Andhra Pradesh from the Number of SHGs promoted so far and SHG credit linked so far. The bankers have a very good positive attitude towards the SHG activities which is portrayed in the field survey. Their positive outlook is bound to bring sustainability to this type of banking operations. Some of the suggestions given below may be able to address the problems encountered by the staff.

Qualified microfinance practitioners can be employed by banks, so that pressure on existing staff can be reduced and these qualified professionals can help the other staff to master the techniques of SHG banking. Awareness and training programmes to the staff of the banks would help to bridge the knowledge gap on SGSY programme. Employees handling the SHGs activities should be sensitized to the needed of the SHGs, so that the employees absorb the objective and rationale behind microfinance programmes and also grasp the nuances of the operations related to linkage of SHGs. Performing employees (in the SHGs activities) can also be recognized with awards or highlighting their performance in journals or reports, this will definitely act as a motivator. Motivated staff can be the pillars on which SHG banking can sustain and facilitate microfinance systems to penetrate deep into the most poverty stricken segments of society.

Efforts must be taken to know the specific social and economic environment of the SHG covering their livings conditions, resources available, skills, market,
attitudes of the people, work culture, saving habits and their relation with outside world. There must be a platform to discuss the problems with other SHG group members. SHGs should help their members to learn to function as collectives, enable them to secure skills in coordination, communication and meaningful discussion in common issues. There is poor governance and the capacity of the members to enact good governance is weak. The members of SHGs do not have much experience with establishing formalized monitoring and review functions or complying with legal regulations. With the growing size of the loans being made to SHGs, a strong governance system is needed to ensure that there is accountability. The linking of SHGs with the financial sector was good for both sides. The banks were able to tap into a large market, namely the low-income households, transactions costs were low and repayment rates were high. As some SHGs have grown and matured to a sizeable scale, they need access to more financial services. Governments can address this need through their state-owned banks by introducing flexible and easily accessible products. Specifically, products such as innovative savings products, micro-insurance, larger loans and enterprise financing can be introduced. Banks lending to SHG federations could also facilitate access to livelihood finance by the women SHG members. Although SHGs themselves are no magic bullets, they have potentially important to play and part of broader poverty elimination strategy.

The financial institutions in India are playing a crucial role in providing rural credit to enhance the standard of living of the rural poor and bring an equitable economy in India. This programme is also aimed at generating employment opportunities and women empowerment in India. To increase the out reach, post offices are also to be involved in the programme to provide micro-credit in places where there is no sufficient banking networks.

Rural economic and social reconstruction is a difficult task and no bureaucratic organization can singly achieve all that is desirable. It is beyond the competence and capacity of the Government. Voluntary organizations, people's associations, local Government bodies and state all together may be able to make a dent on the rural poverty and unemployment, enthusing people to bring about social transformation. The SHGs are a right choice for the eradication of poverty and the enrichment of health and wealth among the rural poor.
Self Help Groups are a potential source of empowerment of women both economically and socially. This, in fact will benefit not only the individuals but also their families and community on a whole through collective action. The Mantra behind this concept is, ’For the women, by the women and of the women’. Thus in this current scenario of global meltdown and economical crunch, SHGs have a vital role to play in poverty alleviation and upliftment of women, especially in rural areas. Thus it is certain that SHGS are here to stay and are to grow stronger and stronger.

The training programmes aim to provide support to the members to strengthen, and sensitize members on gender issues. Training and workshops are effective tools to strengthen the process of capacity building. Training leads to acquiring new skills- a specific ability to do something in a good manner. These new skills show the way to future income generating activities and also increase the empowerment of the members. The sustainability of SHGs largely depends on their active participation, for which training is essential requirement. The training should be need based. The Government and Non-Government organizations should take necessary steps to ensure the effectiveness of training programmes. Effective and efficient training are the essential ingredients to gear the members to become a change agent. Long term training can be of great help to women community a large.

The evolution of commercial banks in India brings out that, though the social banking approach was initiated, but due to politicising and beauracratisation of the credit delivery the objective could not serve. The SHGs linkage programme is appropriate to reach the credit to the poor people and it has many advantages. However, with formal institutions are joining in promoting the which is target oriented and people do not have any professionalism in promoting the SHGs has caused great concern for quality. The commercial banks have not joined all of them, who have joined also identified only few branches for the purpose. But, still the commercial banks are resisting to this programme and some of the NOGs are partially involved in this, as they facing certain problem such as security and documentation, problems. To improve this programme there is need to improve in its organisation including the SHG-bank linkage specific training.

Since membership in self-help group has positive impact on income of the household, promotion of income-generating activities at the household may be
encouraged among the members to improve their income. Women education may be encouraged improve the physical health and nutritional status of the household members. Since wage rate positive impact on self-employment income and family labour supply, it is important to improve the productivity of labour per hour of work by selecting activity, which yields higher income. Finally, SHGs and NGOs are to be trained in this regard for improving the welfare of the rural poor.

From the analysis given in the preceding pages, it may be concluded that microfinance has to play a revolutionary role if the country like India has to be economically powerful in the coming years. It cannot afford to keep a sizable population, especially rural people (who face financial exclusion) out of the ambit of formal financial sector progressing in the country. The efforts made in the areas of financial inclusion and SHG bank linkage, although are pioneering, but these are insufficient as a large number of population in the backward districts are having no access to the formal financial products. The state of Andhra Pradesh needs an integrated strategy to be followed whereby all the banking institutions including Regional Rural Banks along with NGOs shall formulate a joint action plan at each district level under the supervision of NABARD. Thus, the un-bankable can be made bankable within a specified time period under a mission and dream as envisaged by the Committee on Financial Inclusion.

Any institution can survive, only if it involves favorable cultural, rural, agricultural and macroeconomic policies. India can reach its goal of becoming superpower only if adequate investments are done in both physical and social rural infrastructure and innovating low-cost mobile distribution systems with flexible credit opportunities which would help in mobilizing domestic savings. For efficient performance of the micro-credit models, close monitoring of loan performance should be a criteria which will definitely facilitate effective planning in the future. So, "Unity in Diversity" should be main motto of success for micro-credit ill India.

Despite success at the grass root level there are certain point of concern for the policy makers like very low experience of increase in providing health care awareness, improvement in the Sanitary Facilities in the Area, improving drinking water facilities in the area, providing education facilities for the children as well as adult, reducing their borrowings by way of local money lenders by engaging
themselves in the SHG activities. There is low experience with regard to the adequacy to the loan amount. It is found the overall experience of the members of the SHG is almost equally divided. 51.4% of the members have high experience and 48.6% of the members have low experience. Therefore, the policy makers should try to frame the policies to reduce the gap. The policy makers should try to maintain the success achieved in certain areas where the members have positive experience like increase in family income, the training for the self employment, getting the family support of the members, increase in savings, receiving loan at lower interest rates, high experiences of getting loans in a less hassled manner and ability to repay the loans. Therefore, the policy makers after identifying the gaps should try to address these issues so as to reduce the expectation-experience gap and then only the microfinance can become a real tool to bring happiness for the people at the grass root level.

Women empowerment before joining SHGs is low in comparison to the data observed after joining SHGs since they had greater opportunities in seeking leadership. The relatively low prominence before joining SHG may be related to three important clusters 1) Buying jewellery and social visits 2) Buying groceries and education of children 3) Poor understanding of live stock rearing and lack of experience of working outside These conditions may have changed when they joined SHGs. Probably, while buying groceries, they could view other assets of significance, visiting offices and meeting officers independently or in groups empowered them to decide about their children's education and contact with more people by working outside enabled them to take independent decisions relating to health and medical care, of family members.

Thus the SHG approach has helped the poor to build their self confidence through community action. Interactions in group meetings and collective decision making have enabled them to identify and prioritize their needs and resources. This process has led to the strengthening of socioeconomic empowerment of the poor as well as improve their collective bargaining power.

While some respondents borrowed to finance productive income generating activities, 79.8% of the respondents utilised credit for non-income generating activities such as consumption, medical services, repair/construction of house, debt servicing, social functions etc. The impact of Micro credit on poverty alleviation
would depend on the type of employment, the willingness of the members to start new enterprises and the marketing facilities to market the products produced by the members of Self help Groups.

The rural Microfinance Institutions (MFIs), which has emerged as a powerful tool for fighting poverty, may be made a part of the financial system for effective delivery of rural financial services. The banks need to gear up their rural branches for facilitating bank linkages of SHGs where the programme has not shown satisfactory progress. The Business Correspondence models (MFIs, NGOs, etc.), as recommended by the Internal Group on Microfinance known as Khan Committee, may also be put in place, which will increase banking outreach.

The SHG-Bank linkage programme is built upon the existing banking infrastructure; it has obviated the need for the creation of a new institutional set-up or introduction of a separate legal and regulatory framework. Policy making bodies have an important role in creating the enabling environment and putting appropriate policies and interventions in position, which enable rapid up scaling of efforts consistent with prudential practices.

There is also a need to explore the possibility how SHGs can be induced to graduate into matured levels of enterprise. The SHG Bank-Linkage programme also needs to introspect whether it is sufficient for SHGs to only meet the financial needs of their members, or whether there is a further obligation on their part to meet the non-financial requirements necessary for setting up business and enterprises. In the process, ensuring the quality of SHGs warrants priority attention. State Governments have to make critical assessment of the manpower and skill sets available with them for forming, and nurturing groups and handholding and maintaining them over time.

Microfinance does not directly address some structural problems facing society and the economy, and it is not yet as efficient as it will be when economies of scale are realised and a more supportive policy environment is created. Still, microfinance is one of the few market-based, scaleable anti-poverty solutions that is in place in India today, and the argument to scale it up to meet the overwhelming need is compelling. MF in India can put the poor on the roads of prosperity by following some simple guidelines as:
e) There should be a sense of responsibility in the staff of all the institutions and proper training should be given to them.

f) There should be more focus on the literacy of the borrowers to make them more aware and also to make the proper use of the loan taken.

g) One way of expanding the successful operation of Microfinance institutions in the informal sector is through strengthened linkages with their formal sector counterparts. A mutually beneficial partnership should be based on comparative strengths of each sectors.

h) The organizations involved in Micro-credit initiatives should take account of the fact that: credit cannot by itself enable very poor women to overcome their poverty. In situations of chronic poverty it is more important to provide saving services than to offer credit.

The Indian microfinance industry has proved that the sector is more resilient to financial downturn and performed well. It has been observed that the industry has come of age and if the issues like risk management, corporate governance and institutionalizing newer structure for scalability is taken care of, the industry will not only pave its own path but will also provide a way to other sectors with newer and niche markets.

For a better social impact on urban poor, where complex problem of instability in employment, low standard of living prevail, the MFIs should brings in an exclusive strategy in implementing financial services in Chennai. Definitely for established MFIs like SMILE, IMPACT and others such initiative should not be a big problem. It is only through the right technology and processes microfinance initiatives can bring sustainability in economic development. And such sustainability has to be cost effective to ensure outreach to new communities, villages and states; otherwise the Microfinance institutions will not achieve its mission of reaching out to vast multitudes of people. Whichever strategy, technology, used, it has to be transparent to the end consumers. When sustainability versus outreach challenges still exists, the banks and institutions should further strive hard to enable their positive impact on society with people from remote areas, with low economic and social status.

There is a need for substantial scaling up of Microfinance which includes credit, savings and insurance amongst weaker sections of the society. As the banking
sector is not able to meet the entire credit needs of the poor. It is necessary to encourage the growth of MFIs, subject to appropriate regulation which should not be too restrictive. As the money lenders are still dominant in the rural credit sector, it is pragmatic to institutionalize them with adequate safeguards to prevent exploitation of the poor. There is also a need to shift the focus from the quantity of credit to quality of credit so as to safeguard the interests of the downtrodden. In order to achieve this, emphasis should be given to creation of adequate infrastructure efficient extension services, processing and marketing facilities etc. Emphasis should also be given to SHG formation and group lending. Micro-finance Ombudsmen may be set up at district levels to decide on complaints regarding exploitative and illegal practices by the lenders.

The lofty objective of microfinance is for the poorest of the poor through SHGs as a permanent source of income for them to rise up from BPL. However, the samples under the research study, deviates greatly from the great ideals of the SHGs and microfinance. Therefore, under the present findings it can only be concluded that 76% have utilized the loan for non-productive purposes-a clear and marked deviation from the lofty objective of microfinance and SHG. Nevertheless, the microfinance has helped the respondents to flee from the money lenders/usurers (mostly from other States) who charge exorbitant interest in the name of meter interest, daily interest etc. This freedom is a boon to the poorest of the poor and has ushered in a new era in their lives. The freedom and the easy hassle free availability of loans through microfinance and SHGs would certainly lead at least to invest in micro enterprises that ensures a source of permanent income in the near future.

Microfinance has resulted in overall upliftment of social status of members of SHG, Economic objectives are achieved better and Microfinance efforts resulted in bringing new hopes for members especially at lower levels in society. So Microfinance programmes have significant potential for contributing to economic social empowerment to its members of SHGs. Managing an Economic resource is a tough task for rural poor. The need of the hour is to concentrate on identifying gross-root level problems focused on rural poor, and try to address them in a systematic way. Problems are part and parcel of any venture. Unfortunately no attempt has been made to address the problems faced by the beneficiaries in the district. Glamour are
only given at both district and block level to the higher percentage of achievement of target size without boosting economic position of the beneficiaries. The potentiality of the programme as a result nipped in the bud due to its non-implementation at the grass root level. Strenuous efforts at all level should be made so that benefits of the scheme may reach to the target groups, otherwise high tragedy in the name of poor continue. By which it is possible to meet the economic challenges in the near future.

SHG-bank linkage contributes significantly to financial inclusion and inclusive growth. Hence, a better planning and implementation of the intervention with regular nurturing and support to the SHGs can result in even better socio-economic change. Increase in income has contributed to a proportional increase in expenditure and savings and expanded the avenues of growth. This has transformed individual well-being and as such has percolated into transformation of the family and society as a whole. The clients exhibit significant changes in education decision making, health status, capacity building, have better access to social amenities and become more mobile, similar features however, the issues concerning micro-financing and its impact need to be addressed, and innovations in delivery systems are required. Proper strategizing, planning, control and implementation at all processes right from group formation can ensure emergence of microfinance as a pivotal and critical intervention for poverty alleviation and socio-economic transformation.

If women empowerment and gender outcomes is to be pursued as a serious objective by SHG programmes in particular and the larger microfinance community in general, like more emphasis needs to be placed on training, education and creating awareness in order to achieve a larger and more lasting empowerment. The increased in participation however in itself need not be translated into empowerment for women. Thus the Care needs to be taken to ensure that this increased participation is not just" exploitative" use of women's labor and time, which is taken to be easily available and often not compensated for. However, if this participation also entails enhanced power and role in decision-making, then it is indeed a step towards deepening the process.

In Indian context SHG system forms dominant form of micro financing and proper nurturing these groups, with neither getting them polluted by external factors particularly political one nor over influenced by micro credit only, assumes
importance. As a long term goal, these SHG federations should become an independent and self reliant mini Micro financial institution without hanging over external agencies reflecting candid participatory grassroots democracy in media

In fine candid MF approaches for poverty reduction involves more ethical imperatives which is found lacking in almost all contemporary development models. In this regard it is not out of place to quote Amartya Sen. He asserts" another surprising feature is the contrast between the self consciously 'non ethical' character of modern economics and the historical evolution of modern economics largely off shoot of ethics." Microfinance economics can be made more productive and result oriented in the process of poverty reduction by paying greater attention and more explicit attention at all levels to ethical considerations that shape human behaviour and judgment.

In essence, microfinance is about building domestic financial markets that serve their poor majorities. Microfinance is one of the social protection strategies provided to mitigate the impact of changing market conditions on the poor. Building domestic markets and local intermediation capacity between savers and borrowers requires more technical and managerial inputs than financial ones. Investors in microfinance feel that much of this money is not effective, or is duplicative and sometimes destructive of local markets. It is much more important to improve the effectiveness of that aid rather than doubling. So, what microfinance needs is better aid! not more aids.

Microfinance should always be considered as one component within a comprehensive strategy to eliminate child labour. To enhance its impact, microfinance should be linked to other strategic elements, including the provision of non-financial services to families and direct services to children. There should be an integrated action program. Microfinance has never laid claim to being able to solve and eradicate child labour. It needs to work with other interventions that an existing coalition program can provide.

The topic of ICTs in microfinance is of great importance, because its fundamental goal is the extension of benefits to more and poorer people. While this goal is of interest to many developing countries, especially transition countries are in
promising positions. India especially Andhra Pradesh has great experience with successful microfinance projects, but are under pressure to extend the benefits and improve living conditions of its many rural poor. In addition these have relatively well-developed ICT sectors and software development capacity, and this local availability of skills presents an opportunity to create the affordable and adaptable software solution that is needed by the small rural MFIs and SHGs. The government should encourage the collaboration between MFIs banks and SHGs of different sizes and at different stages of development. Providing a common technology platform and standards for exchange of data would greatly facilitate this process.

On the impact of microfinance-plus services in reducing vulnerability to risks faced by households, micro-health insurance has been widely used a major coping mechanism by the member households. The study finds that participation in the microfinance programme also resulted in various skill enhancement trainings and awareness programmes, networking with various institutions and empowerment of poor women. Further, all these non-financial services helped the poor households to soften their welfare path. Thus, we can conclude that the microfinance plus services not only uplifted the poor from ‘income poverty’ but also from ‘knowledge poverty’.

Microfinance through SHG mobile banking linkage, if enabled by the Reserve Bank of India and Telecom Regulatory Authority of India through appropriate regulatory interventions can change the face of Microfinance in India and bring financial inclusion to the rural and urban poor. The Tripartite model, seeks to propose a conceptual framework for the same. It envisions a seamless collaboration between cash rich banks willing to enter the unbanked markets, MFIs and SHG federations willing to do the groundwork and MNOs willing to expand their markets to the fast growing Indian hinterland. Together they can achieve what decades of governmental and non governmental interventions sought to but failed.

There was an urgent need to reduce the transaction costs as it was very high up to 41.62 %. Attempt should be made to gradually reduce the transaction cost to the level of 4-6 % by adopting area based concentrations, increasing loan amount per borrower, increasing volume of the business and adopting some innovations mode of operation.
To scale up SHG-Bank linkage, banks can use technology through introduction of smart cards / credit cards. However, this also requires authorities to introduce and maintain regulatory policy towards SHG - Bank linkage.

Indian banking system is the largest one and it is available on every nook and corner of the country the only action required is that this will have to be reorganized and revitalized with new mission for alleviation of poverty from the country and empowering women through micro-finance and SHG linkage and taking it at the door step of the poorest of poor who are deprived of banking services even after six decades of independence of the country.

All the rural branches of commercial banks and Primary Agricultural Credit Societies (PACS) will also be associated themselves with this new bank for Women SHGs by providing loans for undertaking viable business projects.

SHG-Bank linkage programme is not successful in remote areas where banking service is not available or bank is located at the far distance. Therefore, women between the age of 18 to 40 are to be given preference in the establishment of the groups. Educated women in the family are to be given preference. There is a need of training to increase employable industry. Annual audit of Self Help Groups transactions needs to be done. Gradation of these groups is required to avoid the laziness in the group. There should be efforts to establish Hindu and Muslim women's mixed groups. There is a need to have special focus on minority social classes empowerment.

Rural Employment Schemes should be strengthened along with sustained development of SHGs. Extension and consolidation of Microfinance to the socially disadvantaged segments must continue to help them to convert the Microfinance in to a source of livelihood. Thus, it would continue to be a boon for the SC, ST, BC, deserted women, eligible widows heading households, women who are landless and engage in unskilled work, women heading households because of male sickness, settled single women, and women with disabilities, women unskilled labourers without access t() land, elderly women in poverty and MBC communities. By providing the essential commodities like rice, dal, palm oil, kerosene oil etc the tendency to utilize Microfinance for family expenses would dwindle.
Banks should allow the groups to withdraw their savings, after completion of three months, for extending small, internal loans. In addition, applications for bank loans should not be accepted before a minimum of one year of high loan-savings ratio through the rotation of small, internal loans to a large number of group members. The bank loan should be adequate to purchase the asset financed without the beneficiary having to supplement it from other sources and banking plans should be implemented on a flexible basis. The admissible subsidy should be given as "bonus" on completion of full repayment of the loan. Groups should also be given the option to maintain the funds in the bank as risk coverage for future loans.

The various categories for financial institutions in rural market have exhibited different potentials in serving rural women. There is need to synchronize their efforts so that their work becomes supplementary and complementary to them. In order to ensure proper utilization of the credit, there is an urgent need to introduce availability of consumption credit through the formal channel. There need is to sensitize bank staff towards the necessities, constraints and inhibitions of women. There is also the need to evolve new products by the banks commensurate with the requirement of rural women. The customer contact programmes, especially for women, should be organized to disseminate information of various schemes and financial requirements of women. Branch managers of financial institutions should in any case be close to the communities they serve, and should be open for any distribution channel through which they can profitably reach new customers. They should ensure the existing level and types of group activity and informal intermediation, and be ready to offer services and selling products, which are appropriate for local communities. There is urgent need to streamline the procedure for applying, seeking and releasing of credit from the banks. The procedural difficulties are one of the major implements, which have deterred women from financial benefits from the banks. Therefore, the procedure for credit access to should be made more easy and simple. The micro-financing institutions need proper regulation and operation of business transactions. Therefore, RBI, NABARD and other organizations should evolve proper mechanism for monitoring, supervision, direction, appraisal and evaluation of such institution including self-help promotion institutions.
There is a need to diversify the profitable productive activities for which loans are available to women in order to increase women's awareness and empowerment. Poor, illiterate village women have a very limited exposure to productive activities beyond milk cows, sheep and goats. This diversification, however, needs to be based on the results of good market research undertaken in the different localities of project concentration.

The groups should be able to charge a small service charge for loans received by beneficiaries. While the groups should decide themselves, a guideline of 1% to 2% (on the total amount of the loan) could be suggested. In mature, well-functioning groups, a system of individual deposits should be encouraged to promote creation of personal capital. Attempts to create some kind of group federation need not be undertaken until the groups have attained a mature level of functioning, appreciate themselves the importance of such federation, and are in a position to control it. The present experience indicates that such federations should limit themselves to a social and information sharing role, refraining from playing any kind of financial role.

Social capability building programmes should be organized from time to time to train the NGO's activists, volunteers, Panchayat representatives, members of youth clubs etc. to promote small savings and women's activity and positive role in development process, Transformation of the repayment culture is required. Any expansion of micro-financial services will need not only appropriate and efficient micro products on a very large scale, but also customers who care willingly to pay the full costs of those services. Bankers must change their attitude towards small loans to poor, including women and start seeing them as a social obligation in treating them as potential business.

Empowerment is not an automatic outcome of the microfinance programme. The organisations have to develop their financial and non-financial services in such way that they empower their members with capacity building. The existing SHG groups can be further strengthened by non-financial services such as training, business skills acquisitions, general awareness programmes, leadership development programmes, etc. More emphasis should be given on the use of productive loans than distributing loans.
Loan amount is used by the members for their individual purpose, and no monitoring is done to channel the funds for creation of an enterprise. The system of graduation of loan from small amount to large amount should be designed with more emphasis on the use of loan for productive purposes.

The proper selection of activity for the 'group' is crucial for its survival and expansion. Efforts should be made to identify the suitable activity based on resources, skills and markets. The women micro entrepreneurs should be given training for developing managerial and leadership skill to carry out their responsibilities effectively. The convener and joint converter of the enterprise should be rotated normally once in a year. Such rotation helps in leadership development in all the entrepreneurs.

The training facilities do not often reach the required level. Though 100% have attended training, they respondents expressed the need for further training in the areas of accounting, marketing, entrepreneurship etc. Need based training to members on modern techniques of production and on management, organizing a management wing consist of management experts at district level would solve technical and managerial problem to some extent. Regular monitoring of performance of microenterprises should be done by this team.

Accounting is one of the greatest hurdles for the micro entrepreneurs. Simple accounting is essential for conducting business. Opportunities shall be provided to entrepreneurs to interact with the educational institutions and banks. Students of educational institutions shall be encouraged to assist the women entrepreneurs of micro-enterprise in the basics of accounting under National Service Scheme or Social Service Scheme. The assistance of local banks especially the lead bank can be availed in this regard.

The Reserve Bank is placing a lot of emphasis on financial inclusion. In India, still the banking sector has to reform it self to include all in their financial net. The Banking sector may follow the recommendation for effective financial inclusion beyond taking initiatives and measures banks need to pay attention to the holistic approach, Viability and Scalability, Delivery Mechanism and Use of intermediate agencies, Community Development Support, Involvement of all especially.
SHGs show promising result for the development of poor women in rural areas. The micro-finance (SHGs) may try to constitute a federation of SHGs and joining the SHGs under their control, so that the SHG federation may have more financial strength to facilitate more members for availing loan for income generation activities without depending on any financial institutions and government.

Though the women have formed groups, they have poor decision-making capacity for their self-development. For the development of SHG members, a regular saving habit must be encouraged by NGOs. NGOs must assess the needs of the inhabitants of the community through effective communications with SHG members.

Efforts must be taken to know the specific social and economic environment of the SHG covering their living conditions, resources available, skills, market, attitudes of the people, work culture, saving habits, and their relation with the outside world.

There must be a platform to discuss the problems with other SHG group members. SHGs should help their members to learn to function as collectives, enable them to secure skills in coordination, communication, and meaningful discussion in common issues.

Bankers and financial institutions may make additional efforts to improve the financial performance of the Self Help Groups through regular visits to the places of business of Self Help Groups.

More meetings of Self Help Groups may be conducted so that there may be possibility to have complete elimination of social inequalities.

Every SHG member should be encouraged to participate and take an active role in the social programmes, like family planning, literacy improvement, Pulse polio, AIDS Awareness Sustained Holistic Action (AASHA), immunization
programmes, health care schemes and other similar activates which are beneficial to the village community.

It has been observed that group lending has distinct advantage in the form of excellent recovery rate and improvement in income level. The phenomenal growth of the SHGs indicates that the weaker sections of the society are also capable to sharpen their micro entrepreneurial skills with the help of their own savings and additional bank credit as needed. At this point, microfinance SHGs integration could be the way out for overall rural development vis-a-vis alleviates poverty.

Commercial banks should aware about their responsibility towards society. They should participate in SHG Bank linkage programme with great intensity. The success of any programme is depended upon the joint and collective efforts. Banks should implement innovative ideas like DCCB by assigning the work of SHGs formation and link them with banks. Such work can be assigned to retired people, Anganwadi Teachers and other social workers. These people should be rewarded with monetary and non-monetary incentives so that they are motivated to show their best performance.

As per the Lead Bank scheme some leading banks are working well by bringing co-ordination between the bank lending to priority and non priority sectors. They are maintaining records of every bank working in a district. In the same way the Government should establish a separate bank for dealing in SHG movement at each district level. I would like to suggest all urban co-op banks should be involved in this SHG bank linkage programme who have philanthropic approach towards their customers.

After the initial years of learning the basic tenets of business/entrepreneurial competencies, the SHG’s feel that the Government NGO/Bank should also provide all round non-financial support in their ventures for a minimum period till they are able to stabilize themselves. The economic benefits due to new skills acquired or activities initiated with already existing skills, needs more support from such external agencies.

Though many of groups have said that they are cohesive, 35% are suffering from lack of cohesiveness which may defeat the very purpose of SHG. Hence the
team leaders shall take lead role in maintaining the cohesiveness as well arrange for some counseling and motivational programmes to keep the group highly spirited with cohesiveness.

SHGs already address some determinants of health by proving improved accessibility to health care, better hygienic living conditions, better food habits, good social support etc. In addition to this micro-credit programs can be used as a platform to spread knowledge and awareness about various health issues. Awareness programs can be conducted within the SHGs or in their federations to make the women informed and cautious about causes of illness and how to prevent it. SHG members women can be provided training in nursing which would help them to take care of themselves as well as their family members with hygiene during situations of ill health.

Generally, there is no SHG in the poorer and SC localities, the situation is, however, very different in the sample villages in AP where women from almost all the households are members of one or the other SHG. This arrangement is allowing their households to access internal as well as external credit along with the benefits being provided by the state government of AP in terms of subsidies on certain external loans. The involuntary savings mechanism was, however, a constraint with the poorest, who were found to be frequently asking for small amounts of loans to be able to meet the weekly savings requirements.