CHAPTER -1
INTRODUCTION

“When women moves forward, the family moves, the village moves and the nation moves”.

- Pandit Jawaharlal Nehru, 1951

These words are often repeated because it is an accepted fact, that only when women are in the main stream of progress, then any economic and social development be meaningful.

1.1 WOMEN AND DEVELOPMENT

A woman is the nucleus around whom the family, the society and the whole community move. Women constitute half the population, in other words half the nation’s human resources. The development of the whole community cannot be separated or viewed in isolation from the development of women. Their contribution to the homes, work and outside have made them powerful and indispensable agents of our society, for social and technological transformation of the universe.

The declaration of the year 1975 as International Women’s Year, and the Decade 1975-1985 as Women’s Decade by United Nations and the World Conference on Women in September 1995 in Beijing, China, have
become a powerful agenda for empowerment of women and the policies and programmes of the successive Governments have been focused on the goal of improvement of their status in the society, which is the index of civilisation and growth.

The role of rural women and their responsibility in home management, childcare, nutrition, health, horticulture, animal care and poultry needs, have been realized to a greater extent during the previous millennium. The empowerment of women has significantly improved in total, their position with regard to employment, income generation and livelihood. The fast emerging information technology field also provides a conducive atmosphere for women to become more empowered. Danish International Development Agency through its survey has showed that 83 percent of women are interested in scientific usage of equipments. Also, the advancements in science and technology have paved the way for improving the position of women by minimizing their drudgery and maximizing their ability, to adapt themselves to the changing scenario.

1.2 CONCEPT OF SELF HELP GROUP

The concept of Self Help Group was the essence of Gandhian Sarvodaya which aims at “Gram Swaraj” norm, which means of the people, by the people and for the people. Further it was the essence of the co-
operative movement under the broad principle, ‘all for all’. Large size of co-operatives their heterogeneous member characteristics, high political influence. intervention by Government on their autonomy and many other factors had not yielded the desired results and thus paved the way for the concept of Self Help Group, as a viable alternative for sustained rural development.

To bring the rural, women into the national stream of the economy, many efforts have been made both by the Government and Non Governmental Organisations. But the fruits of development have not reached these potential women and their socio-economic profile across the country is still in the labyrinth of poverty, illiteracy, assetlessness and lack of accessibility to resources. To bridge the gap, alternative strategies were designed with the evolution of Self Help Groups.

Self Help Groups of women in India have been recognised as an effective strategy for the empowerment of women in rural areas, bringing them together from all spheres of life to fight for their rights or a cause. Since the overall empowerment of women is crucially dependent on economic empowerment, women through these Self Help Groups, work on a range of issues such as health, nutrition, agriculture, forestry etc., besides income generation activities seeking micro credit.
Self Help Group is a homogenous group consisting of 10 to 20 women in each group. These women select their own leader and also fix the tenure of such leadership. Self Help Groups are extremely helpful in allowing the Non Governmental Organisations to know a large number of individuals intimately and to extend help to them in a variety of ways, including credit availability. Through sheer pressures exercised by the members; each member can be made to feel keenly, responsible for using and returning credit made available to her through a financing institution. The Self Help Groups also serve as decentralized centres of administration for Non Governmental Organisations, who lack responsibility for forming these Self Help Groups.

Self Help Groups comprise of people who share the same problem, life situation. or crisis and members provide emotional support to one another, learn new ways to cope with different situations, discover strategies for improving their condition and help others while helping themselves. People find in Self Help Group, individuals, who share among themselves practical experience, tested insights, gained from first hand experience with the same situation.
All over the world it has become evident that the best way to tackle poverty and enable the community to improve the quality of life is through social mobilization of poor, especially women, into Self Help Groups. Micro Credit Summit in Washington in the year 1997 and attempts thereafter, have been to address the poverty issues through micro groups of women and inputs of micro credit, micro enterprise, technology and market support. In 1997, it was recognised that there are 8 million women who are organised into Self Help Groups and Grameen Bank of Bangladesh. Self Employed Women’s Association (SEWA) Rural (Gujarat) India, Working Women’s Forum (Tamil Nadu), India are some of the major initiatives which are attempting to address the gigantic issue of poverty reduction through an innovative approach, where the poor form their own peer groups enhance capabilities to manage their own affairs. The goal spelled out in the summit, was to organise 100 million women in seven years into such networks of their own to address the global poverty issues.

Self-help is a way to deal with problems that everyone faces from time to time in their lives. Helping is at the centre of all this activity: Knowing how to receive help, give help and help yourself. Underlying self-help is the basic theme: “you are not alone”.
Self Help Group members:

- Feel less isolated knowing others have similar problems;
- Exchange ideas and effective ways to cope with problems;
- Actively work on their attitudes and behaviour to make positive changes in their lives;
- Gain a new sense of control over their lives.

The knowledge base of Self-Help mutual support groups is experimental, indigenous, and rooted in the wisdom that comes from struggling with problems in concrete and shared ways. Self Help Groups are built on the strength of their members.

In recent years, there has been a silent revolution in the rural areas of our country through the spread of the concept of Self Help Groups or it is also sometimes called as micro credit. The concept of Self Help Group was borrowed from Bangladesh’s Grameen Bank experiment and the response here has been very enthusiastic. A number of Self Help Group projects have been launched in different states with the help of domestic and International financial institutions.
Self – Help groups have emerged as a popular method of working with people in the recent years. This movement stems from the people’s desire to meet their needs and determine their own destinies through the principle of “by the people, for the people and of the people.

A Self-Help Group (SHG) is a small, economically homogeneous and cohesive group of rural poor voluntarily coming together:

- To save small amounts regularly
- To mutually agree to contribute to a common fund
- To meet their emergency needs on mutual help basis
- To have collective decision making
- To solve conflicts through collective leadership
- To provide collateral-free loans with terms and conditions decided by the group

Non Governmental Organisation (NGOs), social workers, health workers, village level workers, informal associations of local people, development oriented government departments, banks, bank personnel and other individuals (in their personal capacities) farmers’ clubs under the Vikas Volunteer Vahini (VVV) programme of National Bank for Agriculture and Rural Development (NABARD) and other development institutions help in the formation of SHGs.
Objectives of Self-Help Groups

The formation of SHGs is based on the objective that the SHGs;

- Enables the members to learn to cooperate and work in a group environment
- Act as the forum for the members to provide space and support to each other
- Provide savings mechanism, which suits the needs of the members
- Provides a cost effective delivery mechanism for small credit to its members
- Contribute to the empowerment of poor women.

The Concept of Micro Credit

Micro-credit programmes extend small loans to poor people for self employment projects that generate income, allowing them to care for themselves and their families. In most cases, micro-credit programmes offer a combination of services and resources to their clients in addition to credit for self employment. These often include savings, training, networking and peer support.

Loans under micro-credit programmes are very small, on an average less than $ 100 by world standards and in hundreds of rupees by Indian standards Micro-credit continues to target the rural and urban households,
with emphasis on women borrowers. The beneficiaries are identified by micro-credit providers themselves independently or through NGOs or SHGs. The repayment period is generally very short. The amount is increased based on the borrower’s repayment history.

Micro-credit has been defined by the Reserve Bank of India as the provision of thrift, credit and other financial services to the poor in rural and semi urban areas to enable them to raise their standards of living.

Several NGOs had taken up micro-credit as a central strategy. Fuelled by the world bank-sponsored micro-credit summits, the credibility of micro-credit has grown to the point where it is being hailed as the ultimate answer to poverty and underdevelopment. To its proponents, micro-credit has everything participation, flexibility, community ownership and, best of all, women’s empowerment. It is a band-aid solution to poverty, an easy way of side-stepping structural issues and making the poor responsible for finding solutions to their own problems.
Economic Problems and Interventions of Institutions at Micro and Macro Level

Nature of the Problem

The information, resource, skills and technology base of the poor in India are very weak and consequently the scales of their operation are small, irrespective of the economic activity pursued. It is well known that the credit needs of poor arise due to expanding family size and social obligations like marriages, deaths and medical treatment. The poor also endure market and climatic uncertainties. The family income is in fact just sufficient to meet the routine production and consumption demands and these demands are seldom out of proportion. In times of such emergencies, there are no credit institutions to fall back upon and the poor are forced to rely on credit supplied by bigger landlords, traders and moneylenders at high rates of interest.

Among the poor the most affected are the women. Women’s participation is significant in rural employment. They put to use their entrepreneurial skills in all rural activities such as, agricultural operations, poultry, sheep rearing, dairy, fire wood cutting and selling and sale of agricultural produce. Though they put their entire heart and soul into rural
employment activities, their economic status is not improved. Their livelihood is poor. Though they have enough entrepreneurial potential, due to poor financial strength they are not able to convert their entrepreneurial dream into reality. They need financial assistance.

Formal financial sector is not effectively serving the rural population. This is mainly attributed to the failure of financial intermediaries in fulfilling the basic functions, viz., production credit to finance income generating activities, consumption credit to maintain and expand human productive capacity and quality saving schemes for increasing risk-bearing capacity of the rural households, Moreover, these institutions have failed to promote any of its social objectives. To reach the poor, institutional innovations are needed that enable services to be expanded, while substantially reducing transaction costs for both financial institutions and clients.

The institutional agencies not only lacked the required mechanism to assess their credit needs but often over looked their demand for credit on the ground that their needs are for non-productive purposes. Besides, perceived high risks, transaction costs in small-scale rural lending and absence of collateral securities kept the poor away from the fold of formal financial intermediaries.
Institutions in the organised sector have come to realise that using the group mode could significantly reduce their transaction costs while at the same time strengthen monitoring of use of credit through peer pressure. The group mode enhances the rates of recovery and makes lending to poor substantially less risky as compared to the risk faced in their normal loan portfolio. Borrower selection and assessment of feasibility of the activity chosen are done with more than ordinary efficiency by the groups. With such advantages accruing to the institutions which extend credit, it is not surprising that they are increasingly inclined to support groups.

**Emergence of Self-Help Groups**

The approach towards poverty alleviation should be self-help. Others should help the poor to help themselves. It is felt that individual effort is too inadequate to improve their fate. This brings about the necessity for organizing them in a group by which they get the benefit of collective perception, collective decision-making and collective implementation of programmes for common benefits. Individually, a poor person tends to be rather tentative, uncertain in his behaviour but group membership smoothens the rough edges of his behaviour pattern, making him more reliable as a borrower. Membership in a group gives him a gelling of protection of the poor in a credit programme. Group savings serve a wider range of objectives other than immediate investment; it imposes discipline on group members in
developing saving habit; savings enhance the self-confidence of the individual as it is a sign of group encouragement; savings cover the individuals’ risk against normal business risk, normal variations of income, natural calamities like floods, drought, cyclones and diseases. Investment of a riskier nature can also be considered because of the savings cushion; group savings of the poor can demonstrate the strength of unity of members, savings plus credit can then be a good starting point for group formations called self-help groups.

Providing micro-credit to rural women through an organised set up will make them enterprising women, SHG is a viable organised set up to disburse micro-credit to rural women for the purpose of encouraging them to enter into entrepreneurial activities.

**Interventions of Institutions Providing Micro-Credit**

The institutions which are promoting supporting and financing micro-finance programmes in India are the NABARD, Small Industrial Development Bank of India (SIDBI) and Rashtriya Mahila Kosh (RMK).

**National Bank for Agriculture and Rural Development (NABARD)**

NABARD launched the bank-self-help group linkage programme on pilot basis in 1992. The linkage programme under the aegis of NABARD
aims to reach the unreached, improve living standards of poorer sections of rural society, and achieve high deposit, credit mobilization and recovery of loans. The loan amount is tied up with the savings of the members of SHGs for lending within the group in an informal manner.

**Different Models of Linkage**

The three models of credit linkages of SHGs with banks are:

**Model I: SHGs Formed and Financed by Banks**

In this model, banks themselves take up the work of forming and nurturing the group opening their savings accounts and providing them bank loans.

**Model II : SHGs Formed by NGOs and Formal Agencies, but Directly Financed by Banks**

Here NGOs and formal agencies in the field of micro finance act only as facilitators in organising, forming and nurturing of groups and train them in thrift and credit management. Banks give loans directly to these SHGs.
Model III: SHGs Financed by Banks Using NGOs and Other Agencies as Financial Intermediaries

Here the NGOs take on the additional role of financial intermediation and are given bulk loan assistance which in turn is used for on-lending to the SHGs.

A separate department named Micro-Credit Innovations Department (MCID) was set up in head office in June 1998 with Micro Credit Innovation Cells (MCIC) at all the regional offices of the national bank to meet the emerging challenges. The major functions of MCID relate to the formulation of policies, co-ordination with governments and government agencies, national level micro-finance practitioners, overseeing the state level operations, monitoring the progress of SHG-Bank Linkage Programme, innovating and supporting alternative credit delivery mechanisms, promoting and facilitating banks to act as Self-Help Promoting Institutions (SHPIs), documentation and dissemination and co-ordinating with external agencies.

The national bank continued to provide hundred per cent refinance to banks at an interest rate of 6.5 per cent per annum. Other support provided include facilitating training of bank officials and field staff of NGOs, capacity building support on selective basis to NGOs, SHGs, federation of NGOs or SHGs and other related institutions through financial assistance and faculty support.
The national bank has been supporting select NGOs with Revolving Fund Assistance (RFA) to finance individuals, SHGs, small NGOs and credit unions, to help them build their financial intermediation capacities. Keeping in view the importance of periodic review of the functioning of NGOs supported with RFA, a set of guidelines has been prepared in consultation with the department of supervision of the national bank. The guidelines adopted four broad parameters, viz., (i) character, (ii) capacity (iii) credit worthiness and (iv) credit-thrift management.

Small Industrial Development Bank of India (SIDBI)

The Small Industrial Development Bank of India (SIDBI) was established in 1990 to serve as the principal financial institution for promotion and development of industry in the small scale sector as well as to co-ordinate the functions of other institutions engaged in these aspects in the sector. The bank launched the micro-credit scheme (MCS) in 1994 for extending financial assistance to the rural poor, particularly women, through NGOs for taking up income generating activities at the micro-level. The scheme envisages provision of soft loan assistance at 9 per cent per annum to accredited NGOs for on-lending to the poor women (SHGs or individuals), an amount not exceeding Rs.25,000 per borrower for promoting micro-enterprises. Savings form an integral part of the programme and members of the SHGs are encouraged to plough back their savings to the group corpus for building up borrower’s equity over a period of time. A salient feature of
the scheme is the grant assistance extended by the bank for developing the capacity of the NGOs to run credit programme efficiently and to enhance the credit absorption capacity of the borrowers.

i) SIDBI Foundation for Micro-Credit

Considering the satisfactory performance of MCS in the pilot phase, the bank set up ‘SIDBI Foundation for Micro-Credit’ (SFMC) in November 1998 with an initial corpus of Rs, 1 billion with a view to upscaling the activities under MCS. The objective of the foundation is to raise the standard of living of the poor, with focus on women, by meeting their genuine credit needs.

ii) Capacity Building of Intermediaries

Towards ensuring that a supplementary channel of credit delivery is properly developed, SIDBI has been making investments in improving the credit absorption and usage capacity of the women’s groups and credit delivery skills of the functionaries of Micro Finance Institutions (MFIs) or NGOs working with savings-cum-credit groups. Financial support is extended to NGOs for training interventions in the area of maintenance of accounts, book keeping, credit management, identification and selection of income generating activities and management of micro-enterprises. The bank has been supporting orientation programmes for NGOs desirous of undertaking thrift-cum-credit activities.
Rashtriya Mahila Kosh

The National Credit Fund for Women or Rashtriya Mahila Kosh (RMK) was constituted in March 1993 by the Government of India (GOT) and is registered as a society under the Societies Registration Act, 1860. The RMK aims to provide funds to NGOs forming SHGs for on-lending, purpose with the objective of improving the facilities of credit to women, which could be used as an instrument of socio-economic change and development. The RMK was established with an initial corpus of Rs.3 10 million, contributed by the Department of Women and Child Welfare, Ministry of Human Resource Development, GOT.

The important schemes under which financial assistance is available are

a) Main scheme providing loan assistance,
b) Revolving fund scheme,
c) Scheme for providing financial support for development and stabilisation of SHGs,
d) Nodal agency scheme,
e) Umbrella scheme,
f) Resource NGO scheme

g) Information-education-communication scheme.
Scope of Micro-Credit Institutions

Micro-credit institutions deliver various credit services to poor women and other vulnerable sections of the society to enable them to create self-employment based on their skill and uplift their economic living standard. These institutions remain most successful ones in terms of (a) outreach and performance in delivering credit services to the poorest of the poor women and small artisans in the rural and urban areas; (b) reduction in adverse selection of borrowers; (c) development of collateral substitutions; (d) offering cost effective approaches to formal institutions (e) behavioural outcomes such as non-land asset holdings by women, male and female labour supply, household expenditure and boys and girls schooling and (f) empowerment of women.

NGO Intervention

Development intervention in the rural areas by Voluntary Agencies (VAs). Or, as they came to be known later, Non-Governmental Organisations (NGOs) dates back to the pre-independence days. The role of VAs/NGOs, which was initially confined to the social aspects of development, was later on enlarged to help the poor and weaker sections of the rural society in their economic pursuits.
The inability of credit institutions to cover a sizeable segment of the rural poor is generally attributed to the high cost of administering large number of small loans and the perceived lending risks in the absence of any collateral. This promoted a number of VAs/NGOs to enter the rural credit scene for organising the poor into informal groups for mutual help and benefit. Many of these groups have been provided credit support. These NGOs are instrumental in promoting informal structures of the poor to help them save and promote self-reliance in financing their needs through the concept of self-help groups.

**Role of NGOs**

The following are some of the crucial roles of NGOs in micro finance programme.

- Play a crucial role in formulation, linkage and stabilisation of SHGs;
- Provide support services in terms of village survey, identification of members, motivation to form groups;
- Render training, guidance for record management and loan disbursement.
- Ensure democratic and transparent functioning and
- Facilitate development of groups on proper lines.
Self-Help Group Activity Among the Community

As the first step in the thrift and credit revolution through SHGs is their formation, only a systematic and scientific approach could ensure the sustainability of these institutions. It was important that the NGOs or banks, while promoting the groups, carefully selected the village and identified the poor who were to be brought together for group formation. The NGO or bank should also facilitate the emergence of group goals and objectives from within the group. The groups formed with the genuine purpose of self-help in the wake of felt needs had much better chances of success.

Target Population

Before fixing the target groups, there is a need to identify the groups by carrying out a survey with people’s participation, their income, expenditure and various types of cash drains. Based on the survey, the target population may broadly comprise the following groups or sub groups.

- People who are considered as socially ostracised such as;
  a) Scheduled caste people
  b) Indigenous people
  c) Refugees
  d) Displaced people.

- People who are considered economically downtrodden such as:
  1. Agricultural labourers
  2. Marginal and small farmers
3. Non-farm wage earners
4. Women
5. Unemployed
6. Migrants
7. Any other disadvantageously placed groups like rickshaw pullers, coolies, poor fishermen, petty traders, porters and craftsmen.

**Group Mobilisation**

The field workers of the NGO visit the village where more number of poor women live and collect the statistics regarding the poorest among the poor. These women are asked to gather at a particular place and the advantages of SHG is explained to them. To help in group formation and management, the person having serving mentality, writing abilities and who is trustworthy is chosen as an animator (leader / chief functionary) by the group. The person who is considered as poor on the basis of income, educational qualification, employment and property is given preference in membership. If more number of women are there in a village then groups with 20 members are formed. If there is only 10 members in that village, then groups with 10 members can be formed. Groups should not be formed with the objective of receiving government grants or bank loans. If so these groups will not function well. The groups formed with the genuine purpose of self-help will only succeed. After the formation of the group, the members select a name by which the group can be identified.
### TABLE No. 1.1

**STAGES OF SHG DEVELOPMENT AND ROLE OF NGOs/SHPI**

<table>
<thead>
<tr>
<th>Stage of Development</th>
<th>Time Period</th>
<th>Role of NGO/SHPI</th>
<th>Focus of activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-formation</td>
<td>1-2 months</td>
<td>Initiator / Promoter</td>
<td>Identifying the poor through participatory rural appraisal methods in small/hamlets/villages towns.</td>
</tr>
<tr>
<td>Formation</td>
<td>3 -6 months</td>
<td>Facilitator</td>
<td>Motivation to form groups, select group leaders, develop rules and norms, conduct meetings, pooling savings, issue and collection of small loans, group cohesion, adjustment systems, and maintenance of accounts.</td>
</tr>
<tr>
<td>Stabilisation (Phase 1)</td>
<td>7 -12 months</td>
<td>Advisory/Managerial</td>
<td>Leadership stabilization, training of leaders and members, regularised and increase savings, handling of groups level transactions, informal interactions with other groups/clusters, addressing community interests. Begin the process of issuing loans, handling/helping defaulters to repay. Sourcing loans for groups through normal credit system, etc.</td>
</tr>
<tr>
<td>Stabilisation (Phase 2)</td>
<td>13-18 months</td>
<td>Advisory/Managerial</td>
<td>In addition to above activities, initiation of income generating programmes, linkages of banks, support to new groups, demonstrative effect on others to form groups.</td>
</tr>
<tr>
<td>Growth and expansion</td>
<td>19 months and above</td>
<td>Advisory/Managerial Consultantive/Institution Building</td>
<td>Strengthen linkages with banks, creation of assets for groups and members, spreading concept building and promotion of new groups, attempts at cluster development, and federation of SHGs.</td>
</tr>
</tbody>
</table>

**NOTE**: SHPI = Self-Help Promoting Institutions  
**SOURCE**: NABARD30
Nature of the Group

a) Members of the group should be from the same economic section

b) The ideal number of members of the groups is 5 to 20

c) Members should contribute regular thrift to form a pool for financing loan to the members. Repayment of loans should be made within 6 (six) months,

d) Members should frame rules and regulations of the group.

e) There should be regular meeting of the members and all the members should be associated in decision making.

f) All the records of the group including account books should be up-to-date.

g) The group should issue a pass book to every member regarding credit and loan,

h) The group should observe all norms of the cooperative form of organisations.

Problem Formulation

Poverty is one of the important factors which hinders the overall development of the economy. Several micro-credit programmes were initiated by the government under poverty alleviation and self-employment programmes to eradicate poverty and for the development of rural areas. Despite the wide network of rural bank branches and specific poverty
alleviation programmes, a very large proportion of the poor, especially the women, remained outside the fold of the formal banking systems. The existing banking policies, systems and procedures, and deposit and loan products, were not well suited to meet the most immediate needs of the poor. The system needed some motivation. Thus began a search for alternative policies, systems and procedures, saving and loan products, other complementary services and new delivery mechanisms, which would fulfill the requirements of the poorest households.

Provision of small financial services and products to the poor people through bank linkage of SHGs has contributed to the process of rural development by creating conditions that are conducive to human development. Micro financing through SHGs is contributing to the development of rural people in a meaningful manner. It is reported 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 SHGs have also served the cause of women empowerment and awareness creation.

The investigator therefore thinks that it is worth to study the activities of SHGs. The present study aims to assess the social and economic transition brought-out by the SHGs in the lives of the members.
1.3 FUNCTIONS OF SELF HELP GROUPS

- A Self Help Group shall consist of 10 to 20 persons.
- The group shall not consist of more than one member from the same family. A person should not be a member of more than one group.
- The group should devise a code of conduct (group management norms). It should have regular meetings (weekly or fortnightly), function in a democratic manner allowing free exchange of views and participation of the members in the decision making process.
- The group should be able to draw up an agenda for each meeting and take up discussions as per the agenda.
- The group should be able to collect the minimum voluntary saving amount from all the members regularly as per the bye-laws of Self Help Groups. The savings so collected, will be the group corpus funds. The fund should be used to advance loans to the members.
- The group should be able to priorities the loan applications, fix repayment schedules, fix appropriate rate of interest for the loans advanced and closely monitor the repayment of the loan installments.
- The group should operate a group account so as to deposit the balance amount left with the group, after disbursing loans to its members.
The group should maintain simple basic records such as minutes book, attendance register, loan ledger, general ledger, cashbook, bank passbook and individual pass book.

The Self Help Group will be an informal group. However, the groups can also register themselves under the Societies Registration Act, the State Co-operative Act or as partnership firm. The Self Help Groups can be further strengthened and stabilised by federating them at the village level. This would facilitate regular interaction and exchange of experiences including flow of information from District Rural Development Agencies (DRDA) and other departments.

An external facilitator working closely with the communities at grass root level, can play a crucial role in the group formation and development effort. The facilitator may be either from Government Organisation and Non Government Organisations.

**Linkage with the Banks**

During the stage of group formation, the Self Help Group should be brought into contact with the local banks. This may start in the 2nd or 3rd month. The Self Help Groups begin to realise the opportunities and also the mode of dealing with the banks. Likewise, the bankers get to familiarise themselves with the Self Help Groups. The Government Organisations, or
Non Governmental Organisations and the banker may visit the Self Help Groups as often as they can and explain to the members the opportunities for self employment. They may also explain to them about the process of graduation in taking up full-fledged self-employment activity.

**Linking of Self Help Groups with Banks in India**

The growing problem of poverty in our country has promoted economic planners to come up with various programmes that can help in combating it. One such effort is the formation of Self Help Groups for enabling the poor to participate in the process of development. It has been functional in countries like Bangladesh, Malaysia, Korea, Philippines and Indonesia for a long time. In recent years Self Help Groups have become significant institutions for rural development. In India, the banking sector has also formally accepted the Self Help Groups as eligible entities for deployment of credit. Therefore, the Reserve Bank of India advised the banks in July 1991 to actively participate in the pilot project of linking Self Help Groups with banks. National Bank for Agriculture and Rural Development (NABARD) launched the project on linking Self Help Groups with banks in February 1992. The objectives of the linkage programme is to evolve a supplementary strategy for meeting the credit needs of the poor by combining flexibility, sensitivity and responsiveness of the informal credit system with the strength of technical and administrative capabilities and
financial resources of the credit institutions; to build up mutual trust and confidence between the bankers and the rural poor; to encourage banking activity both on thrift as well as on the credit side in a segment of the population that the financial institutions usually find it difficult to cover. The linkage programme envisages active involvement of Non Governmental Organisation’s who play a crucial role in formation, nurturing, stabilising and guiding the Self Help Groups into cohesive and dynamic groups inculcating the habit of thrift and credit management and ultimately establishing linkages with the banks. The progress under the programme has been quite encouraging since State Bank of India started implementing the project. Beginning with 255 Self Help Groups launched by banks in 1992-93, the figure reached 620 in 1993-94 and 2,122 by 1994-95. By 31st December 1995 around 2,700 Self Help Groups were operative with bank loans to the extent of Rs.33.2 million. Over 10,000 Self Help Groups have been linked with banks by end of December 1997 with group savings aggregating to about Rs.80 million. About 76 per cent of the total Self Help Groups are women. The Finance Minister while presenting the union budget for 1998-99, asked NABARD to greatly extend the scope and coverage of Self Help Groups as a channel for the flow of funds to the micro enterprises so that 2 lakh Self Help Groups covering 40 lakh families can be assisted over the next five years through this scheme of micro-credit. 10,000 Self Help Groups covering 2 lakh families will be assisted in every year. (Speech
of Finance Minister, The Economic Times, June 2, 1998) The Reserve Bank of India has also advised commercial banks to design specific loan packages to meet the needs of micro enterprises. Banks are attracted to the concept of Self Help Groups mainly on account of low transaction cost, high percentage of recovery and mobilisation of rural savings.

1.4 EMPOWERMENT OF WOMEN THROUGH SELF HELP GROUPS

Empowerment Meaning

The most conspicuous feature of the term empowerment, is that it contains within it the word ‘power’. So obviously, empowerment is about power, and about changing the balance of power.

Empowerment of women is the keynote of women’s movement nowadays. Empowerment contains the word ‘power’ which is exercised in economic, social and political relations between individuals and groups. Power may be defined as control over resources and ideology. This definition makes it clear that women in general are relatively powerless because they do not have control over resources and hence have little or no decision making power, yet the decision taken, affects their lives every day.
Empowerment Concept

Women’s empowerment is relatively a new concept in the realm of development. It is a process, which changes the existing power relations in favour of the poor and marginalised, among them women also. It is a long term process that requires changes in the behaviour and attitudes of women and men and the ideas that societies hold about gender.

Various strategies have been adopted for bringing about this complex process, among which one of the most frequently used, is the collectivisation of women, mobilization of their small savings and provision of micro credit. Self Help Groups are women’s groups organized for this purpose by Government and Non Governmental agencies all over India.

The empowerment of women can be defined as “global access to resources, power and decision-making”. This is an essential requirement to attain gender equality i.e.: the process required for the realignment of power in decision making at the household, institutional and at all levels of the society. The ultimate goal is equitable partnership between women and men, built on the strengths of shared knowledge of the energy, skills and creativity.
The movement for women’s empowerment was launched in 1996 for taking women with dignity and equality into the next century.

The objective of the movement were gender equality, gender justice, social security, elimination of all types of discrimination against women and integration of women into economic development and mainstream of economy.

The concept of empowerment is related to the concept of freedom. Empowerment is equipping one to improve the living condition. It does not identify power of women in terms of domination over others, but in terms of the capacity of women to enhance their ability to gain control over the crucial material and non-material resources, and thus, minimize their risks. Empowerment approach recognizes the triple role of women namely production, reproduction and community management which manifests itself through the formation and organization of groups.

**Empowerment Process**

Implicit in participation, is empowerment or transfer of power to the people. Empowering is development of skills and abilities of people to enable them to manage better, negotiate with existing development delivery systems. Some see it as more fundamental and as essentially concerned with
enabling people, to decide upon and undertake actions, which they believe, are essential to their development. The empowerment process encompasses several mutually reinforcing components but begins with and is supported by economic independence, which implies access to and control over production resources. A second component of empowerment is knowledge and awareness, the third is self-image and the final is autonomy.

The Indian Scenario

The women in India have been identified as a disadvantageous group. They form a weaker section, and are subject to excessive male domination. For this reason they seldom get a chance to develop their health, personality and participation in development programmes within and outside their home environment. The women form a great-untapped reservoir of human energy that comes out from within the treasury of unlimited human resources as against limited natural resources. The natural and material resources in India are very much limited in respect of its overwhelming population and therefore, this country greatly depends on maximum utilization of human resources. India cannot afford to keep the womenfolk aside from making their participation in the process of development. Moreover, the conditions of women will not improve unless they get opportunities and make use of such occasions to earn experience, increase skill and efficiency, and prove their ability in discharging their social responsibilities.
The situation of women as it exists is one, of low status, of women that are powerless, endangered by development, suppressed by poverty and oppressed by patriarchy. Traditional structures have failed to make room for them as equal partners in the decision-making processes; nor has the system ensured that their interests and concerns are reflected in development plans and local programmes.

They are ignorant, unaware, and ill informed about how they could live better lives with less drudgery, morbidity and fear of violence. Even though nature has endowed them with superior biological strength, the environment stifles their development. At every age more women die than warranted to keep the sex ratio adverse in most parts of the country.

The issues of empowerment of women moved centre stage during the last three decades of the second millennium, mainly through the efforts of the United Nations by declaring 1975 as the Women’s year and the decade 1975- 82 as the women’s decade. This period coincided with the 6 Plan period in India when the approach was shifted from welfare to development and further efforts during the subsequent plans culminated in the farming of a National Policy for Empowerment of Women approved by the Cabinet on March 2001. However despite constitutional guarantee of equality and
justice, legislative support of a plethora of Acts and introduction of policies and programmes, the goals of gender equality and justice, empowerment of women still remains a distant dream for Indian women.

The Human Development Index as calculated by the United Nations Development Programme (UNDP) is based on three major components: life expectancy at birth, literacy, and per capita purchasing power. Among the 174 countries ranked, India gets the 128 rank. Gender Development Index is also available for 143 countries in which India ranks 108.

Indian scenario presents a dismal picture on several key indicators contributing to human development. The first alarming signal is the sex ratio adverse to women. As per the 2001 Census, the sex ratio is 933 and it is further disappointing that in the 0-6 years group, the sex ratio is only 927.

We have very high infant mortality rate of 70 per 1000 live birth. The under 5 mortality rate is also high at 98 per 1000 live births. The maternal mortality rate is too high at 410 per one lakh. The percentage of children immunised is not satisfactory at 72 per cent for BCG, 69 per cent for DPT and Polio, 55 per cent for measles and 73 per cent for TT. As many as 33 per cent infants are stunted and 18 per cent are wasting.
The poor health of women coupled with low literacy profiles adversely affect their work participation rate and the resulting standard of living. Hence our Human Development Index continues to be at the lower running of the ladder.

Women are the bearers of the next generation, the caregivers in the family. But they suffer every deprivation. They are the beasts of burden, attending to all domestic chores, fetching fuel, fodder and water, generally from long distances, working from dawn to dusk on family farms or with no reward, no asset and no recognition in the system of national accounts. Even when they do bring in some income, they spend it all, on the family and struggle to battle in poverty. Often they also finance the husband’s “leisure activities” like alcohol, only to be beaten when he is drunk.

Despite all our plans, female adult literacy in the country has just touched 54 per cent in 2001. This leaves 46 per cent of our women illiterate and unaware of their rights. It is true that education opens up new vistas to women but education alone does not solve problems. For the mass of our women, it cannot be education of the traditional kind. What they need, is training in vocational skills, coupled with a basic knowledge related to their local situations. Special incentives to encourage the education of girls in regular schools particularly, in our rural areas and urban slums, are an urgent necessity.
India, like any other developing country has a large unorganised sector where the majority of women workers are found. This sector has been largely neglected in so far as provision of support services and social security benefits are concerned. Even the basic laws, like the Minimum Wages Act, Equal Remuneration Act, Maternity Benefits Act, etc. have not benefited them. The enforcement machinery of the Labour Departments, has totally failed to give this sector the support, and the protection, that it deserves. Unskilled, immobile and tied down to family chores, the profile of women workers relative to men, is significantly lower by all parameters - in terms of proportion to total workers, work participation, work share in the organised sector, as well as number of workdays in a year. Efforts made so far, for skill development of women have been far too inadequate. In the new economic regime of competition, survival would be difficult without the right skills to avail of new employment opportunities. Training institutions and programmes need to be effectively oriented to impart appropriate training in areas, which offer employment/earning opportunities for women both in urban and rural areas.

Eighty per cent of our women are rural based and it is their lives that truly represent the reality of India. Their needs are different from those of women in urban areas where education and more comfortable living are seen. Their prime requirements are not labour saving devices and processed food, but a roof over their heads, proper sanitation, protected water supply,
health and children services, adequate nourishment and guaranteed employment. Balancing services and programmes to cover both these sections, in which, discrimination against women, is the common basic factor and the real challenge. Generalisations become superfluous, centralised plans become inoperative, and borrowed solutions become catastrophic.

The situation requires urgent interventions. Budgets must reflect women’s needs. National plans must be decentralised to respond to their special problems. If things are to improve for them, urgent steps to achieve empowerment through security and better quality of life, and capacity building have to be initiated. It is critical to set goals for various sectors with time bound action plans to achieve them.

The central and state governments have over the years initiated several programmes to change the mind of rural women with incentives to enable them women to live in dignity. Religious heads and law courts have also responded to this critical need to change attitudes in families and bring about a shift from the ‘son preference’ syndrome. More action would be necessary in this direction, with media campaigns to remove gender bias.
Participation in the freedom struggle brought political awakening to our omen. Reservations in the local bodies have ensured women’s entry into the political process at the grass root levels. There is now a demand to carry these reservations forward into the Assemblies and to Parliament, in order to empower women and bring them into leadership positions. But empowerment is more than political participation. Women have to be equipped to help themselves, they have to be made aware to their rights and enable to discover their own potential.

Rural Scenario
The rural scenario is still one where the womenfolk in general remain the periphery. With heavy responsibilities of tending their families and the farms, it is doubtful if they would have the time, despite their inclination, to attend meetings of the Gram Sabha where all adult women are members. What is more, certain factors like caste, feudalism, apathy and family status do come in the way. Though we have given an equal status to women and rightly so, is yet to be seen if, they are really motivated to contribute their mite in such meetings.

Empowerment Through Self Help Groups
The global conference on Women’s Empowerment, 1988, highlighted empowerment as the surest way of making women “partners in development”. Development on the other hand should ultimately become a process of empowerment. Empowerment is an active process enabling women to realize their full identity and power in all spheres of life.
The basic strategy for bringing the women into the mainstream of socio-economic development should consist of fuller facilities for their education, health care and employment. Endowed with learning and wisdom, good physique and job skills, women should be in a position to contribute effectively to the development of the family, the community and the society.

Empowerment of women is a crucial factor in the eradication of poverty, as the women are the key contributors to the economy and in combating poverty through, both remunerative and non-remunerative work at home, in the community and in the work place.

The Economic Perspective of Empowerment of Women

Women’s participation in income generating activities is believed to, increase their status and decision making power, with employment. They do not remain as ‘objects’ of social change, but become ‘agents’ of it. They cease to be only ‘consumers’ of economic goods and services but turn ‘producers’. They participate in social reproduction as well as reproduction of labour for the next generation.

The economic contribution is related to their status and role in the family and in the society. If a woman is not economically self-dependence, she can never claim an equal status with man. The problem of poverty cannot be tackled without providing opportunities of productive employment
to women. Even where there is a male earner, women’s earnings form a major part of the income of poor households. Moreover, women contribute a large share of what they earn to basic family maintenance than men; increases in women’s income translates more directly into better child health, nutrition and family well being.

Women’s participation in the labour force also brings about changes in awareness and attitudes, which may have long-term benefits such as access to health and education programmes, reduction in birth rates, thrift and savings etc. Economic independence of women will create far reaching social changes and prove as a necessary weapon for them to face injustice and discrimination.

One of the pre-requisites to promote empowerment of women is promotion of organisations among women. Women can be organised through a variety of means namely through formation of co-operatives, Mahila Mandals, Self Help Groups and the like. Through collective action, women can be empowered socially, economically and politically. Organisational behaviour of the women’s groups was the major influencing factor contributing to the success of the economic pursuits.

The goal of poverty reduction and empowerment of women can be effectively achieved if poor women could organise into groups for community participation as well as for use of their rights in various services related to their economic and social well-being.
1.5 **WOMEN SELF-HELP GROUPS**

SHG is a group of rural poor who have volunteered to organize themselves into groups for eradication of poverty of the members. SHGs have the potential to remedy the ills of formal banking system in rural areas and to empower women economically and socially by acting as a bridge between women living in poverty and the formal financial sector. The concept of Self-Help Group (SHG) is a silent revolution in the rural credit delivery systems in many parts of the world. The basic principles on which Self-Help Groups function are group approach, mutual trust, organization of poor, manageable small groups, group cohesiveness, spirit of thrift, demand based lending, collateral free, women-friendly loan, peer group pressure in repayment, skill training, capacity building and empowerment. It is a pre-micro enterprise for the majority of the rural poor.

The following are the characteristics of SHG’s: • Identical interest • Small size • Mutual confidence • Transparency in operations • Common fund contributions • Flexibility and responsiveness • Democratic functioning • Rate of interest as per the group’s decision • Simple documentation • Terms of credit decided in the group • Minimum external intervention • Repayment by group dynamics • Conflict resolving through meetings • Causal group solidarity.
TABLE - 1.1
STAGES OF SELF HELP GROUPS

<table>
<thead>
<tr>
<th>Stages of Development</th>
<th>Duration (months)</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre formation</td>
<td>1 – 2</td>
<td>Identification of poor through participatory methods in small groups.</td>
</tr>
<tr>
<td>Formation</td>
<td>2 – 6</td>
<td>Regularizing group meeting, pooling of savings, and disbursement of loan and development of account system.</td>
</tr>
<tr>
<td>Stabilization</td>
<td>7 – 18</td>
<td>Leadership development, handling group level transaction independently, clusters committee formation, linkage with banks.</td>
</tr>
<tr>
<td>Growth</td>
<td>18 – 24</td>
<td>Expansion of activities and addressing community issues.</td>
</tr>
<tr>
<td>Expansion</td>
<td>After 24 months</td>
<td>Creation of assets for the group and formation of new groups and federation formation.</td>
</tr>
</tbody>
</table>

Source: R.C. Gupta - “Management of Savings and Credit Programmes by Non-Governmental Organisations”.

As of now, savings based SHG that rotate credit both for farm and home purpose have emerged. In another model NGOs play the role of a facilitator and provide matching grant. In the third model, the SHGs receive loan from commercial banks that get 100 per cent refinance from NABARD and disburse it to the members. Equipped with women-friendly procedures and flexible credit delivery procedures and mechanism, SHGs endeavor to empower the poor women economically.
Self-Help Groups broadly go through three stages of evolution such as Group formation, Capital formation through revolving fund and Skill development by taking up economic activity for income generation.

It is a group of rural poor who have volunteered to organise themselves into a group for eradication of poverty of the members. The group may consist of 10 to 20 members. All members of the group should belong to families below poverty line. Only one member from each family is eligible to join the group. The members should build up their corpus through regular savings. The corpus will be used to advance loans to the members. 50 per cent of the groups formed in each block should be exclusively for the women. By and large the SHG will be an informal group. However, it can also get itself registered under the Societies Registration Act.

The Self-Help concept serves the twin purpose of inculcating saving habits and paving the way for sustainable livelihood. If this scheme is worked out properly it will become a key in unlocking the hidden potentialities of the poor leading to their economic and social emancipation.

A well-developed SHG implies a three tier structure namely, groups at the village, cluster committees at the cluster level and federation at the district level. The functions of federation of groups that registered the trusts
are: • To provide credit support for productive activities of members. • To create linkage with formal financial and other research institutions, • To facilitate groups to take up economic enterprises and to develop a model for community based financial institution, • To enable groups to relate with Government departments.

The Government of Tamil Nadu has initiated a new scheme in April 2001, named as Poomalai Thittam. It is nothing but a marketing centre, set up specially to sell the produces of Self - Help Groups. It is a linking agency for the rural women SHGs to market their products.

1.6 ROLE OF PROMOTIONAL AGENCIES

During the planning era, a number of institutions or agencies have been set up to render assistance to women entrepreneurs by giving them training and providing financial and marketing assistance.

The Nationalized Banks and State Finance Corporations provide loans to women entrepreneurs. Commercial Banks help the women entrepreneurs by providing working capital to carry on day-to-day business activities, loans for machinery, technical assistance to self-employed persons and budding entrepreneurs, overdraft facilities, bills discounting facilities, market in formation, raw materials and training facilities. Shree Shakthi Package for
Women Entrepreneurs has been started by State Bank of India to provide concessions and special training facilities to women entrepreneurs. Equity Fund Scheme provides interest free loan for new mitts. Differential Interest Rate Scheme is another special feature for women entrepreneurs.

NABARD has also sanctioned a number of other credit linked promotional programmes in the form of Rural Entrepreneurship Development Programmes. NABARD introduced a pilot pro for linking banks with SHGs by providing 100 per cent refinance to banks against their lending to SHGs. There are models of SHG-bank linkage scheme. Banks can make available credit to SHG, which in turn can lend t to the members. Banks can link with NGOs, which provide credit to SHGs. They can help in the group formation either directly or through a team of dedicated functionaries of the Government. After 6 months of group formation, these groups are put closely in touch with banks so as to familiarise themselves with the proceeding and opportunities. The groups are graded after 6 months. The District Rural Development Agencies (DRDA) play an effective role in the grading exercise. It is an opportunity for the members to assess the own performance in a participatory approach. DRDA’s ensure the participation of hankers in the grading processes. Once SHGs have demonstrated that they have successfully passed through the grading processes, they receive assistance for economic activities in the form of loans and subsidy.
Besides these, the National Small Industries Corporation (NSIC), Industrial Development Bank of India (IDBI), and Industrial Finance Corporation of India (IFCI), State Small Industries Development Corporations (SSIDC), provide indirect financial assistance to women entrepreneurs. The Industrial Reconstruction Bank of India (IRBI) provides refinance to bank and financial corporations for financing Small Scale Industrial Sector.

1.7 ROLE OF NGO (NON-GOVERNMENTAL ORGANIZATION)

Generally, the NGOs supplement and assist government development activities. Yet there are many NGOs operating independently with their own programmes relating to income generation, self-employment and entrepreneurship. Through selective approach the NGOs have concentrated their efforts on the development of micro entrepreneurship development. The trainee specific activities of NGOs engaged in entrepreneurship development are: • Direct involvement in stimulation of entrepreneurship by conducting EDPs and skill development among the target groups, • Provision of counseling and consultation services in project preparation, feasibility study, technical advice on the purchase of plant and machinery, tricks of trade etc., and to assist small entrepreneurship in promotion, growth and expansion needs of business units and s Provision of marketing, assistance in securing finance incubation and networking facilities.
The NGOs have contacts with people and they respond to their needs effectively. These NGOs use income generation programmes, self-empowerment opportunities and entrepreneurship development as means for producing sustainable improvement in the lives of the rural women entrepreneurs. Self-Help Groups for rural women are emerging as new vehicles for their empowerment. Many of these groups are loose organisations without any direction or programme of action. There is a need to have a proper evaluation of these groups especially their role in promoting rural women entrepreneurship. The present study is an attempt at evaluating the performance of selected Self-Help Groups.

1.8 STATEMENT OF THE PROBLEM

The name ‘entrepreneur’ may at first sight appear to be not appropriate to the rural population, particularly rural women, who are running rural industries where the scope for dynamism and innovation is very limited. But when we take into consideration the fact that these people have come out of the shackles of conservatism which have reduced them to the status of household serfs, their coming forward to start enterprises is itself dynamic and innovative and hence they can be called entrepreneurs. Women entrepreneurs refer to a group of women who initiate, organize and run a business enterprise independently.
Though all the entrepreneurs face the inherent problems of business such as strategy of raw materials, inadequacy or inaccessibility of finance, lack of adequate infrastructure and challenges in marketing, women entrepreneurs, who stand the disadvantage of being ‘the weaker sex’, face many additional problems stalling from social to psychological, that is, from discrimination in rural society, social stigma, family burden, social responsibility of women, dual responsibility to the feeling of inferiority in the decision-making process. All these difficulties become barriers in acquiring raw materials, in accessing credits and in exploring the market.

The Self-Help-Groups organised by the Panchayat Unions (PU) and the Non-Governmental Organisations (NGOs) play a major role in bringing rural women together, in providing them micro-credit and in empowering them. There is a need to understand the extent to which rural women entrepreneurs are being helped by the Self-Help-Groups to face the challenges posed by the market.

It is necessary to identify the socio-economic factors, which have contributed to the evolution of women entrepreneurs. It is also imperative to identify the problems faced by women entrepreneurs and to offer solutions with the view to ameliorating the intensity of those problems.

This study is an attempt to look into the areas mentioned above although on a small scale, and to highlight rural women entrepreneurship.
1.9 SCOPE AND IMPORTANCE OF THE STUDY

The present study is limited to the performance and problems of rural women entrepreneurs who are functioning under the protective care of Women Self-Help Groups. The performance of these entrepreneurs is assessed on the basis of the savings made by them, income (total revenue-total cost) earned by them and their capacity to borrow and repay. It is hoped that the findings of the study may help to make the programmes for the development of rural women entrepreneurs more relevant and meaningful and to devise future strategy for such development. There are many facets of rural women entrepreneurship, which do not come within the scope of the present study. They are as follows

- Challenges to rural women entrepreneurs - like socio-economic and technical challenges, intense competition and marketing.
- Role of Co-operatives in the development of rural women entrepreneurial development.
- Role of Non-Governmental Organisation in the promotion of rural women entrepreneurs.
- Role of Promotional Agencies in the development of rural women entrepreneurs.

These may prove to be a fertile area for future studies.
1.10 OBJECTIVES OF THE STUDY

The objectives of the study in brief are as under:

- To study the impact of socio-economic factors on the entrepreneurial activities of Rural Women Entrepreneurs of Self-Help Groups in Sivagangai District.
- To highlight the factors enabling rural women to become entrepreneurs through Self-Help Groups.
- To assess the performance of rural women entrepreneurs.
- To identify the various problems encountered by the rural women entrepreneurs.
- To study the impact of Self Help Groups and Non Self Help groups based on their economical status.
- Finally, an attempt has been made to suggest certain practical solutions for the Government and policy makers to consider the same to overcome the shortcomings faced in the implementation of the scheme with a view to improve the same to achieve the desired objectives of the Government.
1.11 HYPOTHESES

In the light of the objectives mentioned above the following hypotheses have been formulated.

- There is a positive correlation between the savings of the rural women entrepreneurs and the amount borrowed by them.
- The incomes of the rural women entrepreneurs do differ significantly activity-wise family structure – wise and literacy level-wise.
- The repayment performance of the rural women entrepreneurs differs significantly area-wise.
- The overall performance of the rural women entrepreneurs in terms of savings, borrowings of incomes and repayment, which constitute the parameters in the present study for evaluating the performance, is quite disappearing.

1.12 METHODOLOGY

The study is based on sample Survey method. Out of the 11 Panchayat Unions in Sivagangai District, where women Self-Help Groups have been functioning four were selected at random by using the lottery method. Then the women entrepreneurs attached to the Self-Help Groups in these four Panchayat Unions have been stratified on the basis of the activities in which they are engaged and in each activity 30 per cent of the rural women entrepreneurs have been selected at random to constitute the sample of the present study i.e., 250 respondents. This study has been carried out from January 2008 – January 2009.
The study is based on both primary and secondary data. For the purpose of collecting primary data a provisional questionnaire is to be prepared based on the literature on the subject and the discussion which the researcher had with experts engaged in the field. With a view to assess the validity and reliability of the questionnaire the researcher conducted a sample survey covering 10 per cent of the sample. On the basis of the data collected (lilting the pilot survey items in the questionnaire which were not relevant were deleted and the final format of the questionnaire was prepared. The researcher then interview each and every respondent according to her convenience and recorded the information supplied by them in respect of every item in the questionnaire.

Secondary data were provided by governmental organisations such as the Sivagangai District Industrial Centre (DIC), District Rural Development Agency (DRDA), Tamil Nadu Adi-Dravida Housing Development Corporation (THADCO), Cot-porati on for Development of Women, Tiruchirappalli, Khadi and Village Industries Commission (KVIC), Poomalai (a centre set up by the Tamil Nadu Government to sell the products produced by SHGs), Lead Banks, Panchayat Union Offices and Non-Governmental Organisations (NGOs). Some of the secondary data provided by these organisations from their annual reports and office files as well as pamphlets published by them proved to be useful in cross checking the information collected from the respondents.
1.13 SIGNIFICANCE OF THE STUDY

It is important on the part of the investigator to spell out the significance of the research study before deciding on the nature of the materials and methods needed for the study.

SHGs have emerged mainly to marginalise the moneylenders and to enhance the income earning capacity of the poor. But they have emerged stronger than expected and contributed a lot in asserting human rights and human development. The major contributions are:

- they have brought hope to millions of marginalised men and women.
- they have taught skills
- they have turned individual problems into collective one
- they offer new possibilities for solution
- they are essential vehicle for social, political and psychological empowerment: social empowerment provides access to information, knowledge and skills, and paves way for participation in social organisations and financial resources; political empowerment enables the individual to take part in the decision-making process that affects his/her future; psychological empowerment is demonstrated in self-confident behaviour
- they have human dimension of sharing
- they provide convenient atmosphere for development

SHGs have come to stay among the poor. They have become part and parcel of the rural community. They have been scaled up with the active facilitation by government and non-government organisations. The rural India at present is interlaced with a thickening web of such grassroot organisations. They are increasingly intertwined not only with each other but with the state.
1.14 ANALYSIS

The primary data collected from the respondents were classified and tabulated for purpose of analysis and drawing of inferences. The data collected through the questionnaire were scrutinized and the Statistical Package for Social Sciences (SPSS) was used for analysis. The following statistical tools are employed for drawing of inferences

- Chi-square test is employed to analyse uniformity if any in cooperation extended by the family members, difficulties faced in marketing the products and the storage of finished products by the respondents.
- Karl Pearson’s Correlation Coefficient is calculated to ascertain the relationship between the amount borrowed and the amount saved by the respondents.
- The one way ANALYSIS OF VARIANCE (ANOVA) is used to know if there exist significant differences between the selected variables such as income from enterprise, savings and repayment of loans.
- Simple Linear Regression is used to identify the functional relationship between the amount repaid and the amount borrowed for each panchayat union.
- Multiple Regression is used to assess the influence of amount repaid and amount saved, on the amount borrowed.
1.15 DEFINITIONS OF THE CONCEPTS

The starting point of any research study is to enunciate the goal and to define the concepts and the terms used in the study. Therefore before proceeding with actual analysis and discussion of the problem an attempt has been made here to define the important concepts used in this study.

(i) Entrepreneurs:

“An entrepreneur is an individual or group of individuals who, as a single decision-maker planner and sole risk-taker, organizes, manages and runs the enterprise whereby he re resources beneficially, for the best interest of his venture” (Suraj Kuinar Debnath, 1999).

“An entrepreneur is a person who organises and manages an activity / Organisation undertaking the risks for fulfilling some of his needs”

In this study, the researcher envisages entrepreneur as a person who runs a business- cue, who organizes, operates and assumes the risk of the business.
(ii) Entrepreneurship:

Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity and through the communicative and management skills to mobilise human, financial and national resources necessary to bring a project to fruition [John Kao and Howard Stevenson, 1984].

(iii) Women Entrepreneurs:

The Government of India has defined a woman entrepreneur as, “an enterprise owned and controlled by a woman having a minimum financial interest of 51 per cent of the capital and giving atleast 51 percentage of employment generated in the enterprise to women”

Women entrepreneur can be defined as “an adult woman who creates, owns and in is an enterprise”.

In this study, women entrepreneurs refers to or means, a woman or group of who initiate, organise and run a business enterprise independently.

(iv) Self-Employed Women Entrepreneur:

Women involve themselves in some work or the other. Some women work for others and some are self-employed. Self-employed women entrepreneurs are individuals who do so in their own homes or offices and are not normally listed on anyone’s payroll.
(v) Women Enterprise:

Women enterprises are those, where more than half of ownership control is in the hands of women.

(vi) Swarna Jayanthi Gram Swarogar Yojana (SGSY):

SGSY is a new self-employment programme to improve incomes of rural households through promotion of Micro enterprise. It lays emphasis on group approach under which the rural poor are organise into Self-Help Groups (SHGs). Government of India has launched SGSY with effect from April 1999, as the main programme for promoting poverty alleviation through self-employment. It is a holistic package and replaces the earlier developmental programmes, namely Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self-Employment (TRYSEM) and Development of Women and Children in Rural Areas (DWCRA) and Supply of Improved Toolkits to Rural Artisans (SITRA) pro. The objective of SGSY / Target under SGSY is to bring every assisted poor family (Swarozgaris) above the poverty line in three years, by providing them income-generating assets through a mix of bank credit and government subsidy. Each Swarozgari family should be enabled to earn Rs. 2,000/- per month in a period of 2-3 years (Annual Report – DRDA, 2005).
• SGSV is a credit-linked scheme.
• Banks are the key players under SGSY.
• Final selection of Swarozgaris is left to the banker.
• Bank loan is the major Component of SGSY finance. The Centre - State cost sharing in SGSY is 75 : 25 unlike the earlier 50 : 50.

(vii) Swarozgaris

Under SGSY, the beneficiaries are known as Swarozgaris. The Swarozgaris can be either individuals or group.

(viii) Self Help Groups (SHGs) :

Self-Help Groups are voluntary associations of people, formed to attain a collective goal. Self-Help Group is a small, economically homogeneous group of rural poor, voluntarily coming together to save a small amount of money regularly, to mutually agree to contribute to a common cause, to meet the emergent needs on mutual help basis, to have collective decision making, to solve conflict through leadership and to provide collateral free loans with terms and conditions decided by the group. SHGs are considered as agents of socio-economic transformation in rural areas. The characteristic features of SHGs are voluntary membership, participatory management, self-help and mutual help, peer group pressure and movement building. SHG is a pre-micro enterprise stage for the majority of the rural poor. The self-help concept serves the twin purpose of inculcating saving habits and also paving the way for taking up self-help ventures for sustainable livelihood.
Micro-Credit is a powerful instrument for the upliftment of the rural poor, to generate internal savings and undertake lendings among members of economic and consumption needs in absence of loans from small banking system (Rao, P.D., 2001)

SHG is a homogeneous group of 10 to 20 women each. These women select their own leader and also fix the tenure for such leadership. SHGs are extremely helpful in allowing the NGOs to know a large number of individuals intimately and to relate to them in a variety of ways including facilitating credit availability. Through peer pressures exercised by the members, each member can be made to feel keenly, individually and severally, responsible for using and returning credit made available for her through a financing institution. The SHGs also serve as decentralised centres of administration for NGOs, who take responsibility for forming these Self-Help Groups (Annual Report – DRDA, 2005).

(ix) Micro – Credit :

Micro-credit is a powerful anti-poverty tool that has demonstrated its relevance to people on six continents and in nearly every country. Micro-credit programmes entered small loans to poor people for self-employment projects that generate income, allowing them to care for themselves and their families. It offers a combination of services and resources to their clients in addition to credit for self-employment.
(x) **Subsidy:**

It refers to a concessional finance extended to the weaker sections of the society shared equally by the centre and state governments. Subsidy under SGSY will be uniform at 30% of the I cost, subject to a maximum of Rs. 7,500/- In respect Scheduled Caste (SC), and Scheduled Tribe (ST), however, these will be 50% and Rs. 10,000/- respectively. For the groups of Swarozgaris (SHGs) the subsidy would be at 50% of the cost of the scheme, subject to a ceiling of Rs. 1.25 lakhs (Mahalir Thittam, 2005).

(xi) **Revolving Fund (RF):**

Revolving fund is a fund given by the government through SGSY scheme to the Self-Help Groups. Each group is entitled to receive Rs. 25,000/- with Rs.10,000/- as subsidy (free of interest) and Rs.15,000/- as bank loan with marginal rate of interest. RF should become the part and parcel of group corpus (Mahalir Thittam, 2004-2005).

(xii) **Non-Governmental Organisations (NGOs):**

NGOs are parallel organizations set up to implement the projects and policies of the government for the social upliftment of the society.
(xiii) **Block or Panchayat Union:**

It refers to an administrative geographical area for the implementation of development programmes.

(xiv) **National Bank for Agriculture and Rural Development (NABARD):**

It is an Apex Bank for financing development of agriculture, allied activities, rural small scale industries, cottage and village industries, handicrafts and other crafts in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas. Its mission is to promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institutional development and innovative initiatives.

### 1.16 LIMITATIONS OF THE STUDY

- The present study is a micro level study confined to selected Panchayat Unions in Sivagangai District. As such its findings may not have application at macro level.
- The study is limited to Women entrepreneurs associated with women Self Help Groups.
- The study is limited to the period of one year from January 2008 to January 2009.
1.17 CHAPTER SCHEME

Chapter - I highlights the importance of Women Entrepreneurship. It also describes the statement of the problem, scope, objectives, hypotheses, methodology and the limitations of the study.

Chapter - II covers the Review of Literature

Chapter - III explores the socio-economic background of the respondents.

Chapter - IV evaluates the performance of the respondents as entrepreneurs in terms of savings, borrowings, income and repayment capacity. It also contains statistical analysis of the different variables of the study.

Chapter – V deals the impact of Self Help Groups and Non-Self Help Groups based on their economic status.

Chapter - VI presents the findings of the study, suggestions for improvements and gives the conclusion.