CHAPTER 2

REVIEW OF LITERATURE

The key to success of a development programme is its effectiveness in bringing about the desired change in the lives and livelihoods of the participants or the target groups it is intended to benefit. A fairly large body of literature has built up over the years, especially in the last decade, on methodology of impact assessment on development programmes. This is reflective of an increasing donor concern with the outcomes of the interventions sponsored by them. Current thinking on impact assessment attempts to strike a balance between old style evaluation of projects with an understanding of the process of the intervention and the perspective of the target group and other stakeholders. The objective of impact assessment of development programmes are ranged between ‘proving the impact’ to ‘improvement of practices’. The former concerns with donor agencies, academics and policy makers including government, whereas the latter, i.e. improvement of practices is a process intensive exercise with which practitioners and donor field staff are more concerned and related. The critical evidence of impact pertains to sustained net benefits of the target group covered by the programmes being assessed. These benefits may be intended or unintended as the effect of programme activities is mediated by other local or wider forces. Impact Assessment is a systematic analysis of the lasting changes positive or negative, intended or not intended in people’s lives brought about by an action or a series of actions (Roche, 1999).
Ingle M.R. (2010) in his research paper on *Challenges before the Indian Cooperative Movement under the Globalisation Era* highlights the changing priorities of Govt of India and threats to cooperatives under the borderless system of economic activity in the globalisation era. The paper also mentions of neutralisation of the impact of cooperatives due to internal and structural weaknesses combined with lack of proper policy support. Anbumani K (2007) in his paper on challenges and social benefits of marketing of Cooperative Products, where the cooperative movement in India has been studied in detail highlights several challenges being faced by cooperatives. The inability of cooperatives to deliver vibrant products and services for ensuring required market share, lack of financial assistance from State sponsored sources backed by professional management, inability to devise and implement an effective marketing strategy, participation of members being plagued by vested interests and loss making or unviable returns, dilution of management due to increased bureaucratic interference have been cited as major challenges cooperatives in the present context. The study also lays highlights that lack of professional management leading to inability in making purchase decisions as per market trends and lack of quality control as other reasons for inability of cooperatives to achieve their due.

Dominance of cooperatives in rural hinterland in terms of their outreach as defined by number of clients and accessibility to poorer segments of population has been impressive. The empirical analysis on the performance of primary cooperatives in India (Misra B.S, 2006) has found
that the poor financial health of cooperatives has been a matter of perennial concern. The study quotes the report on trend and progress in Banking in India and NAFSCOB data for 2006-07 for NPA figures, points out NPA level of 32.48 per cent amongst cooperative societies, as against 3.3 per cent with commercial banks and 7.26 percent with RRBs.

The deterioration of loan recovery climate in mid 1970s on account of political factors, meagre share of produce being marketed and processed have been found in the in the comparative assessment of performance of Farmer Service Societies and Primary Agriculture Cooperative Credit Societies Desai and Namboodiri, (1991). The authors have argued that lower share of borrowing membership has been one of the reasons of failure of both FSS and cooperatives, was in turn a result of higher loan delinquency rate. Competition from private sector and lack of adequate technically skilled manpower and absence of mechanism to infuse large capital has also been cited as reasons for lack of competitive advantage with either FSS or PACS. These factors have otherwise also been central to the reasons for downfall of cooperatives. Desai and Namboodiri conclude that while there is no rationale in encouraging either the FSS or the PACS to undertake agro marketing or processing. While the study concludes by establishing FSS as a comparatively better rural financial institution that PACS based on annual compound growth rate in terms of (a) loans outstanding and advanced in real terms (b) deposits advanced in real terms, (c) farm inputs and requisites supplied in constant prices and sale of consumer goods at constant prices and sale of consumer goods at
constant prices. Drawing implications from the study, the authors contend converting weak PACS into smaller operations to improve the quality of operations.

Absence of market discipline for lenders in State Owned institutions in deploying funds with implicit government guarantees on all deposits also adversely impacts. The over bearing role of State in management of cooperatives leading to negative impact on cooperatives is reinforced here. (Patel Urjit R, 2004). Mohan Rakesh (2004) mentions in his paper in Agriculture Bulletin of RBI several weaknesses viz. decline in productivity and efficiency; erosion of repayment ethics and profitability. He cites the R.V. Gupta Committee report of 1998 mentioning the poor storage of rural credit delivery system at the eve of 1991 reforms. The regional spread of agriculture credit is studied which reveals wide regional disparities. Due to difficulty in obtaining data to evaluate ratio of agriculture credit to State Agriculture Value addition, agriculture credit as a proportion to the Net State Domestic Product was studied for 1991-1995 and 1996-2001 periods. The share of Eastern and North Eastern region remained the same for both periods while that of Southern region increased the most. Examining the role of Non Performing Assets (NPAs) as a prohibitive factor for the commercial banks to extend agriculture credit, sector wise average non-performing assets of banks was studied for the period 2001-2003 across priority and non priority sector lending. Data for priority sector was further subdivided into three sectors viz. agriculture, small scale and others. The data has suggested agriculture lending to be more risky than non-priority
sectors. However the risk quotient was not large enough to warrant excessive caution in bank lending for agriculture purposes.

Analysing the problems and prospects of cooperative sector in India under the globalisation regime, the Das Banishree et al (2006) in their paper on problems and prospects of cooperative movement in India focuses on several pitfalls and shortcomings of cooperative sector. Government interference has been inferred as the foremost cause of slow progress of cooperatives. The patronising attitude of the government since the inception of cooperative movement became an essential element of working in these institutions. This inhibited the enabling environment for cooperatives to become peoples’ institutions, instead it became largely a State driven institution. The essence of cooperative movement was involvement of farmers as shareholders and assuring them of related benefits. However farmers with larger holdings, members with richer endowments became more powerful which led to attrition of power structure. Smaller and marginal members were not able to compete in the electoral processes and money became a powerful and decisive tool for the occupancy of top posts. Lack of awareness about the objectives and entitlement amongst the community members at large and members in particular have also been a major factor affecting the growth of cooperatives. Vested interests and inhibitive mechanisms such as political interference, caste ridden elections, bureaucratic attitudes of the official at lower ranks are some of the hurdles in spreading correct information about cooperative movement and in educating the people about its true character.
and vital role in society that were arrived at in the analysis. The cooperative movement was also found to have been suffering from limitations on account of small size of the societies limiting its resources for expansion and extension of its area and operations. The other limitation was found to be the basis of cooperative societies being single purpose societies, limiting the involvement and thereby the assessment of persons and problems from other angles. The cooperative movement was also found to be suffering from inadequacy of trained institutions for this purpose and also unsatisfactory nature of work environment, efficient persons did not feel attracted or motivated towards working in cooperatives. Lack of ability and even absence of standard operating procedure to undertake proper credit needs assessment and to ensure proper financial management and coordination have also been the reasons for failure of cooperatives.

The SHG movement has grown from its inception during the mid 80s to the present times. The data pertaining to SHG movement focuses largely on financial management including financial inclusion and loans for livelihoods; however SHGs are equally an instrument of poor and marginalised. *Fernandez Aloysius (2006)* mentions that SHGs have proven to be effective instruments for changing oppressive relationships at home (gender and tradition related) and in society. This is especially true for those relationships arising from caste, class and political power, which have made it difficult for poor people to build a sustainable base for their livelihoods and to grow holistically.
SHG programme has been used extensively as a primary tool of poverty alleviation and empowerment. SHG is a small group of persons who come together with the intention of finding a solution to a common problem such as medical issues, livelihood generation or watershed management, with a degree of self-sufficiency. He also points out that these groups are largely seen as conduits through which micro credit is routed to the poor in the belief that it will serve as a catalyst in helping them to pull out of poverty.

As a result the government, non-government and financial institutions have been providing both backward and forward linkages to these SHGs with a view towards greater outreach and maximizing the development impact. It is of pertinent importance to assess the extent to which these linkages have made an impact on the overall performance of the SHGs as well as the desired outcomes in terms of economic and social life of the poor. The existing literature suggests that concept of formation of groups and linking them to financial institutions would raise the incomes and broaden the financial markets by extending the credit base, support rural entrepreneurship and thereby reduce poverty.

Banerjee Tanmoyee (2009) in her case study on ‘Economic Impact of Self Help Groups’ studies the impact of SHGs under SGSY programme on economic positions of individuals from 4 sub divisions of North 24 Parganas district of West Bengal. 300 group members from 27 groups were studied. The groups that were at least 2 years old were included in the survey and data on monthly family income and consumption
expenditure was collected (based on recall). The analysis revealed that upon joining the groups, a redistribution of income has taken place and inequality of income has reduced, as a result of increase in individual incomes of group members. SHG formation and economic activity were also found to have influenced average monthly family income, average monthly food expenditure, health related expenditure and savings. An interesting and noteworthy aspect emerges from this study which points towards the catalytic role that a SHG as a primary level institution can play towards a more robust rural economy in terms of reducing consumption expenditure which was found to have been reduced significantly (at 10 percent level). This has been attributed to an increase in savings and decrease in health related expenditure. Banerjee explains that economic empowerment of women may have created awareness amongst women resulting in better hygiene habits, more optimal allocation of food expenditure among family members (possibly increase in calorie intake) which may have lowered medical expenditures. Since an observation of average health related expenditure of non members does not reveal any decline in corresponding period, it can be inferred that there was no improvement in general medical facilities of the district. Increased awareness on above mentioned aspects as a result of training and capacity building initiatives has also been suggested. The fall in the marginal propensity to consume as a result of the need for compulsory saving a part of the monthly income is also suggestive of the influence that peer pressure and increased awareness has on group members consequent to their
coming together into a group, on wasteful expenditure including possible expenditure on vices and addictions as may be prevalent in the study area.

In a policy research working paper of Development Research Group of the World Bank, Deininger Klaus and Liu Yanyan (2009) assess the impact of self help programmes in Andhra Pradesh on consumption, nutritional intake and asset accumulation. It was found that SHG led approach differed from traditional microfinance approach in terms of its emphasis on social empowerment, outreach and capacity building. Deininger Klaus and Liu Yanyan (2009) in their paper provide an evaluation of SHG based micro credit mode using a large scale World Bank supported intervention in Andhra Pradesh that included three distinct aspects of (i) efforts to foster formation of SHGs by the ‘leftover poor’; (ii) capacity building for existing SHGs and establishment of second tier institutions at the village and mandal levels to use economies of scale in capacity building, credit and insurance, and interaction with the public and private sectors in larger scale programmes, and (iii) a one-time injection of equity to the second tier institutions aiming to provide them with seed capital to remedy the multiple market and government failures typical of rural India. The data came from two surveys conducted in 2004 and 2006 from a panel of 2400 households covering 51 mandals of 3 districts of Anantpur, Adilabad and Srikakulam, where the World Bank supported programmes became available in 2003. The results point to significant economic gains from programme participation in the form of better nutrition and higher levels of consumption as well as asset accumulation, for SHG participants. Deininger and Liu
conclude that the programme helped the poor to increase consumption, nutritional intake and asset accumulation whereas the poorest of the poor experienced nutritional gains and increased their levels of asset accumulation but not consumption, suggesting that economic impacts will materialise over time. It can be inferred that the impact of social mobilisation in terms of involving the ‘leftover poor’ or the poorest of poor, impact of capacity building on strengthening existing SHGs and establishment of second tier institutions or federations and thereby using the economies of scale, and credit linkages in terms of one time injection of credit to the federations have contributed to overall results (impact) as mentioned above.

*Puhazhendi and Satyasai (2000)* was one of the first SHG impact studies conducted by NABARD, to assess the impact of microfinance on the socio-economic conditions of 560 household members from 223 SHGs located in 11 states of India. Using multistage stratified random sampling, the study included SHGs that had completed at least one year of bank-linkage as on 31 March 1999. On the basis of simple pre-post SHG participation comparison, this study found a substantial positive impact on the SHG members. They estimated that the average value of assets per household increased by 72.3 percent whereas the average SHG household income increased by 33 percent. The study also found that poverty incidence declined from 42 to 22 percent, whereas, employment increased by 17 percent between the pre-post SHG phase. Constructing a composite index of socio-economic parameters based on scoring technique they
found the SHG members increased from a score of 45 to 60. They also suggested that SHG participation contributed significantly in improving the self confidence of the participating women by increasing their sense of self worth, confidence in confronting social evils and decreasing the incidence of family violence.

*Harper Malcolm (2002)* in his study on Promotion of Self Help Groups under SHG-Bank Linkage programme in India involving SHPIs and SHGs from Uttar Pradesh, Karnataka and Orissa have emphasised on the need of viability of SHG promotion in order to ensure continued participation of financial institutions. The need for banks to be able to make profits out of their business with SHGs has been emphasised if the SHG movement is to achieve the level of market penetration necessary to make a real impact on poverty. This also underscores the need for effective linkages. SHGs are no more than a new marketing channel, which banks have adopted because it enables them to serve a market segment namely the rural poor (especially the women) which they were previously unable to reach. Since the customer development cost is ultimately a part of the transaction cost of a loan to a SHG, it must be kept as low as possible. With the reference to studies of Fernandez, Titus and Harper's own previous studies an attempt is made to factor in the cost of promoting SHGs. The cost of developing a SHG from ‘scratch’ to bank linkage have been found to range between Rs.1350/- and Rs.16000/-. The cost for a typical NGO to develop a SHG was estimated at Rs.8520/- while that of a bank was estimated at Rs.11000/-. Whereas, it has been pointed out that the costs depend very
much on previous level of community cohesion and other factors unrelated to the type of promoting institution, it can be inferred that since typically a NGO is closer to the community and hence is directly a part and parcel of the mobilisation process, it is able to cut down on promotion costs substantially as compared to a financial institution which has at best periodic intervention with the community, hence with the SHG. If SHGs are to become profitable to their members and for the banks, it is presumably better that they start doing business with their banks sooner rather than later, speed of linkage is therefore a valuable quality. Harper also points out towards lack of conclusive evidence on the respective merits of different types of SHPIs which reiterates the importance of speed of linkage. It can be inferred that speed of linkages also influences the impact of the linkages on the SHGs, and thereby the impact of the groups at all levels.

Deininger and Liu (2009) in their assessment of economic and social impact of Self Help Groups in India, in their evaluation of the Indira Kranthi Patham (IKP) also known as the DPIP programme in Andhra Pradesh supported by a US $ 110 million World Bank loan aimed to promote and strengthen SHGs in six poorest districts of Andhra Pradesh namely Chittoor, Srikakulam, Adilabad, Viziangram, Mahbubnagar and Ananthpur, and implemented through SERP. The second phase of the programme called the Rural Poverty Reduction Project (RPRP) expanded the coverage to remaining 16 districts of Andhra Pradesh starting from July 2003. This phase drew on US $ 150 million loan. The success of these programmes has been traced to significant efforts towards social mobilisation to expand
the outreach of SHGs to include the poor. These efforts included Participatory Identification of Poor (PIP) by adding vulnerability and social exclusion to quantitative census indicators. The resultant lists were then confirmed by village assemblies or Gram Sabhas. At the same time the existing SHGs set up under earlier programmes were encouraged to convert to SHGs under this programme. To cater to the needs of the poor, the earlier focus on micro credit was expanded to include in-kind credit for food, provision of insurance, and empowerment of the most marginalised. 2516 households from 250 revenue villages in DPIP districts and 3824 households from 409 revenue villages in RPRP districts were covered. Information from PIP exercise was also complimented. The impacts of the programme on female empowerment, increase in consumption levels, and increase in income and asset accumulation have been explained to have been primarily influenced to a measure by social mobilisation.

Cagatay Nilufer (1998) has cited social mobilisation as the principal coping mechanism to economic crisis, based on study of four poor urban communities in Philippines, Zambia, Hungary and Equator in the UNDP Working Paper on Gender and Poverty. The paper also mentions of the UNDP sponsored pro-poor social mobilisation project known as South Asia Poverty Alleviation Programme (SAPAP) which covered India, Bangladesh, Nepal in 1994. Later it was expanded to include Sri Lanka, Maldives and Pakistan in 1996. The synergy with social mobilisation with pro-poor macro policy initiatives and participatory poverty monitoring components in its framework made it an unique project. SAPAP adopted an approach which
viewed the poor as agents and partners in the effort of poverty reduction. It recognised the creativity and capacity of the poor. Based on these premises, the project built associations and groups (SHGs) to help unite the poor at both intra and inter village levels. SAPAP was implemented in three districts of Andhra Pradesh wherein by August 1997 there were 2458 SHGs (989% women) with 40720 members. These groups had a seed capital of Rs.10 million, accumulated savings of Rs.21.43 million. The effect of social mobilisation can be gauged from the fact that 52 percent of the loans were given for health, education and household consumption purposes, which are areas having direct bearing on women. The mobilised and empowered women were able to not only pool their resources, but were also able to take appropriate decisions affecting their households and livelihoods.

Swain Ranjula Bali (2012) assesses the Self Help Group Bank Linkage programme (SBLP) in order to ascertain whether SHG membership benefits participating member households and the direction that future policy for poverty alleviation can take in reference to such assessment. The importance of assessment of control groups along with treatment groups is advocated for purpose of capturing the proper impact and for countering the selection bias emerging from reliance on pre and post methodology assessment only. In this context it is important to critically reassess the impact studies in terms of their methods to provide a more accurate estimation of the evaluation of SBLP. Assuming availability of both baseline (beginning period) and current data for control and treatment groups from
the same area, a significantly greater percentage change than the variable group would normally indicate that the programme had an impact. However absence of panel data for SHGs and the fact that many unobservable differences exist (such as entrepreneurial skills, talent) statistical tools would be unable to attribute the impact completely on observable parameters.

Swain and Adel (2009) have also checked the observables at various levels of aggregation. A logit regression was estimated for the old and new SHGs at the village level. In another study (2010) the same authors have shown how Coleman’s approach may be adopted to the SBLP framework to measure the impact. While Coleman (1999) surveyed borrowers in both treatment and control villages, new and mature groups in SHGs in different villages but in the same district were observed. In order to obtain a relatively unbiased assessment an adaptation to the Coleman’s method is suggested by them to test the number of months since a member has joined SHG. For all instances where more than six months has passed, six months is deducted from the date of formation, for the purpose of estimation of impact through regression.

Dash Chittaranjan (2012) has assessed the impact of microfinance through credit and asset structure. He has treated credit as an indispensable input for the development process, and an essential ingredient for effecting changes in the scale of production and technology. Perpetual poverty and lack of adequate credit have remained the major constraints in economic upliftment of households, be they from rural or
urban settlements. Credit promotes capital investment and adoption of new technology, leading ultimately to better standards of life due to increased production and income. Strengthening formal credit sources for timely and adequate credit would contribute towards poverty alleviation in urban and rural areas with equal measure. Dash argues that group lending has proved that credit worthiness is critical in reducing default risk, and that credit and asset building process is an outcome of necessity. He has assessed the performance of groups in urban and rural areas in New Delhi, where urban groups were in the identified enclave areas whereas the rural groups were located in the peripheral areas of Delhi. The comparative assessment between urban (enclave dwellers) and rural (peripheral villages of Delhi) reveals that while demand for credit amongst poor exists in both urban and rural areas, the social structure in rural areas provide alternative support structure to meet immediate needs in rural areas, which was found absent in urban areas. There were no instances of borrowing by the members from either relatives or friends in the urban areas. An interesting aspect is revealed from data that 74.42 per cent pf members had availed credit from intra group sources, and only 25.58 per cent had availed credit from both banks and SHGs in urban areas, even when urban settlements have a distinctively better outreach and access to financial institutions as compared to rural areas. The impact assessment reveals that a significantly higher percentage of women from urban settlements have been able to possess assets, largely consumer durables consequent to their participation in the groups (94.32 per cent). Further the members in
peripheral villages perceive the SHGs as a medium of support while the members in the urban area perceive SHGs largely as a medium solely for meeting their credit needs. Demand for credit in urban areas was found to have been also influenced by urban pressure and competition. A cursory analysis of the data also reveals that members of SHGs in urban areas have utilised the credit for consumption needs (purchase of durable goods) whereas SHG members in rural areas have invested significantly in production activities also (dairy farming – purchase of milch cattle). This can be attributed to the availability of leisure time for social interactions as a part and parcel of rural life, contribute towards greater social dynamics amongst SHG members in rural areas. The availability of diversified livelihood opportunities in urban areas would normally account for a greater tendency of credit for consumption purposes.

Kumar Ranjana (2008) of Indian Bank mentions that group concept is definitely a silent revolution in this country which has spread not only in rural areas of the country but now in metros as well. She cites from her experience as the head of Indian Bank that apart from encouragement, acknowledgement, appreciation and monetary support, extra effort is required for putting in place linkages, both backward and forward. Inability in marketing of the products of SHGs on a sustained basis was identified as one of the problems in financing the SHGs by the Bank. The Bank had then organised an exhibition at its cost of the products made by the SHGs of Tamil Nadu at different urban centres and provided much needed connectivity between producers and consumers. This initiative enabled the
SHGs to understand the content, requirement and preference of urban consumers, besides establishing business linkages with urban retailers. Two exclusive women SHGs of scheduled tribe community in the Koli hills of Namakkal district in Tamil Nadu were supported with a loan of Rs.2.50 lakhs each for cultivation of pineapple in 20 acres of land under the organic farming programme. Organically grown pineapple was marketed through one of the NGOs at Mumbai, where the market for organic products existed, thus facilitating a better price for their produce by eliminating intermediaries. The experience of Indian with SHGs under International Fund for Agriculture Development (IFAD) project in Tamil Nadu revealed that the SHG movement has brought unbelievable and dramatic changes among the poor rural women, who were otherwise voiceless in their society till some back. Kumar also traces empowerment, graduating the stages of economic empowerment to social and subsequently to political empowerment. After their enrolment as SHG members and possibly due to constant interaction within group and outside, the women gained enormous self confidence, and were, as a group bold enough to demand services from various Government departments. They took upon themselves various social causes like sanitation, drinking water supply, street lighting, adult education, eradication of arrack, child labour, female infanticide. Many of these women members are today elected members of panchayats and even municipal corporations. Agriculture Finance Corporation of India which conducted the terminal evaluation of the IFAD project divided the impact across two distinct categories, viz. economic and social. It was
found that per capita income tripled in the income group of Rs.3500/- and doubled in other income brackets and that 80 per cent of beneficiaries attained entrepreneurship status. More than 70 per cent of women felt that their self confidence had increased considerably, while 93 per cent of the women gained control over income.

The importance of linkages for SHGs has also been widely established by Faizi Amir Afaque Ahmed (2009) in his study of randomly selected 500 members of SHGs under SGSY programme from 47 villages across 5 blocks of Muzaffarpur district of Bihar. Bank officials were also covered to weigh in bankers perspective. It was observed that marketing of the products of SHG was a big problem. The products were not demand driven and SHGs were unable to produce with quality on a scale that could enable them to become part of big supply chains. Market linkages were therefore considered to be very crucial for promotion of micro enterprises. Faizi in his analysis of the SGSY programme points out that due emphasis on market assessment for the purpose of identification of demand based 'key activities' was not taken. Whereas, a proper market assessment has been clearly recommended ahead of identification of such activities which are to be undertaken by the SHG members as livelihood activities are known as key activities. The provisions of extending linkages through conduction of SARAS fairs were also not useful as due facilitation and product upgradation could not be done to enable substantial increase from sale revenue. In fact in the fourth year of assessment viz. 2006-07 the sales revenue had begun a declining trend. The importance of interface with
leading SHPIs is revealed from assessment of experience sharing from leading institutions such as BAIF, DHAN and SKDRDP. The relevance of non credit inputs through institutionalised mechanisms and improvement of skills for better marketing where marketing would include planning, forecasting demand, branding, pricing, positioning and related aspects, were identified as critical factors to ensure success of SGSY as in achievement of programme objectives.

Tankha Ajay and Srinivasan Girija (2010) in their study on the Cost of Promotion and Impact of Self Help Groups as financial intermediaries in India addressed the issue of average cost of SHG promotion. It also studied the credit plus approach on SHG promotion. Tankha also assessed the results of assessment studies on the effects and impact of SHG promotion. The sustainability of approaches and the institutions including the phase out strategy was also covered. The study was based on review of literature on SHGs, experience of seven leading NGOs spread across Jharkhand, Karnataka and Tamil Nadu and interviews with chief executives and staff of other major NGOs promoting SHGs. Linking SHGs directly to bank is the basic model in which a SHG can access multiple of its savings in the form of loan funds or cash credit limit from the local bank. However since a SHG can deal in low volume of funds through the SHG-Bank linkage channel, it is not necessarily the appropriate unit for organising a host of other community based financial and non financial services. Self managed federations of SHGs have therefore been formed for scaling up development activities and to enable access to increased resources from
funding institutions. An examination of SHG-Federation models reveals a variety of innovations which include linkage to the parent NGO-MFI, linkage with external MFIs, community ownership of a Non Banking Finance Company (NBFC) and SHGs being federated into mutually aided credit and thrift cooperatives. This has been found to have enabled the SHGs to access greater volume of funds.

Narayan Deepa et al (2007) in their World Bank publication titled ‘Ending Poverty in South Asia – Ideas that work’ traces the evolution of self help groups in Andhra Pradesh. It mentions the development of thrift and credit groups by the Cooperative Development Foundation during the 1970s. The initiation of UNICEF sponsored subcomponent of Development of Women and Children in Rural Areas (DWCRA) in the IRDP programme, increased the participation of women amongst the marginalised and vulnerable communities from 10 percent in 1985 to 33 percent in 1996. Women of similar socio-economic backgrounds in the same neighbourhood were organised into self help groups of 25 members each, to undertake a common economic activity. The authors also cite the deviation / relaxation of DWCRA guidelines by the Project Director DRDA and District Collector in Anantpur, Andhra Pradesh which enable the SHGs, facilitated by NGOs and supported by DRDA to bring about improvement in income, nutrition and health access as compared the new found strength from group movement contributed towards mobilisation of women for ban of arack (locally brewed liquor) which many have termed as the now famous anti-arack movement. The emergence of the Nellore model and its subsequent
support by the then government is cited as critical impact of linkages on overall development through SHGs. The UNDP sponsored South Asia Poverty Alleviation Programme or SAPAP in three districts of Andhra Pradesh which commenced in 1993 built upon the strength of earlier SHG efforts. By the year 2000, SAPAP groups had 56256 members, 90 percent of whom were women. Meanwhile on another front encouraged by the pilot project of NABARD, RBI decided to mainstream the SHG-Bank linkage in 1996. Linking these SHGs to the bank branches facilitated a major scaling up of credit to rural women. These points toward overall quality of linkages provided to the groups.

The key to success of a development programme is its effectiveness in bringing about the desired change in the lives and livelihoods of the participants or the target groups it is intended to benefits. A fairly large body of literature has built up over the years especially in the last decade on methodology of impact assessment on development programmes. This is reflective of an increasing donor concern with the outcomes of the interventions sponsored by them. Current thinking on impact assessment attempts to strike a balance between old style evaluation of projects with an understanding of the process of the intervention and the perspective of the target group and other stakeholders. The objective of impact assessment of development programmes are ranged between ‘proving the impact’ to ‘improvement of practices’. The former concerns with donor agencies, academics and policy makers including government, whereas the latter, i.e. improvement of practices is a
process intensive exercise with which practitioners and donor field staff are more concerned and related. The critical evidence of impact pertains to sustained net benefits of the target group covered by the programmes being assessed. These benefits may be intended or unintended as the effect of programme activities is mediated by other local or wider forces. Impact Assessment is a systematic analysis of the lasting changes positive or negative, intended or not intended in people’s lives brought about by an action or a series of actions (Roche, 1999).