Chapter II

LITERATURE REVIEW

K.G. Karmakar\(^1\) (1999) in his study "Rural credit and self help Groups: Microfinance needs and concepts in India", examines the existing credit delivery system in India with special reference to the credit needs of the rural poor. He studies the importance of the micro-credit needs for tribal women in rural areas and the micro-enterprises in the non-farm sector in Orissa. The study focuses on the availability, credit requirements and the problem faced by the tribal people in availing of it. It is felt that the setting up of micro-enterprises particularly in the non-farm sector would go a long way in reducing poverty in rural areas. According to him, the micro-credit approach through self help group would be the only best mechanism to deliver credit to the rural poor.

Puhazhendhi\(^2\) (2000) in his study reviews the progress of the SHG-bank linkage program in Tamil Nadu and assess the socio-economic impact of the program on the group members. The study was conducted by the NABARD in Tamil Nadu and covered 70 SHGs promoted by four major NGOs.

Puhazhendhi and Satyasai\(^3\) (2000) assessed the living conditions of SHG members after they were linked to banks. The study covered 560 members household of 223 SHGs from 11 states. These states spanned the central, southern, northern, western and eastern region of the country. The findings showed that the social impact of the post-SHG period was such that there was an increases in self worth, in communication, an increase awareness of social evils this was tested by asking questions about the abuse of women in films and a small decrease in family violence.
N.P.Y. Raman in his work "self help groups the Kerala experiments" share his research experience of the Primary Agricultural co-operative society of Kerala with self help groups. His study shows that though both the groups available themselves of the loan for the same purpose, the recovery of loans from the self help groups is 95 per cent to 100 percent of the primary agricultural co-operative society. The reason cited that the members of the self-help groups are to bay only 4.5 percent rate of interest against the usual 9.5 percent interest after deducting the state Government incentive of 5 percent. The low rate of interest and the Government incentives make a large difference between the income and profitability of the members covered under self help groups and the others not covered by the self help groups. The sample study shows that only 10 percent of the members of the primary agricultural co-operative society have been brought under the concept of self help groups. Even among these, only 60-70 percent is actually benefited by the scheme and the rest are cultivators of crops other than food grains, fruits and vegetables. He proved in his study that the self help group concept has not only apparently reduced the poverty but also yields encouraging results. The self help groups concept has created a positive impact on the functional efficiency of the primary Agricultural co-operative society as well.

H.C. Sharma in his study "Forest Policy-Role of SHGs", studied the role of self helps groups in the development of the tribal people. According to him, self help groups have a flexibility of approach and working, but they have failed to develop a work culture, which is acknowledged by the tribal themselves. He is of the opinion that better coordination is required from the voluntary agencies and the government departments for its better performance.
K.R. Lakshmikandan (2000), in his study titled "Self help groups in the life of Rural poor - A Philibhit case study", stated that most of the membership of the self help groups consisted of small landholders and agricultural labourers out of the 74 self help studied, 57 were women groups and 17 were men groups. The strength varied from ten to twenty and weighed heavily towards the larger figure. The SRESOC organized self-help groups in that district. Among all the self help groups, only 11 were sanctioned loans successfully from the lead bank of the district, Bank of Baroda and the amount varied from Rs. 20,000/- to Rs. 30,000/-. He is of the opinion that facilities for entrepreneurial development are available within the group only at the micro level when compared to the large basic functions like market study, providing resources, general production management and marketing management. The literacy rate of the member of some self help groups has improved from 5 percent to 90 percent he stated.

N. Manimekalai and G. Rajeswari (2000) in their study "Empower of women through self help groups", analysed the women self help group formed by the non-Governmental organizations in the rural area of Tiruchirappali District for the purpose of promoting rural women through self-employment. The Non-Government Organization namely, Society for Education and Village Action and Empowerment (SEVAE) has been working in 362 villages and helping a total of one lakh women beneficiaries consisting of different avenues of self employment like, petty businesses, processing, production and service units.

S. Sundari and N. Geetha (2000) in his study "poverty credit and micro-enterprises", examine the gender disparity in access to institutional credit. In their opinion, the disparity is gradually narrowing down over a period of time. Hence empowerment of poor rural women will be possible only if they are trained and imparted
skills for a certain employment. According to them, skill training include enterprise development, increased access to credit, new approach to markets and social economic and political strategies and the like.

Laxmi Kulshrestha\(^9\) (2000), in his paper Microfinance : The New Development Paradigm for poor Rural women, points out that the lack of capital is a serious constraint to the development of rural women. Often, the barriers like legal provisions, loan policies and procedures make credit inaccessible to women. Studies have shown that credit can help women to take up farm-allied activities and the income generated from credit given to women can be expected to be spent for well being of the household. This novel innovative approach of microfinance emphasizes financial intermediation with self- sustainability of institutions.

A.P. Sebastian Titus\(^{10}\) (2000) in his study, "Promotion of women empowerment through self help groups", examine the promotion of women entrepreneurs through self help groups. According to him, the women entrepreneurs who have started small enterprises expand them into large scale units. Self help groups have made readymade garments and export them. A women self help group in Dindigal district run a unit providing agro services with a total turnover of Rs. 12 lakhs or more per annum. But most of the other self help groups are not able to reach up to the expectations. Some of the reasons cited were non availability of funds for investment, dearth of technical and managerial skills, inability to manage the labour force, dual role burden, back of professionalism, gender bias and the like.

J. Venkatesh and K. Kala\(^{11}\) (2000) in his work Self help groups : A Tool to boost up women Empowerment - The self help group model has been identified as a potential pathway to alleviating poverty. The number of poor women and men who are
enrolling in SHGs all over rural India has been increasing remarkably. They are not only active in thrift and credit management but are also taking up their activities, such as natural resource management and development, literacy, knowledge management, nutritional security etc. SHGs lay the foundation for self reliance through building up of institutions, which have the capacity to generate employment opportunities for the rural poor and the poorest and lead to job led economic growth.

Dadhich C.L.\(^{12}\) (2001) in his study on micro finance : a panacea for poverty alleviation analyzed the performance of SHGs formed by oriental Bank of micro lending and underlined that the project has established beyond an iota of doubt that properly designed and effectively implemented microfinance can be a means not only to alleviate poverty and empower women but also be a viable economic and financial proportion. However, there is scope for further refinement. The positive and liberal approach adopted by the central banking authority of the country will surely facilitate the further improvement and development of microfinance system in India.

T.R. Gurumoorthy\(^{13}\) (2002), in his work "SHGs Economic Empowerment through self-reliance", studied the micro credit funding agencies and the amount sanctioned by them out of the 27000 self help groups in Tamil Nadu, 54000 are linked with banks and the banks advance credit to them to the extent of Rs. 9 crores. In this view, self-help groups have the power to create a socio economic revolution in the rural area of the country. In this opinion, members of self help groups must be prepared to undertake entrepreneurial activities at a smaller level with minimum capital requirements.

K. Ritu, R.K. Kushwaha and A.K. Srivastava\(^{14}\) (2003), in the study "Social-Economic Impact through self help groups", examined the functioning of self help groups in Kanpur Dehat District, Twenty five women from self help Groups were selected as
sample for the study. Ten women members from each self help groups and ten non members from the same village were selected as respondents, to study the impact of the self help groups on their socio-economic status. The results show that there is relationship between the self help groups and the socio-economic status of women.

Sabyasachi Das\textsuperscript{15} (2003) in his paper concluded that the micro - credit - SHG model has got tremendous attentions in recent years. Micro credit is an alternative source of credit for the poor who earlier were considered as non-bankable. The system not only provides credit, most important input for development, to the poorer section of the society. but also aimed for their capacity building. It has also observed that group lending has distinct advantage in the form of excellent recovery rate and improvement in income level. The phenomenal growth of SHGs indicates that the weaker sections of the society are also capable to sharpen their micro-entrepreneurial skills with the help of their own savings and additional bank credit as needed he further point out that micro-credit-SHG integrations could be way out for overall rural development via-a-vis poverty alleviation.

A. Venkatachalan and A. Jeya Prakash\textsuperscript{16} (2004) in their work, "Self help groups in Dindigul District" found that the total savings of the SHGs members in Dindigul District amount Rs. 622.99 lakhs. The Sangha Loan Sanctioned to its members is in tune of 4.3 times of savings.

In words, the total amount of Sangha loan sanctioned is Rs. 27.20 lakhs. The SHGs in Dindigul District have made a silent revolution for the economic empowerment of poor rural women.
Archana Sinha\textsuperscript{17} (2004) in her article, "micro finance for womens' Empowerment : A perspective", puts forward a debate on microcredit for discerning policy makers researchers and development practioners. She says that understanding the viability of microfinance requires a comprehensive analysis from the right perspective. Micro finance can contribute to solving the problem of inadequate housing and Urban services as an integral part of poverty alleviation programmes. The challenge lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrowers without imposing unbearably high cost of monitoring its end use upon the lenders. According to her a promising solution is to provide multiple purpose loans or composite credit for income generation, housing improvement and consumption support.

Das and Rimjhim Mousuni\textsuperscript{18} (2004) in his article concluded that microfinance through has now become a medium economical weapon for the poor to fight against poverty. Many big and small institutions are taking part in this revolution of microfinance vigorously. Still it has a long way to become successful. Many programmes from Garebi Hatao to IRDP were started by the government enthusiastically but they were not able to achieve their objectives. The reason behind this is poor follow up, lack of management and participation from the government as well as people. No programme can ever get its ultimate result unless and until there is co-ordination and cooperation between the government and the beneficiaries.

Mrs. M. Selvachandra\textsuperscript{19} (2004) in his paper - Microfinance through self help : concludes that Banking through SHGs and the existing decentralized formal banking network includes several organizations in the formal and non formal sectors, as
banking partners, allow for large scale outreach of microfinance services to the poor in India. These banking services are made available at low cost, also made easily accessible and flexible enough to meet the needs of poor people. The proper promotion of the scheme will be help to drive away poverty from our country. Thus the SHG bank linkage is boon to the poor and for bank a via media to reach the outreach in large numbers in the processes of economic development.

M. Sheik Mohamed\textsuperscript{20} (2004) in his article - Self Help group for the success of woman entrepreneurs stated that, as UNO Secretary General, Kofi Annan, has stated "Gender equality is more than a goal in itself. It is a precondition for meeting the challenge of reducing poverty, promoting sustainable development and building good governance." This recognition is currently missing in India. Transforming the prevailing social discrimination against women must become the top priority and must happen concurrently with increased direct action to rapidly improve the social and economic status of women.

K. Manoharan Nair and Girija\textsuperscript{21} (2005) in their article, "Microfinance - The New Development paradigm for poverty eradication and women empowerment", state that experience has shown that many of poverty alleviation programmes through organized credit channels have not achieved the required success. Hence to bridge the gap between the demand & supply of funds in the lower rungs of rural economy, the microfinance schemes of NABARD have a made a smooth foray into the role played by microfinance in eradicating poverty and empowering women to manage the enterprises.

C.S. Reddy\textsuperscript{22} (2005) in his work, "self help groups : A key stone of microfinance in India, analyse that microfinance has evolved over the past quarter
century across India into various operating forms and to varying degree of soccer. One such form of micro finance has been the development of the self help groups movement based on the concept of "Self Help", small groups of women have formed into groups and operate a saving first business model whereby the members savings are used to fund loans. The results from these self help groups (SHGs) are promising and have become a focus of inters examination as it is proving to be an effective method of poverty reduction.

M. Soundarapandian\textsuperscript{23} (2006) in his paper, analyzed growth of SHGs and the role of microfinance in developing the rural entrepreneurship and he further suggested that though there is a positive growth rate of SHGs in states but in terms of SHGs, there is a wide variation among states. Linkages of banks with SHGs is found impossible for this variations.

Kalavat Kamble and Gangadhar B. Sonar\textsuperscript{24} (2006) in his work, "The Role of SHGs in Women Empowerment study on selected SHGs promoted by voluntary organization in Gulbarga District of Karnataka" studies that the role of socio-economic empowerment of women. The socio-economic conditions of the SHG women are increasing to a significant level irrespective of different backgrounds. Earlier they used to be home and not exposed to the society and were part of the system. Now they can come out and approach the government machinery, conduct meeting, to signature & more importantly have a good amount of money in their hand. SHGs are mostly focused from financial aspects rather social one this trend is more in the SHGs promoted under government programme. The fact that self-help groups, are increasingly attracting younger generation, this generation not only needs social and economic empowerment
but also assertive capacity, freedom from atrocities and a new self image to claim
themselves as fully human.

Renu Verma\textsuperscript{25} (2008) in his article concludes that microfinance is expected
to play a significant role in poverty alleviation and rural development. Microfinance
have, in the recent past become one of the more promising ways to use score
development funds to achieve the objectives of poverty alleviation further he stated that
certain microfinance programs have gained prominence in the development field and
beyond. The ultimate aim is to attain social and economic empowerment. These
microfinance institutions may very well have had a major impact on improving the
standard of living of millions of poor people as well as on promoting economic
development. Thus microfinance has become one of the most effective interventions for
economic empowerment of the poor.

M.A. Lokhande\textsuperscript{26} (2008) in his work "Socio-economic impact of
microfinancing through self help groups in Maharashtra Region observed that
microfinance for micro enterprises can be one of the most effective poverty reducing
instrument. The need of the hour is to promote more and more microfinance institutions
and strengthen them so that provide more service to the needy poor people. These tiny
business activities can be started mostly based on local resources. In order to give
impetus to micro entrepreneurial activities by poor people in rural as well urban areas,
microfinance institutions should be promoted to provide adequate, regular microcredit to
the needy entrepreneurs. Microfinance programmes is the most promising strategic
weapon for attacking poverty by way of providing development funds to so for neglected
target groups. If poor people are given opportunities to undertake entrepreneurial
activities supported by proper access to credit. It will certainly enable to them to out of
poverty trap. Development of microfinance strengthens not only rural sector but also the financial system of the country as a whole.

I.P. Tripath and R.P. Gupta\textsuperscript{27} (2008) in his work, "Microfinance - The Emerging Horizons." The most Important form of microfinance is credit targeted to poor people who are also talented entrepreneurs. If these people gain access to credit, they will expand their business, stimulate. Local economic growth and hire their less entrepreneurial labours, resulting in fast economic development. While this approach has had significant results in the cities of the developing world. It has failed to reach the majority of poor people, who are rural subsistence farmers, with little if any, non-farm income. As urban-rural income inequalities continue to rise in the developing world, this result is increasingly viewed with dissatisfaction. A new microfinance paradigm is taking shape, with goal of developing full service for profit banks for all poor people. These banks will be able to support their client's efforts to control family risk as well as capitalize on business opportunities. They will offer savings, insurance, remittance services and personal & business loans, to help clients grow their assets while increasing their incomes.

J.B. More\textsuperscript{28} (2008) in his article - SHG - The way of Eradication of poverty interpret that India is a country of villages. Hence the beginning of the development of India should be started from the rural indict. Though India is developing towards mighty power. 25 percent of people of the country are below poverty line. In the same way, the women are efficient in rural area and they are busy on household only. Some of the women are doing full work, looking after the cattles and cleaning etc. The rural women have the limitations due to the different reasons such as less education, lack of technical and skill based knowledge and man dominated culture that's why the could not
participated in the development of the rural area. Swarnjayanti Gram Swarozgar Yojana (SGSY) was started on 15th April 1999 by the Govt. of India, in which self help groups were established to participate the development of rural. This programmes, persons of the same thoughts i.e. minimum 10 and maximum 20 come together and form the self help groups, enthusiastically to work for self employment and eradicate their poverty, self help group movement was started in Maharashtra to increase income of families which are below the poverty line, to solve the finance problem of the women in rural area to have develop rural area by taking the functional support of women.

K.P. Bairagi and H.L. Ghorpade²⁹ (2008) in his paper "Self help group - A Microfinance : Emerging horizon", stated that the microfinance is the important source poor to their socio-economic development. SHG is one of the important agencies providing microfinance to the poorest in the society. The objectives of SHG are not only to provide finance to poor but also to promotes the habit of saving to build mutual confidence among members. To fulfill financial needs of the poor, to improve communication among the people living at same places or village and organize working closes to solve their problem. Formation of SHG will encourage the rural and urban poor to uplift their socio-economical development. There should be a positive role of NGO and strict regulation about administration of SHG. Today more than 30 lakhs SHG are working in India. The membership of SHG is about 450 lakhs men and women. The SHG have provided Rs. 1500 crores as a internal loans to their members NABARD has refinanced to Bank Rs. 4000 crores against SHG loan up to 2005. Thus systemic management of SHG will help to help to remove poverty of rural as regulation and finance to SHG.
Gurmeet Singh\textsuperscript{30} (2009) in his paper, "Microfinance - A Innovation Rural credit system" studied that. In march 2001, 71\% of the linked SHG, were from southern region consisting of Andhra Pradesh, Karnataka, Kerla & Tamil Nadu. The share of southern region has come down progressively over the years but is still at 44\%. Many states such as Uttar Pradesh and Bihar with high incidence of poverty shown poor performance under programme. So it is finally clear that the role of micro finance institutions is very importance in Rural development & poverty eradication. It is in this context that one needs to appreciate the role played by microfinance institutions, Government, NGOs and social organizations.

Divy, Ninad Koul and Giresh Moha\textsuperscript{31} (2009) in his paper, "Women's self help groups and microfinance", studied that the formed SHG helped the rural womenfolk in improving their socio-economic status as well as status of their awareness and self dependency. It was more crucial for women of tribal communities for sustenance of their family. The biggest concern was that the groups are more of credit management (CMG) nature and the meetings were mostly limited to collection of monthly saving and discussion of loans. It is essentials to guide the other family members of the women members about importance of SHG and microfinance so that they support the group. Excess dependency on office bearers or NGO worker needs to be curbed and every member should be made about their responsibilities and duties within the group. Absence in meetings and delay in submission of monthly savings and repayment of loan can be best tacked by building suitable peer and group pressure if bank loan is provided at right time. Other activities done at right time and ensuring that the women members become more self dependent leads to sustainability of the groups and can ensure the alleviation of rural poverty in the longer run.
M.A. Lokhande\textsuperscript{32} (2009) in his paper, "Microfinance Initiatives in India", microfinance programme has a significant role to play in Indian economy for boosting micro entrepreneurial activities for creating productions assets coupled with employment generation. So, in order to cover all the poor households, particularly BPL households there is need for providing full support the government financial institutions and NGOs SHGs programme. So for the SHGs bank linkage programme has been much successful achieving quantitative targets. The need of the hour is to match the programme more qualitative, that is enriching to lives of poorest of the poor in the context of globalized socio-economic environment. Political interference the functioning of self help group should be avoided. Around 90\% of the aggregate groups are women self help groups. These groups have to face problems such as indifferent attitude of bank officers, exploitation, promoting NGOs, lack of marketing facilities product/services. These bottleneck should be root out on priority basis. Women groups should be give responsibility of running Anganwadi, fair price shop so that they become a permanent entities. The banks and the respective NGO should nourish and develop the SHGs by providing financial assistance, organizing skill based training programmes in rural as well as semi urban area.

Rao, Jitendra Ahir\textsuperscript{33} (2009) in his article - "Rural women empowerment through microfinance", concluded that small loans can make good business sense among the women. It has been noticed that women in particular stand to gain a lot from microfinance because it gives them on independent means of generating wealth and becoming self reliant in a society that does not offer them much scope for entrepreneurship.
Rajesh Kumar Shastri\textsuperscript{34} (2009) in his paper microfinance and poverty reduction in India (A comparative study with Asian countries) studied that creating self employment opportunities is one way of attacking poverty and solving the problems of unemployment. There are over 24 crore people bellow the poverty line in our country. The scheme of microfinance has been found as an effective instrument for lifting the poor above the level of poverty by providing them increased self-employment opportunities and making them credit worthy. A basic effort of last decade, the microfinance objectives in India has reached at the top point similar to Bangladesh. With some effort substantial progress can be made in taking MFIs to the next orbit of significance and sustainability. There is need of designing financial sustainable models and increase outreach and scale up operations for poor in India. People belong to villages are still unaware about banking policies and credit system. So NGOs should communicate to them and share their view with villagers. Banks should convert and build up professional system into social banking system for poor. Government of India and state governments should also provide support for capacity building initiatives and ensure transparency and enhance credibility through disclosures.

C, Paramasivan\textsuperscript{35} (2009) in his work - Performance of SHGs in Namakkal District, Tamil Nadu…. that financial inclusion and social exclusive schemes can be implemented and maintained only with the help of active performing SHGs. These emerging sectors are directly related with the society particularly the women. Above all the government may pass a separate act to regulate and restructure the SHG in future. This study concludes that the performance of SHG in Namakkal District is not upto the expectation level of the researchers.
E. Palani and V.M. Selvaraj\textsuperscript{36} (2009) in their studies - "Impact of micro credit scheme on women's empowerment", concludes that micro credit has provided the rural poor access to finance without the burden of collateral through SHGs. It has empowered the women folk economically and socially. Though the credit provided is micro in nature. It has produced macro changes in the lives of women who received it.

Tonmaya Dev, Arpita Sharma & Other\textsuperscript{37} (2009) in their work, "Performance Assessment of self help groups in Madhubani District, Bihar", - None of the SHG members of staff of NGO sakhi reported that they were aware of performance assessment checklist of NABARD. Though as mentioned by NABARD. This checklist is used for granting loans, it is also adopted to assess performance of SHGs. Moreover, all the SHGs had reported that they require loans and till now they have not availed for loans from bank. In this context, the suggestions provided in the above discussion suggested for improvement of performance of SHGs as per checklist of NABARD.

A. Saraswathy, S. Porkodi a and M. Bhuvanswari\textsuperscript{38} (2009) in their work - Microfinance in Krinshnagiri District : A tool for poverty alleviation studied that microfinance has been recognized as a powerful instrument to address poverty. Apart from the scorching pace of growth, the rapid spread of microfinance (MF) has provided competition, to rural moneylenders. In view of the grand success of the programmes now. SHGs are at center stage in almost every poverty alleviation programmes and development programmes aimed at poor. SHGs have become the development ambassadors of villages and they symbolize the growing face of rural India. The microfinance sector like the information technology (IT) sector has grown rapidly and in many ways, creativity. The experience of many MFI so far strongly suggests that it is possible for these institutions to reach the goal of serving people in extreme poverty
without having to sacrifice their profitability. MF is intended for the enlistment of poor farmers, shanty dwellers, jobless youths, women and deprived strata of society.

IIPO Economic Intelligence Unit\textsuperscript{39} (2010) in its studied "self help groups (SHG) : means of women empowerment", conclude that growth of SHGs are essential for the member as they ensure better standards of living and their by the individual; family and social empowerment. Hence the social empowerment by the SHG members is moderate family empowerment achieved by the members in the family are moderate. Empowering women is pre-requisite for creating a good nation- whom are empowered, society with stability assumed. Empowering of women is essential as their thoughts and their value system lead the development of a good family and good society and ultimately a good nation. In spite of various constitutional safeguards and legislative measures as well as numbers of programmes and policies initiated by the government for the betterment of women, no significant development took place in the socio economic empowerment of women.

Reeta Rautela, Gaurao Pant and Other\textsuperscript{40} (2011) in their study - "Microfinance - A New mantra for rural development", concluded that microfinance is a powerful for poverty alleviation and development. In order to declare microfinance success in India, not only do tens of millions of more people need to be reached but those services must have a transformational impact on their lives and those of their family members. For that considerable work and continuous efforts are needed to diversity the service of funding for microfinance to attract more foreign investments for well established microfinance institutions (MFIs), to use all the possible channels to serve more rural and urban poor, to develop its staff as more productive and professional to make it more poverty- focused and profitable. Microfinance services can not only solve
their own poverty, but can also serve as a complementary tool within a broader strategy to reduce poverty. In reality, poor people need access to many more financial services than just micro-credit, including a range of micro savings and insurance products these services can protect poor people from the impact of unforeseen crisis and emergencies in their household or micro-business, from falling yet further into debt and enable poor household to plan and manage their limited resource more effectively to meet their basic needs. The powerful push behind this huge and increasing support for microfinance indicated that national economic and social impacts are significant and its needs to be examined more closely.

V.J.R. Emerson Moses (2011) in his research paper of economics reported that Jawaharlal Nehru said "you can tell the condition of the nation by looking at the status of women", empowerment of women has emerged as a important issues in our country. In India the further reported that nearly half of the population consists of women. In India their work participation rate is less than half that of men. The role of women in the development of nation is very important nowadays. SHG helps the women in uplifting their living conditions and also encompass the social, economic, educational level to improve their empowerment level. The component of empowerment of women level. The component of empowerment of women are access to economic resources, participation in economic decision making, opportunities for self development, participation in socio-political decision making, scope for skill development and impact on general welfare of the family and community.
REFERENCES


