Chapter–II

CONCEPTS AND REVIEWS
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2.1 INTRODUCTION

Experience in many countries demonstrates that poor women make investments wisely and earn returns. However, the flow of financial assistance to them is too marginal for them to cross the poverty line. The need to create a grassroot organizational base to enable women come together to help them analyse their issues and problems themselves, and fulfill their needs has been strongly advocated. In fact, experience shows that some of the successful ‘group-based participatory programmes’ have made significant improvement in the living conditions of poor women. The concept of the SHGs gained significance especially after 1976 when Prof. Mohammed Yunus of Bangladesh began experimenting with micro-credit and women SHGs. The strategy led to a revolution in Bangladesh in poverty eradication ‘by empowering the poor women’.

SHGs are small informal associations created for the purpose of enabling their members to reap economic benefits through mutual help, solidarity and joint responsibility. The benefits include the mobilization of the savings and credit facilities and the pursuit of group enterprise activities. The group-based approach not only enables the poor to accumulate capital by way of small savings but also helps them access the formal credit facilities. These groups, by way of joint liability, enable the poor to overcome the problem of collateral security and thus free them from the clutches of moneylenders. The joint liability not only improves group members accessibility to
credit, but also creates mechanisms like peer monitoring leading to better loan recovery. Besides, some of the basic characteristics of SHGs like small size of membership and the homogeneity of composition bring about cohesiveness and effective participation of members in this functioning\(^1\). In general SHGs evolved on the above lines of functioning have been able to reach out to the poor effectively, especially women and to help them obtain easy access to facilities like savings and credit and thereby empowering them\(^2\).

Studies exhibits that certain elements become crucial or critical for the successful formation and functioning of the groups. These include the voluntary nature of the group, the small size and the homogeneity of membership, the transparent and participative decision making, and the brisk use of funds for micro-enterprise ventures\(^3\). Regular meetings of the members lead to meaningful relationship among them; and issues other than thrift and credit, concerning gender and social problems also get a platform for discussion. Empirical evidence has shown that women, as a group, are consistently better in promptness and reliability of repayment. Targeting women in these ‘male stream’ programmes has been a very effective method of ensuring the benefits of increased income for the general welfare of the family, and particularly of children. At the same time, women themselves benefit from the higher status they achieve when they are able to earn additional income.

2.2 CONCEPT OF EMPOWERMENT

While several researchers have tried to capture the meaning of the word, the definition most relevant to the approach adopted in this study is “empowerment is the process by which the powerless gain greater control over the circumstances of their lives. It includes both controls over resources and over ideology. Includes, in addition to extrinsic control a growing intrinsic capability, greater self-confidence, and an inner transformation of one’s consciousness that enables one to overcome external barriers”⁴.

Two things are discernible from the definition of empowerment. First, empowerment is not about power to achieve goals and ends. By conceptualizing empowerment in terms of power the definition explicitly recognizes that the process of empowerment involves not only changes in access to resources, but also an understanding of one’s rights consciousness and entitlements that gender roles can be changed and gender equality is possible⁵. Second, the concept of empowerment is more generally applicable to those who are powerless irrespective of the gender, group, class and caste. Hence the concept of empowerment is not applicable to women alone. Nonetheless, women’s empowerment or lack of it is unique in that it cuts across all types of class and caste powerlessness and plays an important role within families and households⁶.

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Gender relations in society define women’s position and the degree of their empowerment. Gender represents not only the biological sex of an individual, but also the different roles, rights and obligations that are attached to individuals. Although sex differentiated roles, rights and obligations vary across classes and lifecycle stages, they exist in every sphere of human functioning. This makes gender a fundamental dimension of societal stratification. Moreover, the sex specific roles, rights and obligations are unequal between genders. In every sphere of human functioning, the roles defined for women are subordinated to those defined for men.

Unequal gender relations imply that men not only have and can exercise greater power than women but also have greater access to and control over resources and information. This inequality in gender relation seems to be inherent in various societal institutions being practiced in day-to-day life. In this context, several studies have shown that there is a paradigm shift in social development with greater attention to gender issues at the national and global level. Discrimination and social exclusion have received specific attention for their negative roles in promoting equality and equal partnership.

2.3 CONCEPT OF WOMAN EMPOWERMENT

Empowerment in the context of gender and development is most usefully defined as a process rather than end product; it is dynamic and changing and varies widely according to circumstances.

Empowerment of women is essential to emancipate women from the social evils called traditional cultural customs. In this context, empowerment is required to increase
awareness and capacity building for their greater participation in decision-making and transformation action\textsuperscript{7}.

Empowerment of women as the redistribution of power that enables them to challenge patriarchal ideology and male dominance\textsuperscript{8}. It is both a process and the result of the process. The process not only increases their capacity but also enables them to face new challenges in the overall development of the household and also to contribute to local community development. Empowerment of women is a great need. But empowerment is not limited to power. It is a larger and broader concept with vaster and different dimensions.

### 2.4 THE DIMENSIONS OF WOMAN EMPOWERMENT

It is extremely difficult to define the concept of empowerment as it reflects various aspects of people which are conditional upon the context in which they live.

Woman empowerment is a “western” concept. The question has been raised, not only in micro-finance but also in the broader field of international development, whether it is ethical and appropriate for developed institutions to promote woman’s empowerment. The empowerment or disempowerment of women and other groups in each society is closely linked to the culture of that society. The promotion of woman’s empowerment implies the advocacy for cultural and social change, which is an inappropriate imposition of “Western” values on non-Western societies.


Empowerment is defined as ‘giving power to’, ‘creating power within’ and ‘enabling’. Hence empowerment is a multi-dimensional process which should enable individuals or groups to realize their full potential and powers in all spheres of life. It is a comprehensive process which includes awareness, confidence building, realization of self-worth, organizing, participating in decision-making and finally having access to control over resources in fair and equal proportion. It thus envisages a greater access to knowledge and resources, greater autonomy in decision-making for self, greater ability to plan one’s life to have greater control over the circumstances which influence one’s life and greater capacity to free oneself from shackles imposed by customs, beliefs and practices. Thus, empowerment is a ‘process’ and not an ‘event’. It is therefore time consuming and may have several phases. Each phase or step may be an effort by itself. It can be built only gradually by constructing each step solidly. The progress of the ‘whole’ depends on the various environmental factors in a given society in which such a process of empowerment takes place. Even though the types of empowerment are several, the present study includes only six empowerments.

2.4.1 Leadership Empowerment

Leadership empowerment indicates the qualities of a leader acquired by the respondents because of their micro-enterprise. Leadership qualities are a prerequisite for the sources of the micro-enterprises run by the members. The traits of leadership are identified as self-confidence, originality, human-orientation, task-orientation,
future-orientation and risk-orientation (Vasudeva Rao, 2002\textsuperscript{9}, Velu, Sureshkumar, 2005\textsuperscript{10}, Sakunthalai et al., 2006\textsuperscript{11}). Leadership empowerment in the present study is measured by the variables identified by Tripathy (2004)\textsuperscript{12}, Kumar and George (2005)\textsuperscript{13}, Seema Rani, (2006)\textsuperscript{14} and Suguna (2002)\textsuperscript{15}. The identified variables are ability to listen to others, objective orientation, self-motivation, sharing knowledge with others, networks, accept changes, optimism, understanding politics, balanced life, thirst for knowledge, adoptability, courage, vision, effective communication and generosity. The empowerment index has been used to measure leadership empowerment at the pre and post micro-finance period among the respondents.

2.4.2 Decision-making Empowerment

Decision-making empowerment represents the power of decision making regarding the various aspects in the life of women (Vinayagamoorthy, 2007)\textsuperscript{16}. Women have lesser decision-making power in their day-to-day life. But it has been...

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changing because of their micro-enterprises (Villi, 2003). Decision making empowerment among the respondents is identified with the help of a few variables related to the events of personal, family and business matters with the help of previous studies (Jairam Ramesh, 2007; Vasudhava Raje, 2007; Naila Kaber, 2005). The identified contexts of decision-making in the present study are: education of children, health of children, marriage matters, own consumption, routine purchase, daily purchasing of commodities, daily food preparation, clothing for family members, clothing for personal purpose, business decisions, borrowing decision, repayment decisions, relationship with others and personal matters. The decision-making empowerments among the respondents have been measured with the help of the empowerment score at the Pre and Post Micro-finance Period.

2.4.3 Personality Empowerment

Empowerment is a social action process that promotes participation of people, organizations and communities in gaining control over their lives in their community and larger society (Das Sabyasachi, 2003). Empowerment means the manifestation of the redistribution of power that challenges patriarchal ideology and male dominance.

Empowerment is an outcome of personality development (Kurtz, Linda Farris 1997)\textsuperscript{23}. The Personality is a major component of empowerment (Murugan and Dharmalingam, 2002)\textsuperscript{24}. Major factors determining personality are their media exposure, risk taking ability, scientific orientation, economic motivation, sociability, and the like. (Ravi and Usha, 1985)\textsuperscript{25}. Empowerment is a construct that assumes a productive approach to life and a psychological sense of efficacy and control (Tandon Snehlata, 2001)\textsuperscript{26}. In Personality empowerment among the members has been measured with the help of the variables identified from the previous studies. The identified variables in the present study are listening to media, thirst to learn, analyze the problem, consideration of suggestions, membership in social organization, self-confidence, interaction with others, risk taking ability, acceptance of new things, optimism and adoption. The empowerment score is used to measure the personality


empowerment at the pre and the post MFP. (Indira Rajaraman, 2007\textsuperscript{27}; Khullar, 2007\textsuperscript{28}; Palanivelu and Hema Balakrishnan 2007\textsuperscript{29}; Valsamma Antony, 2006\textsuperscript{30}).

2.4.4 Social Empowerment

Social empowerment is by far the most difficult and long-term goal to attain, because social equality includes equality of treatment, respect, opportunity, recognition and above all equality of status. It basically entails a change in perception, attitudes and values on the part of the society which is hard to come by. Social legislation has done little in this respect except providing a legal sanctity for a social equity measure.

In terms of rights and privileges, Indian women not only enjoy constitutional protection but also special legislative enactment. The Constitution grants equality to women and also empowers the states to adopt measures of positive discrimination in favour of women for neutralizing the cumulative socio-economic, educational and political disadvantages faced by them. Fundamental rights among others ensure equality before law, equal protection of law, prohibit discrimination against any citizen on grounds of religion, race, caste, sex or place of birth and guarantee equality of opportunity to all in matters relating to employment.


\textsuperscript{29} P. Palanivelu and Hema Bhalakrishnan, (2007), “Education for Women Empowerment”, \textit{Third Concept}, 21(242), April, pp.48-54.

Entrepreneurs are supposed to achieve social empowerment through: (a) Equal status, participation and power of decision-making of women at the household level, (b) Equal status, participation and powers of decision-making at the community and village levels, (c) Overcoming social, cultural and religious barriers to achieve equality of status and recognition of women in their day-to-day affairs and on matters concerning them and (d) Increased status, participation and power of decision-making in democratic institutions. Economic Empowerment through: (i) Greater access to financial resources outside the household (ii) Reduced vulnerability of poor women to crisis situations like famine, flood, riots, death/accidents in the family (iii) Significant increase in women’s own income, and the power to retain/save such income and use it at her discretion (iv) Equal access and control over various resources at the household level and (v) Financial self-reliance of women, both in the household and the external environment.

Social empowerment among the micro entrepreneurs has been measured with the help of the variables identified from the previous studies (Parul Gaur, 200431; Leelamma Devasia and Jancy Antony, 200432; Shyam Sundar and Gaurav Bansal, 200233;
Sharma, 2007\textsuperscript{34} and Rosa, 2005\textsuperscript{35}). The identified variables are recognition by the family members, participation in social functions, recognition by the traders, protesting against social evils, recognition by the society, involvement in social activities, office bearer of any social organization, membership in voluntary organization and recognition by the Government Officials. Social empowerment among the respondents at Pre and Post MFP is computed with the help of an empowerment score.

\textbf{2.4.5 Managerial Empowerment}

Managerial empowerment indicates the managerial abilities and competencies among the micro entrepreneurs. Managerial capabilities may be associated with their family or business or social problems. It is the pre requisite for the success of micro-enterprises run by the members (Sundari and Geetha, 2000)\textsuperscript{36}. Managerial competencies are the primary cause of poverty among the rural poor (Prasada Rao, 2000)\textsuperscript{37}. Managerial competencies among the micro entrepreneurs are promoted by various schemes (Kamalakananan 2006)\textsuperscript{38}. Managerial empowerment among the micro

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\item\textsuperscript{34} S.L. Sharma, (2007), Community Participation: An Effective Agency of Rural Development”, Kurukshetra, 55(3), pp.3-6.
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entrepreneurs has been identified by (Biplab Moitra, 2001\textsuperscript{39}; Garg, 2004\textsuperscript{40} and Satya Sundaram, 2004\textsuperscript{41}). The identified variables to measure managerial empowerment among the respondents in the present study are planning of any activity, self motivation, objective orientation, easy adoption, preparation of programmes, problem solving ability, disciplined execution, market and risk orientation, systematic analysis of anything, delegation of authority and coordination of others. Empowerment score is used to measure the managerial empowerment at the Pre and Post Micro-finance period.

2.4.6 Economic Empowerment

Economic empowerment is undoubtedly the key dimension and can lead to all other kinds of empowerment. This is true in the context of women. A major cause of a woman’s subordination is said to be her economic dependence. In the event of social crisis, a woman is unable to express or decide for herself mainly because she has no means to support herself (and her children). It is precisely because of this that many women development programmes emphasis fully the income generation activity, so that there is money available with her and that she moves towards economic independence and takes the first step towards empowerment.

In the present study, economic empowerment has been measured with the help of the variables related to the economic status and indicators among the respondents.


These variables are drawn from reviews (Jassal, 2007; Ritu Jain, 2003; Sabyasachi Das, 2003; Chiranjeevalu, 2003; Rasure, 2003). The identified variables are personal income, savings, lending capability, possession of movables, family income, investments, reduction in debt, material possession, fall in rate of interest, possession of basic amenities at house and source of capital. The empowerment score has been used to measure the economic empowerment at the pre and the post Micro-finance period.

2.5 REVIEW OF PREVIOUS STUDIES

The reviews of previous studies are classified into four important segments. The first segment discusses the reviews related to the micro-finance. The second segment deals with women empowerment. The third segment covers the reviews related to funding agencies. The last segment covers the studies related to SHGs and NGOs.

2.5.1 Studies Relating to Micro-finance

Arjun and Bohra (2011)\textsuperscript{47} revealed the important problems in micro-finance. These are high costs involved in small transactions, lack of debt and equity funds for MFIs to pass on to the poor, difficulty in measuring the social performance of micro-finance, mixing charity with business, lack of customized solutions for the poor, lack of training and dual mission of micro-finance institutions.

Gurmeet Singh (2010)\textsuperscript{48} identified that micro-credit through self help groups has proved to be a strategic tool for organizing rural women in groups and promoting saving and thrift habits to gain access to institutional credit for their socio-economic development and empowerment.

Khan and Alam (2011)\textsuperscript{49} found that micro-credit and micro-finance have received extensive recognition as a strategy for poverty reduction and for economic empowerment. The increasing woman’s access income to micro-finance will enable them to make a greater contribution to household income which subsequently increases in the status and reduces gender inequality.


Gurunath (2009)\textsuperscript{50} mentioned that the banking sector has reached 30 per cent rural people only. As a result more than 65 per cent of the financial needs of the rural people are met by informal entities. The formal banking industry is to grab this opportunity to make its business and become partners of the development of poor people.

Sriram (2011)\textsuperscript{51} studied the positive impact of micro-finance on the empowerment among the women. The basic methodologies followed by commercial micro-finance in India are identification of potential customers, organizing them into groups and having standardized products, standardized operating systems and enforcing discipline.

Manishkumar et al., (2010)\textsuperscript{52} found that there is a considerable gap between demand and supply for all financial services related to micro-finance. A majority of the poor are excluded from financial services due to lesser credit worthiness and higher transaction costs.

Virenderkumar et al., (2008)\textsuperscript{53} found that micro-credit alone is not enough to graduate rural households successfully from survival activities to more productive enterprises and to realize larger second impacts on income, employment and poverty. Structural constraints such as low skills, lack of training and market infrastructure have

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\textsuperscript{52} Manishkumar, Narendra Singh Bohra and Amar Johar, (2010), “Micro-finance as an Anti Poverty Vaccine for Rural India”, \textit{Financing Agriculture}, 42(12), pp.18-20

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started emerging as binding constraints that need to be addressed on priority to make micro-finance an effective instrument.

Shiralashebti and Kulkarni (2011)\textsuperscript{54} exhibited that micro-finance has gained a lot of significance and momentum in the last decade. India has obtained a prominent position through the promotion of SHG and bank linkage. The role played by commercial banks with respect to linking of SHGs with them is significant.

Mani et al., (2011)\textsuperscript{55} mentioned that a part of the micro-credit was diverted to meet the urgent expenditures and later, if the loan amount was found to be inadequate, then owned capital and/or borrowed private capital were supplemented for purchasing the dairy animal.

Gopika et al., (2008)\textsuperscript{56} analysed the economic empowerment through group entrepreneurship among women before and after formation of SHG. They mentioned that the social benefits like communication, entrepreneurial skills, social participation, functional literacy and economic benefits like thrift habit, regular income, economic independence, credit worthiness and free down from moneylenders have been improved due to micro-credit.

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Tripathy and Jain (2010)\textsuperscript{57} indicated that the impact of the rural micro-finance sector has limited the income impact due to the consumption orientation of credit and weak SHG operational environment in a rural set up. This may have been due to the low financial base of the group, non-provision of socio-economic incentive to members, and lack of rotation of leadership.

2.5.2 Studies Relating to Women Empowerment

The activities of the Self-Help Groups empower women to cope with problems and stresses, and they also empower members in their relations with the organizations that serve them, and the community where they live. Empirically, it has been found that participation in the activities of the SHGs is instrumental in reducing family burden, loneliness, and guilt-feeling; and at a macro-level, the advocacy activities of the members of the SHGs can affect government policies (Citron, et al., 1999\textsuperscript{58}, Medvene & Krauss, 1989\textsuperscript{59}).

The strong correlation between the SHGs participation and self-confidence, self-efficacy, civil responsibility, and political efficacy has also been supported in

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research studies (Florin & Wandersman, 198460; Zimmerman & Rappaport, 198861). Various social science theories, such as the theories of affiliation, attribution, change, coping, deviance and social exchange, provide some explanation as to why participation in the SHGs empowers members. Steward (1990)62 concluded, after synthesizing some theoretical and empirical studies, that the provision of social support and social learning in the SHGs is the major factor in the SHGs effectiveness. In a study of three organizations (one of which was a mutual help organization for persons with severe mental illness), Maton and Saleem (1995)63 found that the reason why they are so empowering is because they have a belief system that inspires growth, an opportunity role structure that is pervasive, highly accessible and multi-functional, a support system that is encompassing, peer-based, and provides a sense of community, with leadership that is inspiring, talented are shared. Presented below are a few studies conducted on the SHGs in India and these have a direct relevance to the present study.

Choudhury et al., (2001)64 stated that poverty alleviation forms the integral part of the rural development strategies in India. Micro-credit is considered as a push factor that enables the poor come out of poverty. The study shows that there exists no symbiotic

relationship between SHGs and micro-enterprise development. However, there are evidences to show that the flow of the micro-credit did trigger the growth impulses among the small entrepreneurs. It is also observed that group enterprise on a large scale involves greater risk but yields better returns to entrepreneurs. Further, SHGs as a system have infused certain synergy among its members to move up in the socio-economic ladder from a passive onlooker to being an active partner/stakeholder in the development process. In short, SHGs have served the cause of women empowerment, social solidarity and socio economic betterment of the poor in their own setting.

Singh (2001)65 reviewed the status of women and the initiatives being taken by the various agencies for empowering women. He examined the constraints and inherent obstacles that the system and programmes face in terms of operation. The article contains extensive discussions on the implications of various policies and programmes that aim at empowering women. The author also observed that opportunities for women have indeed increased but not proportionate to the rate of increase in female population.

Fernandez (2001)66 argued that the potential benefit of credit to the SHGs as an empowering tool declines if the strategy of credit management, process of savings, lending and repayment are not developed and controlled by the group. It is not credit but the management of credit and the quality of governance of the institutions set up by the people to manage credit that empowers. This study attempted to throw light on whether

credit management is a useful instrument for institutional building. Another issue addressed is whether all the members of the SHGs are empowered or only a few. It assures some impact of groups on village life and on gender relations within families. It has been further documented that the structural constraints in the institutional set up are highly responsible for poverty.

Rani (1999) evaluated the performance of the SHGs in Medak district of Andhra Pradesh and observed that the SHGs have become one of the largest and highly accepted means of effective delivery mechanism in the world. It is one of the important factors determining empowerment and promoting collective action that paves the way for transparency and accountability. She has further argued that the provision of skill, financial services and products delivered to the poor through the SHGs have contributed to rural development.

Sakunthala Narashiman (1995) stated that strategies for empowering women must go beyond economic restructuring, as rural women lack self-assurance and motivation. She further argues that information and awareness ensure avoiding exploitation, and in this sense information and awareness enable members to gain empowerment. She emphasizes that the group must focus on human resource development rather than identify sources to generate income. While stressing the fact that economic benefits can accrue to the group through community solidarity. She further

pointed out that economic betterment is necessary but not a sufficient condition for the empowerment of women.

Pillai (1998)⁶⁹ focused on the contribution of training programmes to the status of women in India. He has recognized the importance of making gender issues a priority in policy formulation and implementation. Further, he introduced a gender analytical framework that gives priority to gender issues in formulating and implementing policies.

Kannan (2001)⁷⁰ focused on the impact of the PRA and participatory approaches on the rural women. While making a comparative analysis of the role played by the government and the NGOs, he observed that group discussion emerges as a key technique of the PRA to ensure participation of the rural women in developmental activities. By being a member of a group, women get the feel of empowerment and approach officials with confidence.

Mahendra Varman (2005)⁷¹ found that banking habits were a positive function of the years of experience of micro-finance programmes through the SHGs. The leadership experience in the SHGs greatly influences the bank account holding. Leadership experience in the SHGs would improve an individuals banking habits much more than simply holding membership.

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⁶⁹. G.M. Pillai, (1998), Training Programme on Gender issues Department of Personnel and Training, Government of India, YASHADA, Pune.
Villi (2003)\textsuperscript{72} exhibited that better utilization of available funds, capacity building, right attitude and proper planning of micro-enterprises are absolutely essential. In order to achieve this, it is necessary to create an atmosphere. A majority of the project especially self-employment projects which are not successful due to lack of proper planning.

Kaur and Kaur (2006)\textsuperscript{73} found that with the efforts of extension agencies to mobilize the rural women into any entrepreneurial venture and with the policy measures of the government that provide assistance, incentives, concessions to start a venture, they enter business due to financial, technical and other facilities offered by the state agencies. Thus, they become “induced entrepreneurs”, so they need a constant support to keep them motivated in their enterprise.

Shobha Nagnur et al., (2005)\textsuperscript{74} identified that the ability to generate income has been uplifted with the help of micro-enterprises run by women. The women successfully combined agro-based micro-enterprises with life on the farm in order to become socio-economically independent.

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Usha Revelli (2006)\textsuperscript{75} exhibited that Self Help Groups in the Chenchu tribal areas of Andhra Pradesh are participating in a community process that was initiated by the UNIFEM. They have been empowered to market their forest produce thereby earning a good profit. The women of these SHGs have demonstrated women power in the market place. Women, empowered with product and market knowledge, and supported by their own and external financial resources can perform very well in the market place.

Naidu et al., (2006)\textsuperscript{76} found that the annual income and man days of employment have been increased due to the implementation of the DWCRA programme in the mandal. Important activities done by the Micro entrepreneurs are running a dairy or poultry, working as artisans, tailoring and running petty shops. Savings in the post office, and in the banks have also increased to a considerable level.

Subbiah and Selvakumar (2006)\textsuperscript{77} mentioned that the SHG Bank linkage programme is now considered by the banking systems as a commercial proposition, with advantages of lower transaction cost, near zero Non Performing Assets (NPA) and the coverage of a maximum number of clientele by the bank branches. It has also led to other quantifiable benefits in business expansion. The SHGs give the money by rotation to the needy members for various purposes at a specified low interest rate.

Vinayagamoorthy (2007)\textsuperscript{78} found that the income of women has increased after joining the SHGs. So the monthly household expenditure has also risen to a considerable level. But saving is increases at a slow rate, because incremental expenditure is higher. Mostly they spend for personal consumption. Since the repayment of loan is regular and within the time, it is concluded that the economic activities of the SHGs are quite a success. In this way the SHGs in North Tamil Nadu are very successful in developing women empowerment and rural areas.

Ramachandran and Seilan (2005)\textsuperscript{79} identified the benefits of the SHGs namely development of saving habit among the poor, access to larger quantum of sources, window on better technology and access to various promotional assistance. The important indicators of empowerment among the SHGs are the ability to contribute towards family income, skill up gradation, understanding the banking operations, improvement in the standard of living, better leadership and communication skills, awareness in health education and decision making of women at community, village and household levels.

Anand Kumar (2006)\textsuperscript{80} examined that women’s participation in the Self Help Groups played a revolutionary role in poverty alleviation and achieved gender equality by empowering women not only to take economic decisions but also through group activity inculcating in them qualities of team work, leadership skills and building their capacities


towards generating higher incomes, being independent and so on. SHGs can also be useful platforms in enhancing women’s health through increased knowledge and awareness of health issues, and financial security during health emergencies.

Lokeshkumar Jain (2007)\textsuperscript{81} viewed the rural development management. The case is concerned with an illiterate lady Jyotsanbean Kantibhai Choudhary of Indrapura village who registered landmark success by carrying out dairy activity at grass root level with the assistance of the village level milk co-operative society. It exposed her coverage, entrepreneurial spirit as well as skills and scientific management approach towards fast growing business. Her achievements strongly appeal to forthcoming efforts for women empowerment and improvement in the standard of living with the critical situation of limited resources at the local level.

Kumar and Vanitha (2006)\textsuperscript{82} identified that the success of any strategy of women empowerment depends upon the factors namely level of education, social customs, family planning, small family, health, medical services, cleanliness, environment, tree growing and kitchen gardening.

Sakunthalai et al., (2006)\textsuperscript{83} found that the Self Help Group is widely used as an instrument to empower women socially and economically. Once socio-economic


empowerment is achieved, it would have implications for the overall development of women. The economic contribution of women has been found to be related to their role and status in society. Economic independence facilitates bringing about sexual equality and increased income of women translates more directly into family well-being.

Tripathy (2004)\textsuperscript{84} identified that the success of the economic activities taken up by the self-employed persons largely depends on their social influence, their role in the decision making process, broader financial base through enhanced thrift, and credit activities and widened ownership rights to the assets created by them. Thus, increased community solidarity has to be ensured to have collective action and to address location specific problems.

Suguna (2002)\textsuperscript{85} mentioned three dimensions of woman empowerment namely economic, social and political. Economic empowerment includes skill development, income generation and credit availability whereas social empowerment consists of equality of treatment, equality of respect, equality of opportunity, equality of recognition and equality of status. Political empowerment represents the process of controlling power and strengthening of their vitality.

Krishna Kumari and Vani (2004)\textsuperscript{86} mentioned that a systematic and planned approach to bring women in a positive imagery and making print media more accessible

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to women are certain to reverse the current unhealthy trend of negativism and type
casting. The policy will specifically strive to remove demeaning, degrading and negative
conventional stereotypical images of women and violence against women.

Gomathi (2006)\textsuperscript{87} mentioned the problems of women entrepreneurs which are
financial constraints, over dependence on intermediaries, scarcity of raw-materials,
intense competition, high cost of production, low mobility, family ties, social attitudes,
lack of education, lack of training, family support, practical knowledge, self confidence,
inadequate marketing facilities and inadequate managing skills.

Perumal (2005)\textsuperscript{88} found that family expenditure has increased due to positive
change in the income of the members of the SHGs. Incremental income not only
enhances the expenditure of family but also promotes the savings. Nowadays, many
SHGs are starting small business, cottage industries, food processing units, and the like.
A majority of the Micro entrepreneurs are socially, culturally and politically empowered.

Naidu M.C. and Dasartharamaiah (2006)\textsuperscript{89} exhibited that the annual income of
the Micro entrepreneurs has increased to a considerable amount. Due to the effective
organization of the DWCRA programme in the mandal, the mandays of employment
among all sections of the rural women increased significantly. The self employment

\textsuperscript{87} V. Gomathi, (2006), “Development of Women Entrepreneurs-RecentTrends”,
Kissan World, 33(9), September, pp.21-22.

\textsuperscript{88} V.M.S. Perumal, (2005), “SHGs: Empowering Women at the Grassroots”, Social Welfare,
52(4), pp.5-9.

\textsuperscript{89} M.C. Naidu and Dasartharamaiah, (2006), “Women’s Empowerment through DWCRA–
programmes like dairying, poultrying, artisans, tailoring and running petty shops are very essential to create self-employment as well as wage employment among the rural women.

Malik and Srilatha Vani (2006) mentioned that the micro-enterprises fulfill four objectives namely poverty reduction, employment generation, enterprise development and empowerment of women. Micro-enterprises contribute to an increased diversification of household economic activities, increased relevance of productive activities, and improved economic security. Micro-enterprises have significant relevance in the empowerment of women.

Sangeetha Purushothaman (1998) examined the role of grass root organizations of women in rural development based on the case studies conducted in four districts of Maharashtra. She emphasizes the need to challenge the very forms in which overall development is taking place in the villages, since grass root women face vastly different societal and economic conditions, including fewer economic resources.

Lutfun N. Khan (1998) examined the relationship between women’s participation in the IGAs and their household decision making. The study reveals substantial improvement in certain spheres of decision making, like freedom to spend money and decisions regarding access to food and health care.

Narayanasamy R. and Roy A.K. (2000)\textsuperscript{93} highlighted the efforts made by the “Mahila Vikasa” to bring empowerment to the women in Andhra Pradesh. The authors have also provided the SWOT analysis which can prove to be a guideline for any future action. In this study they have mentioned that it is the first successful experimentation of integration and institutionalization of small thrift and credit groups into a unique co-operative organization on the principle of SHG and Mutual aid.

Wakoko Florance (2003)\textsuperscript{94} stated that women household conditions have a profound influence on empowerment in both traditional and non-traditional spheres of decision making, whereas men’s empowerment is mainly associated with their gender.

Pandey A.K. (2003)\textsuperscript{95} examined the role of the SHGs in the empowerment of women. The study finds that women’s increased access to resources will not lead to increased control over resources, be it land or credit. The study concludes that a gender transformative goal that spells out the programmes commitment to changing power relations between women and men is necessary to lead the programme to women’s empowerment.

\begin{footnotesize}
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\item \textsuperscript{95} A.K. Pandey, (2003), “Empowerment and Gender Equality from Below”, SHGs and Empowerment of Grassroot Women’s Collectives in Gender Equity, Development and Women Empowerment, Anmol Publications, New Delhi.
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Meenakshi Malhotra (2003) examined the role of micro-finance in the empowerment of women stresses the need for the right mix of empowerment policies, stronger social processes and well defined empowerment promoting tasks to address the structural inequalities.

Palanithurai G. (2004) examined the key issues and problems related to elected woman representations in Tamil Nadu stresses the need for proper orientation, sensitization, capacity and awareness building in order to make woman leaders perform their assigned roles.

Rumki Gupta (2004) stated that improved educational level of females is likely to increase their capacity to control resources and to shift towards more reasonable power equations with their male counter parts.

Sandhya Rani G. (2006) highlighted that women have been identified as potential contributors for fostering the pace of economic development and also she recommends the sustainability and growth of micro-enterprises and says women must be able to understand the behaviours of the market and respond appropriately to meet the challenges thrown by the markets.

Abdul Raheem A. (2006)\textsuperscript{100} stated that “A revolution is taking place in which rural women are really empowered socially and economically after having become members of the SHGs”. He also recommends that the promoting agencies must monitor continuously the overall attitude of the SHG members pertaining to their respective SHGs to identify the members who remain dissatisfied for necessary corrective actions for strengthening the SHGs.

Vinayagamoorthy and Vijay Pithadia (2007)\textsuperscript{101} examined the origin and concept of the SHGs, the working of the SHGs, the functions of the SHGs, including the comparison of the Indian SHGs with the Bangladesh Solidarity Group system and conclude that the economic activities of the SHGs are quite successful in developing woman empowerment in rural areas.

Velu and Suresh Kumar (2005)\textsuperscript{102} stated that apart from the financial aspects, it also becomes a platform for exchanging ideas regarding the prevention of AIDs, dowry, nutrition, marital laws, literacy, sanitation, children rearing and so on. He has also pointed out that leadership qualities developed through SHG meetings.

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\textsuperscript{102} Velu and Suresh Kumar, “Women Empowerment Success Through SHG”, \textit{Kissan World}, Vol.32, No.11, 2005, p.31.
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Kala G.S. (2004)\textsuperscript{103} mentioned that amongst all the states in India, Tamil Nadu has the fourth highest percentage of female headed households in the country. The TNWDP Tamil Nadu Women Development Project took up for implementation under the name “Mahalir Thittam” and covered about 10 lakhs poor women of the state in the year 1997-98. The women SHGs share was 78 per cent in March 1998. She also stated that men SHGs accounted for 40 per cent more in only six states viz., Karnataka, Gujarat, Rajasthan, Haryana, Madhya Pradesh and Meghalaya.

2.5.3 Studies Relating to Funding Agencies

Kulshreshta and Archana (2002)\textsuperscript{104} studied the role of micro-credit in the generation of income and promotion of savings habit among the poor, especially rural women, to help them uplift their economic status. The results of the study indicated that significant changes have taken place in the living standard of the rural poor in terms of increase in income, employment, consumption, savings and borrowing capacity.

Dadhich in his paper (2001)\textsuperscript{105} “Banking with the poor need for new savings linked loan projects” examined the poverty incidences financing for the poverty alleviation programmes and micro-credit. The Micro-credit delivery mechanism has been tried in different parts of the world to improve the recovery of loans from the poor, as


well as to reduce the transaction cost and to improve the capability of the poor through social inter-mediation. The self help group movement has covered 119 million families as against 64 million poor families at the end of March, 2000. Loans of the scheduled commercial banks up to Rs.25,000/- constituted 89 per cent of the total loan accounts whereas 12.5 per cent were outstanding at the end of March 1998. Accordingly segregating the small loans to form a separate entity, banks would be able to reduce 89 per cent of accounts by losing only 12.9 per cent of their loans as a result of the reduction in their transaction cost.

Thomas (2002)\textsuperscript{106} discussed the financial services such as savings, credit and insurance that were being provided by micro-finance institutions supported by case studies from the SEWA bank, the BASIX, Mysore resettlement development agency, and the like. Organisational and institutional issues of micro-finance were also analysed in great depth and the work indicated the possibility of the groups being exploited and used by outsiders.

Mehrotra C.K. (1997)\textsuperscript{107} stressed that the SHG is a good concept and every effort should be made to ensure its success. He also stated that SHGs may eventually be the only viable units on account of low transaction cost, high percentage of recovery and mobilization of normal savings through the informal system.


Karmakar K.G. (2000)\textsuperscript{108} examined the existing credit delivery system in India with special reference to the credit needs of the rural poor. He studied 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 focused on the availability, credit requirements and the problems faced by the tribal people in availing of credit. It was 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 SHGs would be the best mechanism to deliver credit to the rural poor.

Banumathy S. (2005)\textsuperscript{109} explained that the role played by SHGs prompted the NABARD to venture linkage of SHG with banks in February, 1992. She has also stated that the Reserve Bank of India has advised banks to initiate action for adopting SHG village programmes as a part of their corporate category.

M.S. Kalavathi and V. Leela (2008)\textsuperscript{110} carried out a study on “Micro-Credit in Villupuram District”. They analysed the impact of micro-credit on poverty and stated that the intensity of poverty is less for micro-credit programme participants than for the controlled groups.

\textsuperscript{110} M.S. Kalavathi and V. Leela, Micro-credit in Villupuram District, Vol.35, No.4, April, pp.20-21.
V. Puhazhendi and B. Jayaraman (1999) found that the informal groups with the active intervention of financial intermediaries adequately supported by training and financial assistance, ensured and also significantly improved women’s participation both from the economic and the social aspects. His study reveals that there is greater potential for the group approach in future while conceptualizing and implementing any programme for the rural poor especially women.

Srinivasan et al., (1999) studied the impact of SHG lending on the profitability of selected 8 branches where SHG lending constituted more than 5 per cent of the loan portfolio. They concluded that lending to SHGs and NGOs incurred the least cost when compared to other models of lending. Lending through SHGs reduced the cost by 95 per cent as compared to direct lending. The default risk has been negligible in the case of lending to SHGs and NGO federation.

Loganathan (2005) pointed out that the SHGs can become an extraordinary tool for women’s employment and recommended that members involve themselves in decision making processes of the group which will help them to participate in bigger decisions that affect their families and their communities. He also pointed out that if the co-operatives offer credit to the SHGs through micro-credit programmes, definitely the co-operative movement will get grand success.

G. Jeyabal and K. Vishwanathan (2005) point out that “Even though the Indian Banking system had a wide network they are not in a position to meet the credit needs of the poorest”. Also they caution that “No simple credit scheme is the best to reach the poor in all situations. Local needs, aspirations, skills, cultural aspects and social, economic and political system differ and the credit programmes must be designed to take them into account”.

2.5.4 Studies Relating to SHGs and NGOs

Balakrishnan (2001) discussed the objectives of SHGs and the formation and the mode of functioning of SHGs. He also dwells on the importance of micro-credit in the enhancement of the quality of life of the millions of rural poor in the country. The study also points out the challenges that the SHGs have to encounter in the course of their functioning.

Mano Thangaraj (2001) examined that the district witnessed a silent revolution with the help of the SHGs movement. SHG not only enhance the member’s livelihood but also provide them an opportunity to improve the rural economy. Be it handicrafts, goods or utility products or producing organic manure, SHGs have entered into almost all fields and are well networked.

Jeya Anand (2000)\textsuperscript{117} examined the community development society model in 1993 for the emancipation of the poor women of Alappuzha in Kerala state. It is evident from this study that those members who have some unit activity could use micro-credit modification effectively for expansion, and reap the maximum benefit.

Manimekalai and G. Rajeswari (2000)\textsuperscript{118} analysed that the women SHG formed by the NGO in rural areas of Thiruchirappalli District for the purpose of empowering rural women through self employment. The NGO namely Society for Education and Village Action Empowerment (SEVAE) has been working in 362 villages and helping almost one lakh people successfully.

Lalitha Sivakumar (1995)\textsuperscript{119} stated that several programmes had been designed to provide capital subsidy and bank credit to the poor who usually required small but urgent loans. NGOs acted as intermediaries between the members and the banks for providing credit facilities.

Rengarajan (1996)\textsuperscript{120} discussed the features of some micro-level institutions, which could be linked with banks. He pointed out those linking informal groups such as SHGs and said that the involvement of NGO in micro-financing were vital experiments for sustaining poverty alleviations in India.

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K.D. Gangrade and R. Sooryamoorthy (1997)\textsuperscript{121} highlighted the role of NGOs in development. They concluded that in the future also the NGOs should continue to play a crucial role in the welfare and developmental activities of the country.

Suresh (1998)\textsuperscript{122} studied the role of NGOs in Development and stated that the NGOs had so far taken upon themselves various roles such as giving clarity, undertaking relief and promoting welfare, development and empowerment. In conclusion, he stated that the activities of the NGOs opened the eyes of the volunteers to the realities of poverty and from apparent poverty their attention gradually extended to its root causes and they shifted their services to develop the SHGs for the empowerment of women.

Satish P. (2000)\textsuperscript{123} analyzed the issues in the formation of SHGs and found that the proportion of the poorest was generally high at 38.8 per cent of the total SHG members in the case of NGO promoted groups, whereas the poorest were only 14.6 per cent of the local SHG members in the case of bank promoted groups.

Ahmed (2000)\textsuperscript{124} presented his experience in implementing micro-credit financing programmes among the poor in Bangladesh through NGOs. He worked with field workers of NGOs. The key aspects covered in the presentation were micro-credit in

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Bangladesh, the problem of repayment of micro-credit and the pressure on the field workers of NGOs. A majority of the poorer among the poor was not yet covered by the NGOs. The initial success of micro-credit programmes was attributed mainly to the close supervision of the field workers.

The review of the previous studies shows that the studies have analysed the aspects relating to micro-finance, woman empowerment, funding agencies and SHGs and NGOs. These studies have not suggested the role of commercial banking in micro-finance. Hence, the necessity of the present study “A Study of the Commercial Banking and Micro-Finance in Madurai District, Tamilnadu” which attempt wide and full analysis to analyse the changes of SHG members economic conditions, to evaluate the level of empowerment of SHG members, to measure the attitude of members of SHG on micro-finance and enterprises and the role of commercial banks in micro-financing, to analyse the problems faced by the SHG members in micro-enterprises and to study the impact in perception of the SHG members towards the problems in micro enterprises on their level of performance.