CHAPTER - 2
REVIEW OF LITERATURE

2.0 INTRODUCTION

The importance of women as an important human resource was recognised by the Constitution of India which not only accorded equality to women but also empowered the State to adopt measures of positive discrimination in their favour. A number of Articles of the Constitution (Box 1) specially reiterated the commitment of the constitution towards the socio-economic development of women and upholding their political right and participation in decision making.

<table>
<thead>
<tr>
<th>Box 2.1: Constitutional Provisions</th>
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<tr>
<td>Article 14 - Men and women to have equal rights and opportunities in the political, economic and social spheres.</td>
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<td>Article 15(1) - Prohibits discrimination against any citizen on the grounds of religion, race, caste, sex etc.</td>
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<td>Article 15(3) - Special provision enabling the State to make affirmative discriminations in favour of women.</td>
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<td>Article 16 - Equality of opportunities in matter of public appointments for all citizens.</td>
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<td>Article 39(a) - The State shall direct its policy towards securing all citizens men and women, equally, the right to means of livelihood.</td>
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<td>Article 39(d) – Equal pay for equal work for both men and women.</td>
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<td>Article 42 - The State to make provision for ensuring just and humane conditions of work and maternity relief.</td>
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<td>Article 51 (A)(e) – To renounce the practices derogatory to the dignity of women.</td>
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Articles of the Constitution (Box 1) specially reiterated the commitment of the constitution towards the socio-economic development of women and upholding their political right and participation in decision making.

2.1 Legal Atmosphere for Women Environment

The State enacted several women-specific and women-related legislations to protect women against social discrimination, violence and atrocities and also to prevent social evils like child marriages, dowry, rape, practice of Sati etc. The recently notified Prevention of Domestic Violence Act is a landmark law in acting as a deterrent as well as providing legal recourse to the women who are victims of any form of domestic violence. Apart from these, there are a number of laws which may not be gender specific but still have ramifications on women.
Box 2.2: Legal Environment for Women Empowerment

Equal Remuneration Act of 1976 provides for equal pay to men and women for equal work.

Hindu Marriage Act of 1955 amended in 1976 provides the right for girls to repudiate a child marriage before attaining maturity whether the marriage has been consummated or not.

The Marriage (Amendment) Act, 2001 amended the Hindu Marriage Act, Special Marriage Act, Parsi Marriage and Divorce Act, the Code of Criminal Procedure providing for speedy disposal of applications for maintenance; the ceiling limit for claiming maintenance has been deleted and a wide discretion has been given to the Magistrate to award appropriate maintenance.

The Immoral Traffic (Prevention) Act of 1956 as amended and renamed in 1986 makes the sexual exploitation of male or female, a cognizable offence. It is being amended to decriminalize the prostitutes and make the laws more stringent against traffickers.

An amendment brought in 1984 to the Dowry Prohibition Act of 1961 made women’s subjection to cruelty a cognizable offence. The second amendment brought in 1986 makes the husband or in-laws punishable, if a woman commits suicide within 7 years of her marriage and it has been proved that she has been subjected to cruelty. Also a new criminal offence of ‘Dowry Death’ has been incorporated in the Indian Penal Code.

Child Marriage Restraint Act of 1976 raises the age for marriage of a girl to 18 years from 15 years and that of a boy to 21 years and makes offences under this Act cognizable.

Medical Termination Pregnancy Act of 1971 legalises abortion by qualified professional on humanitarian or medical grounds. The maximum punishment may go upto life imprisonment. The Act has further been amended specifying the place and persons authorized to perform abortion and provide for penal actions against the unauthorized persons performing abortions.

Indecent Representation of Women (Prohibition) Act of 1986 and the Commission of Sati (Prevention) Act, 1987 have been enacted to protect the dignity of women and prevent violence against them as well as their exploitation.

The Protection of Women from Domestic Violence Act, 2005 provides for more effective protection of the rights of women guaranteed under the Constitution who are victims of violence of any kind occurring within the family and for matters connected therewith or incidental thereto. It provides for immediate and emergent relief to women in situations of violence of any kind in the home.
2.1.1 National Policies for Women Empowerment

The National Policy for Empowerment of Women 2001 has as its goal bringing about advancement, development and empowerment of women in all spheres of life through creation of a more responsive judicial and legal system sensitive to women and mainstreaming a gender perspective in the development process. The strengthening and formation of relevant institutional mechanisms and implementation of international obligations/commitments and co-operation at the international, regional and sub-regional level was another commitment.

The objectives of this Policy include

(i) Creating an environment through positive economic and social policies for full development of women to enable them to realize their full potential

(ii) The de-jure and de-facto enjoyment of all human rights and fundamental freedom by women on equal basis with men in all spheres – political, economic, social, cultural and civil

(iii) Equal access to participation and decision making of women in social, political and economic life of the nation

(iv) Equal access to women to health care, quality education at all levels, career and vocational guidance, employment, equal remuneration, occupational health and safety, social security and public office etc.

(v) Strengthening legal systems aimed at elimination of all forms of discrimination against women

(vi) Changing societal attitudes and community practices by active participation and involvement of both men and women.

(vii) Mainstreaming a gender perspective in the development process.
(viii) Elimination of discrimination and all forms of violence against women and the girl child; and

(ix) Building and strengthening partnerships with civil society, particularly women’s organizations.

**International Commitments and conventions and the MDG**

India has ratified various international conventions and human rights instruments committing to secure equal rights of women. Key among them is the ratification of the Convention on Elimination of All Forms of Discrimination Against Women (CEDAW) in 1993. India has ratified the convention with two declaratory statements and one reservation. Both the declarations relate to marriage. We have declared that the provisions on marriage and family relations in its Article 16(1) would be ensured in conformity with our policy of non-interference in the personal affairs of any community without its initiative and consent and that while agreeing to the principle of compulsory registration of marriages, failure to get the marriage registered at the same time will not invalidate the marriage. We did not agree to Article 29(1) of the Convention, which establishes compulsory arbitration or adjudication by the International Court of Justice of disputes concerning interpretation. The Mexico Plan of Action (1975), the Nairobi Forward Looking Strategies (1985), the Beijing Declaration as well as the Platform for Action (1995) and the Outcome Document adopted by the United National General Assembly (UNGA) Session on Gender Equality and Development & Peace for the 21st century, titled "Further actions and initiatives to implement the Beijing Declaration and the Platform for Action" have been unreservedly endorsed by India for appropriate follow up. The Beijing Platform for Action lays down critical areas of concern for the women, which are listed in the box. The commitments made in the international conventions are as far as possible reflected in the Plan documents and the National Policy for the Empowerment of Women.
The Millennium Development Goals (MDGs) and targets come from the Millennium Declaration, signed by 189 countries, including 147 heads of State and Government, in September 2000. Eight Millennium Development Goals (MDGs) have been established in the Millennium Declaration at the General Assembly of the United Nations in the year 2000. These include promoting gender equality and empowerment of women and improving maternal health. Though only these two are explicitly gender specific, gender equality is at the core of achievement of MDGs – from improving health and fighting disease, to reducing poverty and mitigating hunger, to expanding education and lowering child mortality, to increasing access to safe water, and to ensuring environmental sustainability.

Table 2.1: Millennium Development Goals

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<tr>
<th>Goal</th>
<th>Target</th>
<th>Indicator</th>
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<tr>
<td>1: Eradicate extreme poverty and hunger</td>
<td>Target 1. Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day</td>
<td>Poorest quintile's share in national income or consumption, per cent (WB)</td>
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<td></td>
<td></td>
<td>Population below $1 (PPP) per day consumption, percentage</td>
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<td></td>
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<td>Population below national poverty line, rural, percentage</td>
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<td>Population below national poverty line, total, percentage</td>
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<td>Population below national poverty line, urban, percentage</td>
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<td>Poverty gap ratio</td>
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<td>Purchasing power parities (PPP) conversion factor, local currency unit to international dollar</td>
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<td></td>
<td>Target 2. Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day</td>
<td>Children under 5 moderately or severely underweight, percentage</td>
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<td>2. Achieve universal primary education</td>
<td>Target 3. Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling</td>
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<td>of people who suffer from Hunger</td>
<td>Children under 5 severely underweight, percentage</td>
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<td></td>
<td>Population undernourished, number of people</td>
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<td></td>
<td>Population undernourished, percentage</td>
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<tr>
<td>2. Achieve universal primary education</td>
<td>Literacy rates of 15-24 years old, both sexes, percentage</td>
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<td>Literacy rates of 15-24 years old, men, percentage</td>
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<td>Literacy rates of 15-24 years old, women, percentage</td>
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<td>Net enrolment ratio in primary education, both sexes</td>
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<td>Net enrolment ratio in primary education, girls</td>
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<td>Percentage of pupils starting grade 1 reaching grade 5, both sexes</td>
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<td>Percentage of pupils starting grade 1 reaching grade 5, boys</td>
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<td>Percentage of pupils starting grade 1 reaching grade 5, girls</td>
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<td>Primary completion rate, both sexes</td>
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<td>Primary completion rate, boys</td>
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<td>Primary completion rate, girls</td>
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<td>3: Promote gender equality and empower women</td>
<td>Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015</td>
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<td>Gender Parity Index in primary level enrolment</td>
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<td>Gender Parity Index in secondary level enrolment</td>
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<td>Gender Parity Index in tertiary level enrolment</td>
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<td>Seats held by men in national parliament</td>
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<td>Seats held by women in national parliament</td>
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| 4: Reduce child mortality | Reduce by two thirds, between 1990 and 2015, the under-five mortality rate | Children 1 year old immunized against measles, percentage
Children under five mortality rate per 1,000 live births
Infant mortality rate (0-1 year) per 1,000 live births |
| 5: Improve maternal health | Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio | Births attended by skilled health personnel, percentage
Maternal mortality ratio per 100,000 live births |

6: Combat HIV/AIDS, malaria and other diseases

7: Ensure environmental sustainability

8: Develop a global partnership for development

Eighteen (18) targets were set as quantitative benchmarks for attaining the goals. The United Nations Development Group (UNDG) in its 2nd Guidance note (endorsed in 2003) on ‘Country Reporting on the Millennium Development Goals’ provided a framework of 53 indicators (48 basic + 5 alternative) which are categorized according to targets, for measuring the progress towards individual targets. India’s MDG framework recognizes all the 53 indicators that UNDG’s 2003 framework for monitoring of the 8 MDGs. However, India has found 35 of the indicators as relevant.
to India. India’s MDG-framework has been contextualized through a concordance with the existing official indicators of corresponding dimensions in the national statistical system.

2.2 Status of women – Situational Analysis

Though the Constitutional commitments of the nation to women was translated through the planning process, legislation, policies and programs over the last six decades yet as the 12th plan approaches, a situational analysis of social and economic status of women reflects less than satisfactory achievements in almost all important human development indicators. The maternal mortality rate is estimated at 407 per 100,000 live births (2000) in India compared to figures of 92 in Sri Lanka, 56 in China and 130 in Vietnam; the growing female face of HIV/AIDS is reflected in the fact that the number of pregnant women (between 18-24 years) with HIV prevalence comprise 0.86% in 2003 of the total women pregnant compared to 0.74% in 2002.

The saga of missing daughters is vividly depicted in the growing incidence of female feticide as a result of which the child sex ratio has declined from 945 in 1991 to 927 in 2001. While the literacy rates have shown an improvement from 39.3% to 54.3% of the total female population between 1991 and 2001, yet much more needs to be done especially for socially and economically backward regions and groups.

Economic empowerment as reflected by the work participation rate shows that the percentage of women in the work force increased by only 3% (from 22.5% to 25.7%) between 1991 and 2001. The average wage differential between men and women showed a marked deterioration between 2000 and 2004 for both rural and urban areas. The violence against women continued unabated with the absolute number of crimes against women increasing from 1,28,320 in 2000 to 1,43,615 in 2004. There are a number of generic reasons, which give rise to the dismal picture depicted above. Poverty is increasingly becoming feminised - mainly on account of the fact that with globalization and liberalization, a paradigm shift in the country’s economy has taken
place skewed towards technology dominated sectors, rendering sectors like agriculture unviable and without any security cover. Unfortunately it is in these sectors that women predominately eke out a sustenance livelihood. The lack of alternate employment, skill training, or credit facilities for women who seek it, is another factor that keeps them in poverty.

Traditional patriarchal systems too play their part in keeping women at a lower rung in the social and economic hierarchy by denying them basic rights to land, assets etc and also placing a low value on their existence. The high prevalence of female feticide and child marriage is a fall out of these factors. The weak social infrastructure such as the lack of adequate schools or health centers, drinking water, sanitation and hygiene facilities inhibits a very large section of women from accessing these facilities. This is a major reason why women continue to face problems as poor literacy rates, or health issues. It is also one of the reasons for the high incidence of MMR and IMR.

The changing socio economic scenario and the phasing out of the joint family system along with poor community based protection systems are some of the reasons why women are becoming increasingly prone to violence and abuse. The weak law enforcement and gender insensitivity of the various functionaries fail to check the growing violence against women. At the same time, the extremely poor levels of awareness amongst women themselves on their rights also perpetuate violence against them. The lack of adequate rehabilitation and reintegration facilities is another crucial factor that finds victimized women further victimized or ostracized by the community. The media too does not reflect gender issues with sympathy and sensitivity; instead there is a tendency to glorify patriarchal traditions or to depict women as objects of sexual entertainment.
2.3 Women and Economy

Sustained and rapid growth rates are the most effective route to poverty reduction. However, the main challenge is to ensure that growth is pro-poor and pro-women. The Indian economy, on average, has grown at a rate of more than 8 per cent during the last three financial years, making it one of the fastest growing economies in the world. This has been accompanied by a benign rate of inflation. The BRICS report identifies India as the only economy that will be capable of maintaining growth rates above 5 per cent till the year 2050. India’s share of global GDP, in purchasing power parity (PPP) terms, at 5.9 per cent in 2005 is the fourth highest in the world. In terms of share in world exports, India accounts for 0.9 per cent, with the value of exports in US dollar terms placed at US $ 100 billion. The poverty level, which was 36 per cent in 1993-94, had come down to about 22 per cent in 2004-05. However, statistical indicators, however, do not fully capture India’s recent economic achievements. For example: there has been an increased focus on infrastructure investments such as development of the Golden Quadrilateral, Bharat Nirman, The National Urban Renewal Mission aimed to provide further impetus to growth. In addition, major development initiatives have been launched -- the historic National Rural Employment Guarantee Act; the National Rural Health Mission (including the Janani Suraksha Yojana); the expanded Sarva Shiksha Abhiyan and a National Cooked Mid Day Meal Programme.

The above initiatives are indicative of the growing awareness of the multidimensional nature of development. It is well acknowledged fact that the thrust on social and human development is an important plank of the next generation of policy reforms. The efforts are being complemented by a steep jump in budgetary outlays for social sectors, along with dedicated initiatives for removing poverty and increasing employment. The main task that needs to be undertaken during the XI FYP is to ensure that women are at the centre – stage of all the activities – economic, social and political.
2.3.1 Economic Growth, Poverty and Gender Inequality

There exists a two-way link between economic growth and poverty, and gender inequality. On one level, poverty and the lack of growth exacerbated gender disparities. Inequalities between girls and boys in access to schooling or adequate health care were more acute among poor people than among those with higher incomes. And while poor people had less access to such productive resources as land and credit, poor women generally had the least access of all. Similarly, girls’ and women’s health and schooling were more vulnerable to economic downturns than those of boys and men. On another level, gender inequalities undermined the prospects for poverty reduction in fundamental ways. While disparities in basic rights, access to schooling, credit and jobs, and the ability to participate in public life took their most direct toll on women and girls, the evidence showed that gender inequality ultimately hindered economic growth.

The rationale for economically empowering women is compelling for both for its own sake (intrinsic) and for other spillover benefits (instrumental). Research indicates that economic participation of women—their presence in the workforce in quantitative terms—is important not only for lowering the disproportionate levels of poverty among women, but also as an important step toward raising household income and encouraging economic development in countries as a whole. Amartya Sen makes a compelling case for the notion that societies need to see women less as passive recipients of help, and more as dynamic promoters of social transformation, a view strongly buttressed by a body of evidence suggesting that the education, employment and ownership rights of women have a powerful influence on their ability to control their environment and contribute to economic development.

However, participation alone is not enough, quality of women’s work is critical. A key challenge is to overcome a situation where women may gain employment with relative ease, but where their employment is either concentrated in poorly paid or unskilled job “ghettos,” characterized by the absence of upward mobility and
opportunity. For example: women are most often concentrated in “feminized” professions, such as nursing and teaching, office work, care of the elderly and disabled—termed “horizontal occupational segregation”—where they tend to remain in lower job categories than men. Typically, because these functions are carried out by women, they are the lowest paid, in addition to offering limited or no opportunity for advancement.

The term “feminization of poverty” is often used to illustrate the fact that a substantial percentage of poor are women and that the gap between women and men in poverty has not lessened, but may well have widened in the past decade. Further, globalization has dramatically changed the conditions under which the work for gender equality must be carried out, especially in high growth countries like India. While globalization has generated opportunities for local producers and entrepreneurs to reach international markets, it has at times intensified existing inequalities and insecurities for many poor women, who already represent two-thirds of the world’s poorest people. Since the gains of globalization are often concentrated in the hands of those with higher education—those who own resources and have access to capital—poor women are usually the least able to seize the longer term opportunities offered.

In last two decades, this disadvantage has been exacerbated as in most of the countries, policies reflect a commitment to global norms of markets and social policy is increasingly determined by market dynamics. Market friendly policies generate high growth rates that fail to translate into improved standards of health, education and human security. Feminist scholars have highlighted the gendered impact of such policies, many of which increase women’s job vulnerability, unpaid work burden, while reducing state – level resources that might be used to provide a social safety net. Owing to dissent voiced by feminist scholars on the widespread assumption that gender inequality as a challenge can be overcome with effective and sustained advocacy as it is more about mindsets and less about policies, especially economic policies, there have been some attempts to integrate economic and social policies but
gender concerns have not been accorded requisite attention. These disadvantages have led to a situation where gains in women’s economic opportunities lag behind those in women’s capabilities. This is inefficient, since increased women’s labor force participation and earnings are associated with reduced poverty and faster growth, women will benefit from economic empowerment but so too will men, children and society as a whole. Women’s lack of economic empowerment, on the other hand, not only impedes growth and poverty reduction, but also has a host of other negative impacts including less favorable education and health outcomes for children and a more rapid spread of HIV/AIDS. Thus, it is extremely important to ensure that women are economically empowered. There are various factors that contribute to the economic empowerment of women. These factors operate at various levels.

![Fig 1: Pathways of Economic Empowerment](image)

In the current scenario, one can identify the following characteristics of women’s work in India:

1. *Volatility of employment*— particularly export-oriented employment. In less then one generation, there had been massive shifts of women’s labour into the paid workforce and then the subsequent ejection of older women and even younger counterparts into more fragile and insecure forms of employment. Women’s
livelihoods in rural areas had been affected by the agrarian crisis in most developing countries.

2. *Changes in the nature of women’s work* -- including an increase in informal work, characterized by greater reliance on casual contracts and an increase in service work. There had been a substantial increase in self-employed low-end service work, especially in domestic and retail trade.

3. *Increase in unpaid work* -- The impact of the decline in the public provision of many basic goods and services had meant a substantial increase in unpaid work.

4. *Crisis of livelihoods in agriculture* -- The effect of trade liberalization had been accompanied by a decline in world agriculture prices. Agriculture constituted the main employer of women in the developing world and the basic source of income for most of the world’s poor.

5. *Massive increase in women’s migration for work* -- What was new historically was the fact that women were moving alone. Cross-border migration had become a huge issue. While it had become a source of macroeconomic stability, it was also a source of exploitation. Internal migration had also increased. Migrant workers had few rights, and governments rarely thought about ensuring their protection.
Box 2.3: The Burden of women’s work

The Census of India and the National Sample Survey Organization (NSSO) are two main sources of data on women’s employment. None of these definitions have been able to fully capture the extent and degree of women’s participation in the workforce though efforts to refine definitions of work to capture the women’s employment has been made. The Census still remains an inappropriate measure to realistically assess the economic and social value of women’s work. NSSO has a broader definition of work and therefore shows a higher participation of women in the labour force than the Census. It includes activities for self-consumption (except the processing of primary commodities for self-consumption), and unpaid helpers in the farm, domestic workers etc. A large proportion of women get recorded as supplementary earners. Although the extent of women’s work which is not enumerated is less than in the past, capturing the data accurately is not easy. The assumption that the nature of economic activity for men as well as women is similar leads to problems. Women, more often than men, combine economic and domestic work. Differentiating the economic work of women from their domestic work poses problems. Taking the household as a unit of analysis also accentuates the inaccuracies, more so in the case of non-nuclear extended households. Besides the inadequate definition, the inaccuracies in data collection also lead to under enumeration. Often men respondents speak on behalf of the women and may give inaccurate responses regarding the work done by women. The biases and perceptions of the surveyors/ enumerators may also lead to inaccuracies in the information. Adding to the problem of inadequate definition are the difficulties in assigning accurate economic value to the non-market related work of women. A good example of the enumerator’s perception is highlighted in a small survey commissioned by UNIFEM India, which found that 98 out of 100 enumerators did not even put questions regarding work to women: it was simply assumed that women did not work. Out of the 2002 women in the 1000 households covered, only 4 women were asked about any work they had done in the past year. i

'India lives in its villages' is as true today as it was 57 years ago when India was freed from the alien rule. The majority of its population still lives in rural areas and is dependent on agriculture for sustenance. A significant proportion of this population lives under poverty, which is a complex phenomenon and manifests itself in a myriad ways. The poor not only suffer from low incomes and high unemployment, but also low life expectancy, low levels of literacy and poor health (IRDR, 1999:V.). Rural poverty is even more complex as it is reinforced by social factors. In a vast country like India, social and economic factors operate differently in different regions. It is not surprising, therefore, that our experience with rural poverty – its incidence and its response to various policy initiatives – reveals sharp regional disparities. This makes the task of poverty alleviation more challenging as no single model or policy framework can be suggested that works in all situations (IRDR, 1999:V.).

Box 2.4

Time Use Analysis: The Central Statistical Organization of the Government of India has provided official visibility to women’s work burden by collecting data on various household and nonhousehold activities through the Time Use Survey [TUS], from 6 selected states, namely, Haryana, Madhya Pradesh, Orissa, Tamil Nadu and Meghalaya. The Report classifies activities under three categories: SNA, Extended SNA and Non-SNA. The SNA activities consist of primary production activities, like crop production, animal husbandry; secondary production such as manufacturing; and trade, business and services. Extended SNA activities include household maintenance, care for children, sick and elderly. The activities related to learning, social and cultural activities, mass media and personal care and self maintenance are categorised as Non-SNA activities (CSO, 2000). Some observations about women’s unpaid work The share of unpaid SNA work is significant in India [for both men and women] in terms of the number of persons engaged in it, as well as in terms of the time spent on such activities. In the six states combined payment was not made for about 38 percent of the time spent on SNA activities.

About 50 percent of the time spent on SNA activities by women remain unpaid, while only 33 percent of men's time was unpaid. Among women this ranged from only 32 percent of unpaid time in Tamil Nadu compared to 86 percent in Haryana. The cultural difference between these two states, with taboos related to women working outside the home in the Northern state of Haryana, mainly explains this difference. As expected women spent much longer hours on Extended-SNA activities, on average 35 hours, while men spent only about 4 hours on such activities.

Source: CSO, 2000, Table 5.3

2.4 Contextual Analysis

'India lives in its villages’ is as true today as it was 57 years ago when India was freed from the alien rule. The majority of its population still lives in rural areas and is dependent on agriculture for sustenance. A significant proportion of this population lives under poverty, which is a complex phenomenon and manifests itself in a myriad ways. The poor not only suffer from low incomes and high unemployment, but also low life expectancy, low levels of literacy and poor health (IRDR, 1999:V.). Rural poverty is even more complex as it is reinforced by social factors. In a vast country like India, social and economic factors operate differently in different regions. It is not surprising, therefore, that our experience with rural poverty – its incidence and its response to various policy initiatives – reveals sharp regional disparities. This makes the task of poverty alleviation more challenging as no single model or policy framework can be suggested that works in all situations (IRDR, 1999:V.).
Population Distribution

There are over 400 communities as Scheduled Castes as per the Scheduled Castes and Scheduled Tribes lists. The census data shows that there are 22 dominant Scheduled Castes in the country, each numbering over one million. These 22 castes constitutes 56 per cent of the Scheduled Castes population, the remaining 44 per cent accounting for more than 1000 other small castes. The total population of Scheduled Castes in India as per the 1991 census was 138.2 million, excluding Jammu & Kashmir. They constitute 16.48 per cent of the total population of the country. The 15 large states of India, each having a population of more than 10 million, together contain about 97 per cent of India’s population. Among these states, the highest percentage of Scheduled Caste population was in Punjab (28.31 per cent) and lowest in Assam (7.40 per cent). Apart from Punjab, West Bengal and Uttar Pradesh are the two other states in which the Scheduled Castes constitute more than 20 per cent of the total population. The 15 major states in terms of this proportion in descending order are: Punjab (23.31 per cent), West Bengal (22.62 per cent), Uttar Pradesh (21.05 per cent), Haryana (19.75 per cent), Tamil Nadu (19.18 per cent), Rajasthan (17.29 per cent), Karnataka (16.38 per cent), Orissa (16.20 per cent), Andhra Pradesh (15.93 per cent), Bihar (14.55 per cent), Madhya Pradesh (14.25 per cent), Maharashtra (11.09 per cent), Kerala (9.99 per cent), Gujarat (7.41 per cent) and Assam (7.40 per cent). In terms of absolute number, Uttar Pradesh had 29.3 million Scheduled Caste population, followed by West Bengal (16.1 million), Bihar (12.6 million), Tamil Nadu (10.7 million), Andhra Pradesh (10.6 million), Madhya Pradesh (9.6 million), Maharashtra (8.8 million), Rajasthan (7.6 million), Karnataka (7.4 million), Punjab (5.7 million), Orissa (5.1 million), Haryana (3.3 26 million), Gujarat (3.1 million), Kerala (2.9 million) and Assam (1.7 million). Uttar Pradesh and West Bengal together account for one third of Scheduled Caste population of India.
2.4.1 Educational Development

Education is an instrument of socialization is considered as a powerful catalytic agent for social change. This is most effective change agent for the improvement of the socio-economic conditions of the Scheduled Castes and Scheduled Tribes, removal of their disabilities and acceleration of the integrated process. Realizing the importance of education, the farmers of the Constitution included in the Directive Principles of State Policy, provisions for free and compulsory education for all children up to the age of 14 years and for promotion with special care also the educational and economic interests of the weaker sections of the people and particularly Scheduled Castes and Scheduled Tribes and protecting from social injustice and all forms of exploitation. Article 15 (4) enable the state to make special provision for the advancement of any socially and educationally backward class of citizen or for the SC’s and ST’s. In pursuance of these Constitutional provisions a series of measures have been taken both by the Central Government and the state governmental to spread education and literacy among the Scheduled Castes and Scheduled Tribes so that through educational advancement the other two disabilities, social and economic, may also be remedied. An elaborate programme of pre-matric and post-matric scholarships, reservation of seats in schools and colleges including technical and professional institutions, establishment of hostels and Ashram schools for the children of Scheduled Castes and Scheduled Tribes and other incentives like mid-day meals, free text books and uniform etc. are in operation for the last five decades. Although, there has been a visible increase in the literacy rates of SC’s/ST’s during the last three developmental decades, the gap between the literacy rates of SC’s/ST’s and of the general population still persists. Further, this gap was found to the widening, decade after decade. There has been increase of 161.95 per cent in the literacy rate among Scheduled Castes over the period of 1971 to 1991. However, the gap in literacy rate between the general population and SC’s/ST’s is much wider. About 37.41 per cent Scheduled Caste population and 29.60 per cent Scheduled Tribe population was reported to be literate against 52.231 per cent literacy rate for the general population.
Literacy ratio among scheduled castes population vary from rural to urban as well as male to female. The literacy rates among scheduled castes population are higher in urban areas and urban males. Gender disparity educational development is more pronounced in backward states. Even the states like U.P., Rajasthan and Bihar have witnessed low literacy rates among scheduled castes population with high rate of gender disparity and gaps between rural and urban areas. During 1995-96, enrollment rates among scheduled castes were reported to be 127.6 per cent among males, 95.1 per cent among females and 111.9 per cent among persons for classes I – V (6-11 years). For classes VI – VIII (11-14 years), enrollment rates were reported to be 74.9 per cent among males, 46.8 per cent among females and 61.3 per cent among persons. Importantly enrollment rates among scheduled caste population are lower for class VI – VIII while dropout rates were reported to be higher than general population. Even enrollment of scheduled castes students in higher education is very low as compared to enrollment rate of general population. Percentage of SC enrollment to total enrollments in India was recorded higher in Education (11.67 per cent), followed by Arts (10.65 per cent) and Medicine (8.82 per cent) in under graduate course while in Post graduate courses their enrollment was recorded higher in Arts (13.62 per cent), subjects during 1996-97. Out of total enrollment of scheduled castes students in higher education during 1992, enrollment in under graduate courses was recorded higher i.e. 81.09 per cent. There is significant progress in enrolment of SC students in professional courses. However, there is still large gap between the general population and SC/ST population in this regard. During 1996-97, only 11.09 per cent and 8.48 per cent, respectively, SC students were enrolled in postgraduate and graduate level courses. The proportion of SC student’s enrolment at postgraduate level was recorded higher in Madhya Pradesh, Andhra Pradesh, Rajasthan, Tripura, Karnataka, Kerala and 11.00 per cent in Tamil Nadu.

Again, percentage of SC students enrolled at graduate level courses was recorded highest in Tripura followed by Pondicherry, Tamil Nadu, Andhra Pradesh, Karnataka, Rajasthan and lest in
Delhi (2.02 per cent). The literacy rate among the Scheduled Castes has increased from 1.9 per cent in 1931 to 21.38 per cent in 1981 and to 37.41 per cent in 1991, corresponding the literacy rate among the Scheduled Tribes has increased from 8.83 per cent in 1961 to 16.35 per cent in 1981 and 29.60 per cent in 1991. However, literacy gaps between SC/ST and the rest of population have rather been widening in successive censuses. Bihar, Rajasthan, Uttar Pradesh, Andhra Pradesh, Madhya Pradesh and Orissa recorded a literacy rate below the All India SC literacy rate of 37.41 per cent. Karnataka, Haryana, Punjab, West Bengal, Meghalaya, Tamil Nadu and Sikkim registered the literacy rate above the All India SC literacy rate but below the All India literacy rate of 52.21 per cent. Nine states viz. Himachal Pradesh, Assam, Chandigarh, Pondicherry, Manipur, Maharashtra, Tripura, Arunachal Pradesh and Delhi recorded the literacy rate between the All India literacy rate of 52.21 per cent and the All India non-SC/ST literacy rate of 57.69 percent. The overall enrolment in classes I to V increased from 612.55 lakh to 686.02 lakh between 1973 and 1987, registering an increase of 11.99 percent, whereas during the same period, the Scheduled Caste enrolment in classes I to V increased from 80.77 lakh to 101.06 lakh accounting for an increase of 25.12 per cent. The overall enrolment in classes I to V increased from 686.02 lakh to 859.13 lakh between 1978 and 1986, registering an increase of 25.23 per cent, the corresponding increase in case of the Scheduled Caste children being 45.49 per cent. The overall enrolment in classes I to V increased from 859.13 lakh to 1097.34 lakh between 1986 and 1995 accounting for an increase of 26.06 percent for the Scheduled Castes. The enrolment of children belonging to the Scheduled Caste population at the upper primary stage was 58.53 lakh in 1995. The Scheduled Caste students constituted only 14.27 per cent of the total enrolment in class VI – VII during 1995, which was much below their share in the total population. Recognizing the role of education as an effective instrument for bringing about change in the attitudes and aspirations of people, the Central and state governments have invested huge resources to strengthen the educational programmes and make these accessible to the deprived and backward sections of the society. There were 22.45 lakh Scheduled Caste students enrolled in classes IX and X in 1996-97. It was
found to be 12.57 per cent of the total enrolment whereas they constituted 16.48 per cent of the country’s population in 1991. Importantly, Scheduled Caste students constituted 11.14 per cent in total enrolment of classes IX-XII. The growth of Scheduled Caste enrolment at graduate and postgraduate levels has shown impressive progress.

2.4.2 Employment Pattern

At the time of independence, scheduled castes were mostly engaged in jobs, which were considered to be too menial to be performed by other castes. They were mainly employed as agricultural workers, tanners, flayers and the like in the lower rungs of the society. Since then, supported by the various programmes, the SC’s have been able to make slow but steady progress economically though not at part with the general population. Despite the progress achieved, there has been no significant shift in employment pattern among them. Primary sector in 1991 employed 77.11 per cent of SC workforce representing a decrease of 2 per cent in a decade (1981-91). Progress was lowest, achieved in the tertiary sector, where employment of SC’s, were up from 10.78 per cent in 1981 to 13.06 per cent in 1991. In some cases, there has been a negative shift from important sectors. This has reflected in the decrease in the number of cultivators of SC’s. The change may have occurred on account of several factors such as diversion of land for nonagricultural purposes, population growth, migration and sale of land by SC’s, While 28.17 per cent of the workforce of SC’s were cultivators in 1981, their percentage decreased to 25.44 per cent in 1991. During the same decade, there has been an increase in the percentage of SC’s engaged as agricultural labourers. It rose from 48.22 per cent in 1981 to 49.06 percent in 1991. During 1993-94, about half of the SC’s, workforce was found engaged as agricultural labourers while 19.12 per cent were self employed in the agricultural sector. More than 60 percent rural SC workforce was reported as labourers. In the urban areas, about 40 percent SC’s were engaged as regular wage/salaried workers, While above one-fourth work force was reported as self employed.
Even the provision of reservation policy could not improve the lot of Scheduled Castes (Report of Commissioner of SCs/STs, (1987-88). In the central government posts, 16.18 per cent were

Scheduled Castes, highest in class IVth (20.09 per cent) and lowest in class Ist (8.23 per cent). Similarly, 18.06 per cent Scheduled Castes were employed in PSU’s, highest in class D (30.82 per cent) and lowest in class A (4.86 per cent). In the nationalised banks, 13.81 per cent Scheduled Castes were employed, however, the proportion of Scheduled Castes in total posts of sweepers was recorded highest (77.51 per cent) in case of PSU’s and 49.11 per cent in case of nationalised banks. The proportion of SC’s in Government services has significantly increased due to the provision of reservation policy and other positive discrimination measures. During 1974, SC’s constituted 13.66 per cent in government jobs, which increased to 15.97 per cent in 1984 and to 16.90 per cent in 1994 and further to 16.70 per cent in 1999. However, their share in Group D was higher i.e. 19.99 per cent in 1999 and in Group A services is lower (11.29 per cent). Their representation in this category of services has significantly increased from more 3.25 per cent in 1974 to 11.29 per cent in 1999. Similarly, in Group B services, there has been sharp increase of 8.09 percentage points and a nominal increase in Group C services and they constitute 15.78 per cent in government services.

2.4.3 Status

In India, the plight of women is no better than their counterparts in other developing countries. Despite the honour and reverence accorded to them as deities in mythology and personified tribute paid to them as in historical monuments, the ground realities remain opposite in a patriarchal society like Indian, there exists the unfounded belief that man is the bread winner of the family and hence the male child gets the best of limited facilities and resources within the family. The girl child is under constant risk of being aborted through the misuse of modern technology. She is mostly deprived of schooling for sake of taking care of siblings at home. Since she is to be married off
soon, investing in her education is a liability. Despite the fact that women are massively involved in almost all sectors of economy, their work and earnings do not count. Their activities as producers of the household are not reflected in National Income Statistics, thus, making their contribution unaccounted for. In an effort to uphold cultural heritage, the past is glamorized and with it, the equality of women and enhancement of their role in development gets inhabited (Sengupta and Singh, 2001). In terms of every set of indices of development and socioeconomic status, women of all regions and strata have fared worse than men. In work, employment, earnings, education, health status and decision making powers, there is a clear differentiation between male and female entitlements. Women constitute 70 per cent of the world's poor population (1.3 billion). They produce 50 per cent of the food worldwide but receive only 10 per cent of the incomes. Women's access to and ownership of resources is less than that being enjoyed by men and even among those women who own some property.

At the turn of 20th century, the Industrial Revolution brought about radical changes in societies the world over particularly societies, which were rooted in the agriculture. One of those radical changes was the removal of manufacturer from households factories and shops. The work done at home offered life long educational socialization, communication and other residential benefits to the family members. It kept the unemployment and crime rate low. The spirit of cooperation and respect prevailed. The Industrial Revolution took away this responsibility from women's, brought about a ruralurban dichotomy, particularly in agrarian societies and created a demand for some other educational agent outside homes. The educational agent, the school, was assigned two basic goals: (1) development of human resource (particularly men) with skills for the manufacturing sector; (2) undertaking partial responsibility of the home, namely value addition and moral education. It resulted in gender segregation and discrimination within all sectors; a majority of women lacking in productive and technical skills; science and technology and extension and training programmes provided primarily to men as women are conceived only as
consumers/beneficiaries of the Industrial Revolution; and education system that caters only to academics through role learning and regurgitated evaluations, resulting in poor female enrollment and retention and consequently their illiteracy and poverty. In sum, it perpetuated a cycle of gender bias and poverty almost impossible to wipe out. Importantly, at the turn of 20th century, the communication revolution, which is technology intensive, has brought about another radical transformation again at the home front.

2.4.4 Women Development – Empowerment Paradigms:

Moser (1989) has identified five paradigms towards women’s development in Third World countries. The first paradigm related to welfare approach is based on the traditional view of marking the women’s role in development or the basis of customary gender division of labour. The second paradigm came in existence during 1975-85, when the decade was declared as the ‘Decade of Women’. This approach was aimed at gaining equity and procuring her as active participant in development process. It further aimed at giving equal opportunities to women even by creating positive discrimination or reservation. The third paradigm was concerned with anti poverty, directed at poor women to ensure and increase their productivity. This is still being followed under the assumption that women’s problems arise out of under-development. In this context, the approach of rural development is increasingly confronting itself to the formation of Self Help Groups (SHG’s), in stabilizing and linking with viable socioeconomic activities for sustainable livelihood. This is seen as the only solution of poverty eradication, equity and development of women. The fourth paradigm is related with efficiency which depends on the belief that policies of economic stabilization and adjustment rely on women’s economic contribution to development and their economic participation is seen as a mechanism to achieve equity. The fifth paradigm is empowerment model, which envisages greater. Self-reliance among women their subordination is seen not only as a problem of men but also of colonialism and neocolonialism. This approach focuses on overall
development and particularly on enhancing social and economic capabilities. In this task, a number of non-governmental organizations are playing crucial role since government is seeking partnership to ensure sustainable, people’s centered and decentralized development and governance. It is also well accepted that women’s active role in ecological and environmental programmes may ensure sustainable development, since increasing ecological and environmental degradation has caused environmental crisis when women belonging to weaker sections of society are protesting against government policies and programmes which are causing development induced displacement, loss of sustainable livelihood and natural resources.

The present paradigm of empowerment of women is not a woman in development but a gender and development. The women in development paradigm assumes that women have been left out in development process and hence need to be integrated to give benefit, gender and development paradigm recognizes women’s triple role i.e. in reproduction, production and community management. Therefore, the main objectives of development programmes in this context may be categorized as (i) initiate income generating programmes; (ii) sensitize women about their rights, entitlements and legal framework; and (iii) take up capacity building measures

Gender and development approach stress as the need for gender analysis and identification of strategic gender needs before initiating any appropriate action for empowering women (Reddy, 2003). It is seen that gender inequality retards economic growth. There is growing evidence to suggest that several aspects of gender relations, the gender based division of labour, disparities between males and females in power and resources, and gender biases in rights and entitlements act to undermine economic growth and reduce the well being of men, women and children (Meenai, 2003). It is commonly held that, investments in female education and health tend to increase the incomes of families; educated women who know more about health and hygiene, are also able to practice this knowledge; better educated women are able to
adapt newer technologies, hold on to new opportunities, and cope us with economic shocks.

Women’s development has come a long way from the earlier welfare orientation. In the welfare approach, women were taken as vulnerable sections of the population, whose situation could be ameliorated; through the provision of support services like health, nutrition and childcare. The economic self-reliance puts emphasis on income generation projects for women; the equality model put the blame on inequality and promoted affirmative action to promote equal opportunity. The present approach of empowerment looks at unequal gender and power relations and uses conscientization, mobilization, solidarity and collective action. The empowerment approach arises from a strong commitment to women’s rights and capacity to make their own decisions about development strategies, under the credit for empowerment. The SHG offers the canvas to conduct social intermediation, provide women the opportunity to acquire the ability and entitlement to their own lives, set their own agenda, gain skills, solve problems and develop autonomy (Meenai, 2003). Significantly, the member of SHG’s may exhibit the following outputs, resulting from their activities: (i) acquisition of literacy and numerically skills; (ii) awareness of basic legal rights; (iii) awareness of projects and state development activities; (iv) critical political consciousness; electoral process, societal analysis and gender issues; (v) enhanced social status as perceived by self and other’s; (vi) freedom from exploitation, money lenders, landlords etc; (vii) active role in organization of group and other political bodies, viz. Panchayat; (viii) ensuring literacy and education of girl child; (ix) health consciousness; (x) restructuring of women’s time utilization; and (xi) enhanced decision making powers within the household.

The status of women in a complex society like ours, is not uniform. Within Indian subcontinent, there have been infinite variations of the status of women, differing according to the cultural milieu, family structure, caste, class, occupation, property rights etc. All these factors are significant determinants of variations in her position in
different groups. Scheduled caste women who constitute sizeable population of India is subjected not merely to gender bias, but also to indignities arising out of the age old tradition of untouchability, marginalization and exploitation from which incidentally the entire social group of Scheduled Castes suffer. The deep-rooted social discriminations have compelled this section of population to lead a life of bare subsistence level, both in respect of economic terms and human dignity. As per 1991 census, the scheduled caste female population of 66.29 million represents 16.43 percent of the country’s total population, which is 403.36 million of the Scheduled caste female population, 81.46 percent i.e. 54 million live in rural areas and 18.54 percent i.e. 54 million live in rural areas and 18.54 percent i.e. 12.29 million live in urban areas. Although the SC’s are listed in 24 states and 4 union territories, the SC female population to the extent of 99.83 percent is reported from only 18 states, each having more than 0.1 million SC female individuals. These states in descending order of numerical strength are: Uttar Pradesh, West Bengal, Bihar, Karnataka, Tamil Nadu, Andhra Pradesh, Madhya Pradesh, Maharashtra, Rajasthan, Punjab, Orissa, Haryana, Gujarat, Kerala, Assam, Delhi, Himachal Pradesh and Tripura.

The sex ratio, as per 1991 census, among the scheduled castes has been reported to be 922. There is wide variation in the sex ration among SC’s across the states of India. The children in age group 0-6 years constituted 19.63 percent of the SC population as against 17.94 percent for the general population. The SC population have more children than the general population, which appear to show a higher birth rate. Importantly, early marriage among scheduled castes population is generally a reflection of their overall socio-economic status in society. These include mass illiteracy, negligible participation in modern economic activities, excessive participation in agricultural and allied pursuits and lower income. The SC women are prone to occupational health problems associated with degraded working environment, mental stress, long hours of work, lifting of heavy weights, contact with hazardous and infected material and inconvenient postural conditions of work etc.

Besides, they suffer from malnutrition, anemia, post delivery complications,
tuberculosis, early child bearing and constant enforced deprivations. The general inability and occupational health problems result in constant ill health and mortality among this class of women.

2.4.5 Women’s Education & Employment

Education and employment have direct bearing on economic empowerment, therefore, brief detail of women's education and employment scenario is given here. Education has been a very important part of Indian social and cultural life from the earliest times. The male-female combined literacy rate in 1901 was 5.9 per cent, the female literacy rate being only 0.6 per cent. Right up to the 1941 census, it had increased only up to 7.30 per cent, which was a little less than 50 per cent of the total literacy rate of 16.10 per cent. The gender gap works out to 100 per cent. Over the six census conducted in India since Independence, the literacy rate for females has increased from 8.86 per cent to 54.16 per cent which means that about half of the women are still illiterate.

The literacy gap between male and female is still quite high, though during 1981-2001 there is significant change in literacy rates among females, as compared to their counterparts. Only 30.62 per cent women living in rural areas were literate in 1991 though most of the developmental efforts were directed towards this end. In 2001, literacy rate among women in rural areas was recorded to be 46.70 per cent while it was recorded quite high among males. There is a wide gap in literacy rates between rural and urban areas. Moreover, gender literacy gap is quite high in rural areas. Lower literacy rates in rural areas are primarily due to the more conservative nature of village society. This brings down the total literacy rate of the country. Lower male literacy rates in the villages are primarily due to the physical nature of the work required for agricultural labour and migration of literate men to towns (Seth, 2001). In 2001 literacy rate among women in these states were found about 50 per cent. 68.2 per cent Hindu women, 71 per cent Muslim women, 37.3 per cent Christian women, 54.9 per cent Sikh women, 24 per cent Jain women, 68.4 per cent Buddhists, 29.4 per
cent Zoroastrians and 71.5 per cent other women were not found to be literate in 1987-88. In 1991, 23.76 per cent Scheduled Castes women and 18.19 per cent Scheduled Tribes women were found literate. Bihar and Punjab were the main states where female literacy rate among Scheduled Castes community was recorded below 10 per cent. Similarly, female literacy rate among Scheduled Tribes was recorded below 10 per cent in Andhra Pradesh and Rajasthan. During 1999-2000, enrollment rates among females were recorded 85.2 per cent at primary level, 49.7 per cent at upper primary level, and 72.0 per cent at elementary level.

Enrollment rates in these levels were recorded higher among boys as compared to girls. Interestingly, gender disparity has been reported in enrollment, retention and drop outs (IHDR, 1999-2000). Higher education has remained still a far cry for majority of the people in India and more so for women. The participation of women in higher education is found to be very low i.e. about 33 per cent at university and college level. Education is the key instrument for women's development despite the fact that education could also be used to perpetuate subordinate status of women through systematic institutionalization, traditional social customs and reinforcing the gender belief system. Since education plays a dialectical role and acts as a catalyst in the long term, it has to be viewed as liberating instrument and efforts have to be directed towards removing barriers to women's access to education in general and quality education in particular. According to 1991 census, only 23.29 percent of SC females are literate, as against 52.21 percent general literacy rate in the country. There has been sharp variations in the literacy rates in the rural and urban areas with high rate of gender disparity among the scheduled castes. Although the literacy rate among SC women has gradually increased over the years, the literacy gap between them and non-SC/ST female continued to widen. Based on 1981 census, there were 48 districts within the country where the SC female literacy rate is less than 1 percent, stooping to as low as 0.48 percent in Barmer district of Rajasthan. Besides, there were some Scheduled Caste community which have hardly any literate female among them. There has been overall increase in the enrollment of children to SC at all levels
over the years. But simultaneously a serious impediment, which arrests literacy, is the phenomenon of drop out, wastage and stagnation. From 1980-81 to 1995-96, there has been progress of enrollment both in primary level and junior high school level. However, rate of progress in primary school level has been higher as compared to Junior high school level.

Women's economic empowerment is absolutely essential for raising their status in society. However, there persists the acute malefemale disparity in the opportunities available. The total workforce of women is only 89.77 million, out of which substantial percentage are marginal workers. As far as the rural urban divide of female employment is concerned, the situation can be gauged from data available from 1991 census. A very small percentage of women out of total population are employed and the ratio of female employment to male employment is extremely iniquitous. It may be stated that the majority of them are concentrated in the unorganized sector where work is irregular, wages are limited and there are hardly any labour rights under the various labour laws. Thus it may be noticed that the ratio of female to male workers concentrated in the unorganized sector is also unfavourable to women with 95.79 per cent women workers concentrated in this sector as opposed to 89.77 per cent male workers. An overwhelming majority of women are engaged in the unorganized sector. About 79 per cent of the total women workers are in the agricultural sector, 49 per cent of them are occupied as agricultural labourers and 30 per cent as cultivators. It is ironical to note that in 1911 the proportion of women in the female work force (33.7 per cent) as well as proportion in the total workforce (34.4 per cent) has substantially declined, to 16.4 per cent and 22.3 per cent respectively in 1991, Hirway and Roy (1999) have remarked that though relatively more women participate in work in rural areas than in urban areas, yet rural females enjoy much lower occupational diversification, very poor employment status and high unemployment rates. Furthermore, the rural female worker was experiencing negative occupational diversification (Hirway and Roy, 1999). This is an alarming situation, where economic independence of women seems to be seriously impaired. Women's
work is characterized by features such as high labour, high intensity, seasonal work and low skill.

The scheduled caste women are the worst victim of the prevailing poverty deprivation syndrome in the country. Poverty forces them very often to work and earn less remunerative menial jobs; and sometimes work even in odd situations detrimental to their health and personality development. Employment opportunities for SC women are very rare and whatever are there, they provide meager income just for subsist once. A sizeable population, amongst SC’s still follow age-old occupations and Jajmani system. Such identified traditional occupation, included menial jobs and unclean occupations like leather work, skinning, flaying, disposal of dead animals and scavenging.

2.4.6 Policy & Women Empowerment:

Gender equality and women empowerment are the buzzwords, entrusted with different interpretations to suit varied socio-political perspectives. The rhetoric of gender equity and women's empowerment has acquired an important place in government policy, non-governmental advocacy, media and academic research. The terms, women empowerment and gender equality determine the direction of diverse discourses on women, locally, nationally, internationally. The action plan, as recommended by International Conference on Population and Development at Cairo (1992) included: (i) establishing mechanism for women's equal participation and equitable representation at all levels of the political process; (ii) promoting the fulfillment of women's potentials through education, skills development and employment, giving paramount importance to the elimination of poverty, illiteracy and ill-health among women; (iii) eliminating all practices that discriminate amongst women and assisting them to establish and realize their rights; (iv) adopting measures to improve women's ability to earn income beyond traditional occupations, achieve economic self-reliance and ensure their equal access to the labour market and social security systems; (v) eliminating violence against women; (vi) eliminating
discriminatory practices by employers against women; (vii) making it possible through laws, regulations and other appropriate measures for women to combine the roles of child-bearing, breast-feeding, and child-rearing with participation in the workforce; (vii) strengthening policies and programmes that improve, ensure and broaden the participation of women in all spheres of life as equal partners and improve their access to all resources needed for the full exercise of their fundamental rights. The Beijing Conference (1995) was the first significant milestone in the journey towards ensuring gender equality and women empowerment. The goals of the Conference were; (i) sharing power equally; (ii) obtaining full access to the means of development; (iii) overcoming poverty; (iv) promoting peace and protecting women's rights; (v) inspiring a new generation of women to work together for equality and equity.

Economic empowerment is a necessary condition for enabling women to seek justice and equality. Without economic strength, women cannot be able to exercise their guaranteed rights. It is, therefore, necessary to seek participation of women as equal partners with men in all fields of work, equal access to all positions of employment, equal opportunities for work related training and full protection of women at work place. Economic empowerment of women, including reduction of female poverty require programmes that focus on identifying, developing and promoting alternative approaches to increase women's access to and control over the means of making a living on a sustainable and long term basis (Srivastava, 2001). It necessitates supporting their existing livelihood, widening choices and building capacity to take advantage of new economic opportunities. Its strategies to advocate that the government undertakes legislative measures to speed up women's participation in economic life, including the right of equality in property ownership and inheritance and access to credit, financial service and assistance in entrepreneurial development. The basic requirements of women's empowerment strategy are; (i) introduction of special measures to increase the proportion of women involved in decision making; (ii) establishment of specific training programmes, especially for women living in
extreme poverty, to improve their condition; (iii) creation of equal employment opportunities for educationally, technically and professionally qualified women by dismantling the forbidding walls of silent discrimination in their recruitment and related process; (iv) encouragement to women's entrepreneurship and other self-reliant activities, particularly in the informal sector; (v) integration of gender perspective into all economic structuring; (vi) elimination of all forms of discrimination in employment, including wages and breaking down of gender based occupational segregation; (vii) initiation of measures to improve working conditions of women in the informal sector, particularly, by encouraging them to organize so that they know their rights and are able to obtain necessary support to exercise them; (viii) mobilization of banking sector to increase lending on easier terms to women entrepreneurs and producers, especially in the rural areas; and (ix) activisation of enforcement machinery to ensure that the interest of women workers are protected, especially in the informal sector where large scale discrimination persists.

As the largest democracy in the world, India has enjoyed the freedom to continuously experiment with a number of forms, structures and modes of organizations to achieve women’s equality. The state is seen as the prime mover in bringing about this social change and is charged with the responsibility of ensuring the fundamental rights to equality and freedom of the sexes and prohibition of discrimination on this ground. The replacement of institutional structures and formations from time to time, their modifications, renewal as well as organic growth have come about as responses to emerging concepts on women's issues. During the last six decades, development planning for women straddled theories as disparate as welfare, development, equality, efficiency & empowerment (Sujaya, 1995). The institutional structures have undergone changes in response to these evolving concepts and have changed from welfare to empowerment and beyond, in response to experiences of social reality at the field level as well as factors governing external environment. Today, the state has
accepted women as active agents, participating in development programmes and schemes & thereby achieving their own Development. The gender dimension on the development approaches at conceptual level came from uncovering several distinct areas of gender bias. Their subordinate status meant development benefits; be it education, health, income, employment did not rest them in same measure as men. All pervasive sexual division of labour that assigned the task of family maintenance and child care to women meant their inability to participation in many activities outside the home, whether social, economic or political (Krishnaraj, 1996). July, 1946, the All India Women's Conference adopted an Indian Women's Charter of Rights that demanded full civil, legal rights, equal opportunities in education, employment, policies etc. In 1947, the National Planning Committee, set up in 1939 by the Indian National Congress, had constituted a special women's committee which submitted its report on ‘women's role in a planned economy', their rights and development. Importantly, in 1974, report of the committee on the status of women reiterated many earlier demands with emphasis on the poor, the unorganized and rural women. Its most significant contribution was the extensive documentation of the conditions of women, which had deteriorated in the three decades after independence. Similarly, various UN documents, resolutions, conventions especially Beijing Conference (1995), also gave pre-eminence to state action to enforce and monitor women's rights by establishing a special national machinery for women. A comprehensive plan for women was formulated by the Department of Women & Child Development, called 'The Perspective Plan For women 1988-2000'. A National Commission for Women was established with a view to ensure women's rights and entitlements. From 19th century, the role of the state in defining and influencing the status of women has informed many struggles for their equality. The state, its policies and programmes continue to be the focus of much of the energies of the women's movement in post independence India as well. From 1970's, the women's movement has tried to establish an autonomous identity for itself and attempted to bring about changes through the process of influencing and pressurizing the state and its structures. The trends in planning in India show that in the first Five Year Plan, most of whose
members had liberal education and also participated in the national struggle for independence wanted to give women the rights of self centralization to the fullest extent. They laid down very progressive parameters of higher education, the need for women to get employment and to function in a protected labour environment. The Second, Third, Fourth and Fifth plans carried forward on the same strategies. It was only in the mid seventies, in preparation to celebrate the International Women's Year in 1975 that a committee to survey the status of women was set up 1971. From the Sixth Plan onwards, a new exercise in planning stressed on women development and Department of Women & Child Development, GOI was set up in 1985 with a separate minister in-charge. National Commission for Women, a National Crèche Fund, a National Credit Fund, a National Women's Fund, Mahila Samridhi Yojana and Indira Mahila Vikas Yojana were set up. This acted as an effective nodal unit for monitoring activities relating to women's development in various ministries of the government and taken for review and its recommendations.

The strategy for women's development has been multi-dimension and multi-sectoral. Although many schemes have been made for women in different ministries and departments, the agencies for executing them have been the same and they give women a certain consideration. Since 1980's, there has been an effort to give women an integrated approach and to provide health, family welfare, nonformal education and create awareness of their rights and skill training at the same time. Several states have launched the projects for women empowerment, development and welfare. These projects are financially supported by foreign agencies, and implemented with the vital role of NGO’s and voluntary sector. Importantly, women empowerment programmes emphasize on SHG’s formation, its stabilization and linking with viable micro enterprises. While formulating the First Five year plan (1951-56), it was envisaged that the programmes under various sectors of development would benefit all sections of the population including SC’s, ST’s, OBC’s and minorities. But, unfortunately, it never happened. Therefore, special programmes under Backward classes sector were formulated keeping in view the special requirements of SC’s, ST’s
and OBC’s. The second Five year Plan (1956-61) promised to ensure that the benefits of economic development accrue more and more to the relatively less privileged classes of society in order to reduce inequalities. The Third Five Year Plan (1961-66) advocated the principles to establish greater equality of opportunity and to reduce disparity in income and wealth.

The Fourth and Fifth Five Year Plan (1969-78) envisaged basic goal as rapid increase in the standard of living of the people through measures, which also promote equality and social justice. The Sixth Five Year Plan (1980-85) marked a shift in the approach to the development of Scheduled Castes. The Special Component Plan (SCP) launched for the Scheduled Castes expected to facilitate easy convergence and pooling of resources from all the other development sectors in proportion to the population of SC’s. In the Seventh Five Year Plan (1985-90), SCP for SC’s was strengthened, while the other schemes for the welfare and development of SC’s continued. There was substantial increase in the flow of funds for development of SC’s under SCP from state plans, Central Plans, Special Cultural Assistance and Institutional Finances resulting in the expansion of infrastructure facilities and enlargement of their coverage. Priority in the Plan was given to the educational development of SC’s. In the Eighth Five Year Plan (1992-97) national level apex bodies have been set up to act as catalytic agents in development schemes for employment generation and financing pilot projects. The Ninth Five Year Plan (1997-2002) envisaged the empowerment of socially disadvantaged groups as agents of socio-economic change and development through creating an enabling environments conductive for the SC’s, OBC’s and minorities. The Plan has adopted three pronged strategy of (i) social empowerment; (ii) economic empowerment; and (iii) social justice. The nationwide popular scheme of Post-Matric scholarships (PMS) for SC students after its revision in 1997-98 extends its scope for enhancing the income limit of parents of the beneficiaries and for extending some additional benefits to persons with disabilities amongst SC’s. Scholarships are given to eligible SC students, which include provisions of maintenance allowance, reimbursement of compulsory non-
refundable fees, thesis typing/printing charges, study tour charges, book allowance for students pursuing correspondence courses etc. The scheme of Pre-matric scholarship for the children of those engaged in unclean occupations introduced in 1977-78 aims at motivating the children of scavengers, sweepers, flayers and tanners to pursue education and also for controlling school drop outs amongst them thereby weaning them away from the obnoxious practice of scavenging. The scheme of hostels for SC boys and girls launched in 1961-62 provides hostel facilities to students studying in middle secondary and higher secondary schools, colleges and universities. Under the scheme, central assistance is provided to states and UT’s including universities and NGO’s, for construction of new hostels and also for extension of existing hostel buildings for SC students.

However, the maintenance cost of these hostels is to be borne by the state/UT’s. The scheme of Special Education Development Programme for Scheduled Castes Girls belonging to Very Low Literacy Districts introduced during 1996-97 aims at establishing special residential schools for SC girls who are first generation learners in low literacy pockets where the traditions and environment are not conductive to learning. The scheme covers 48 districts of Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh where the literacy of SC girls was less than 2 percent in 1981 census. Book Bank scheme for SC students launched in 1978-79 aims to supply text-books to SC students for pursuing Medical, Engineering, Veterinary, Agriculture, Polytechnic, CA, MBA, Bio Sciences and Law Courses. Similarly, the scheme of upgradation of merit of SC students launched in 1987-88 aims to provide remedial and special coaching to SC students studying in Classes IX to XIII. While the remedial coaching aims at removing deficiencies in school subjects amongst the SC students, special coaching aims at preparing them for competitive examinations for entry into professional courses like medical, engineering etc. Importantly, the coaching and Allied scheme for SC/ST students was launched in 1960-61 for improving the knowledge and attitude by providing special coaching through Pre-Examination
Training Centre and thus for preparing them to compete with others in the competitive examinations.

The economic empowerment schemes for SC’s include: (i) Revitalize the National Scheduled Castes Finance & Development Corporation (NSFDC) and National Safai Karmachari Finance Development Corporation (NSKFDC) to play an effective catalytic role in promoting employment, income generation activities with both backward and forward linkages; (ii) Special efforts through various training programmes to upgrade the traditional skills, equip them with modern technology so as to meet the market demands; (iii) enforce special legislative measures to ensure payment of minimum wages and equal wages, with no gender discrimination in the informal or unorganized sector; (iv) motivate the Private and the Corporate sectors to invest in the welfare and development of the weaker sections as they form a potential force in country’s human resources; (v) endow every landless SC family with a minimum piece of land; restoration of land ownership and effective implementation.

2.5 Micro-credit in India

Globalization and economic liberalization have opened up tremendous opportunities for development and growth resulting in the modifications of livelihood strategies. However, these changes are making the marginalized and poor sections of society more vulnerable in the absence of adequate safety net. Keeping in view the widespread rural poverty, there is need not only to ameliorate the economic conditions of marginalized and disadvantaged social groups, but also to transform the social structures. In the context of rural women, their economic condition becomes more vulnerable due to unequal distribution of resources. Poverty and deprivation increase gender inequality, which favours a policy for empowerment of women by increasing their access to credit through SHG’s so as enable them to acquire the capability and assets that can help facilitate realize strategic gender needs (Sudan, 2004). The SHG’s can be built on social capital of the local community especially women to carry out thrift and credit activities to initiate micro-income generating
activities to eke out a sustainable livelihood (Moser, 1989). During the recent past, the new type of institutions have been promoted to meet the credit needs of those groups who have been excluded from formal credit markets (Prakash, 2002). SHG’s are mostly informal groups whose members have a common perception and impulse towards collective action. These groups promote savings among the members and use, the pooled resources to meet their emergent needs including the consumption needs. Sometimes, the generated internal savings are supplemented by external resources/loans by NGO’s and banking institutions promoting them. SHG’s are thus able to provide banking services to their members, which though may not be sophisticated yet are cost effective, simple, flexible, accessible to the members and above all, without any default in the repayments. The linking of SHG’s to banks helps in overcoming the problem of high transaction costs to banks in providing credit to the poor, by transferring some banking responsibilities, such as loan appraisal, follow up, recovery etc. to the poor themselves (Satish, 2001). In the rural context, SHG’s have facilitated the poor, especially the women to overcome the existing constraints grappling the formal credit institutions. These groups provide considerable social protection and income opportunities to their members. These institutions have sought to explore new ways and alternatives based on value-system, introduce new relationships and take into account the social and economic aspects of collective living and livelihood improvement. Besides, they also help facilitate the poor women to overcome the difficulty of providing collateral guarantee to raise the finance to initiate micro-income generating activities. Due to better performance, the SHG’s have acquired a prominent status to maximize social and financial returns (Sudan, 2004).

Since late 1970’s, there have been increasing realization, that one of the obstacles preventing the poor from improving their lives was the lack of access to financial sources. Attempts have been made to develop more sustainable and reachable financial systems, in place of previously discredited schemes of direct credit to meet women’s expressed needs for improved access to credit, particularly to small loans,
multi production strategies and thereby to improve the livelihood of their families, thrift credit or SHG’s have been promoted, both by the governments, as well as NGO’s and other donor agencies. Micro-credit has been advocated as the new Panacea for reduction of poverty. Its potential for economic empowerment of women has also been variously looked at. Importantly group formation is crucial to the empowerment process as women draw strength from number. The group provides: (1) confidence and mutual support for women striving to social change; (2) a forum in which women can critically analyze their situations and devise collective strategies to overcome their difficulties; (3) a framework for awareness training, confidence building, dissemination of information and delivery of services and for developing communal self reliance and collective action; and (4) a vehicle for the promotion of economic activities (Mennai, 2003).

2.6 Micro Credit and Poverty

Poverty in India is predominantly rural in character and is more pronounced among vulnerable groups like SC’s, ST’s and Women. These social groups belong to landless and small farming classes, experience unemployment and are dependent on wage employment. Mostly they are engaged in low productivity activities of agriculture and allied sector. Therefore poverty alleviation needs increase in agricultural productivity and transfer of substantial proportion of labour-force from farm-sector to non-farm sector including other more productive employment area. The most commonly adopted poverty alleviation approaches have been state-driven, donor-funded and top down. The development agencies and governments which have striven for poverty alleviation, designed their programmes and projects on certain assumptions in the external expert stance. However, many cultural, economic and political barriers effectively prevent the poor from having any real stake in development activities. Therefore, reaching the poor requires working with them to learn about their needs, understanding how development decisions are made in their communities and identifying institutions and mechanisms that can get opportunities
and recourses into their own hands. This can happen through investments in human capital such as education and health, investments in social capital such as local level institutions and participatory process and support for community based development efforts planned and implemented from bottom up. In this context, an alternative design of poverty elimination involves people's participation and resources. In this context, microenterprises have been recognized for their significant role in poverty reduction by creating self-employment opportunities, supplementing agricultural income, linking agricultural households to local markets through the sale and exchange of products and providing a source of employment for household members where wage employment is scarce.

Interestingly, the Self Help Groups Linkage Programme has been showing faster progress as well as high rate of success. The initiative in this regard has been taken by the NABARD, by sponsoring an Action Research Project in 1986-87. It attempts to bring together four trends and derives strength from the positive environment created by these independently of each other. These are;

1. maturing and expanding SHG movement initiated by the NGO sector;

2. focus on micro-credit to the poor as a strategy for poverty alleviation;

3. ongoing national policy commitment to improve access to finance for the poor;

4. policy environment through financial sector reforms to increase banking out reach.

Self Help Groups form the social capital which facilitate financial linkage of poor borrowers with formal financial institutions (FFI's) in India. The basic principles on which the SHG’s function are;

- The SHG is a network of members who fulfill locational criteria.
- They are resident in the area and are homogeneous.
- They have rules/norms regarding their functioning.
- Savings first, credit thereafter. Personalized services suiting the requirements of the members are ensured.

- SHG’s hold regular meetings to ensure participation of members in the activities of the group.

- SHG’s maintain accounts.

- Group leaders are elected by members and rotated periodically.

- Transparency in operations of the group and participatory decisionmaking ensure that the benefits to members are evenly distributed.

- Market rates of interest on savings and credit are charged.

- Group liability and peer pressure act as substitutes for traditional collateral for loans.

2.7 CONCEPTUALIZATION OF SHG’s

The Self Help Groups are voluntary associations of people formed to achieve both social and economic goals. The concept of micro-financing rural poor for self-employment was started by Prof. Muhammad Yunus of Bangladesh and is now being followed in more than 52 countries around the globe. Many international NGO’s such as, Foundation for International Community Assistance (FINCA), Americans for Community Cooperation in other Nations (ACCION), Women's World Banking, Freedom from Hunger etc. are executing various projects, through their partners mostly in developing countries. The concept of SHG mainly revolves around the reasons that may lead to the genesis of self-help as a way to mitigate the problems faced by a set of people. According to Morton the development of contemporary forms of SHG's is generally ascribed to Alcoholic Anonymous, which was initiated in 1935 in USA. The concept of SHG's can be traced to collection of people to informal groups with an aim to overcome the problems related to a particular negative status.
Social scientists have forwarded various definitions for SHG. Gregory and Marry have defined SHG's as being cost free, member governed, peer led group made up of people, who share the same problems or situations (Gregory and Marry, 1994). Kurtz has defined SHG as a supportive, educational, usually change oriented mutual aid group that addresses a single life problem or condition shared by all members (Kurtz, 1997). Gupta has described SHG's as the voluntary response in the form of informal groups, of poor, to their marginalization - social, economic and political (Gupta, 1996). Similarly Singh has defined SHG's as voluntary associations of people formed to collectively perform certain activities of their common interest (Singh, 1997). Nanda has defined SHG's as informal groups of people who have a common perception of need and impulse towards collective action (Nanda, 1995). According to him rural credit delivery system in India is affected with many a problems most noticeable being siphoning off subsidies and concessions meant for poorest of the poor by not so poor, poor credit discipline among the borrowers resulting in low recovery of dues, high transactions cost involved in serving large number of small borrowers who frequently require low quantum of credit and costly proposition of providing saving facilities to scattered rural populace. Price Water House Report (1995) has also stated that rural credit delivery system is also burdened with low quality loans, high levels of over dues, substantially high proportion of nonperforming assets resulting into non-viability and un-sustainability of the rural banking industry. A study conducted by the World Bank (1991) has also conclusively revealed that lack of people's participation in developmental activities does not foster entrepreneurial abilities, which results in low take off of developmental projects (World Bank, 1991).

The growing realization among the rural poor to collectively pool their small savings so as to create a corpus of funds to cater to their emerging credit needs underlined the emergence of SHG's and other group related saving and credit activities in many developing countries such as Bangladesh, Indonesia, Bolivia and India. According to
Parsons (1951), groups most accomplish the following four functional tasks to remain in equilibrium:

(i) Integration – ensuring that members of groups fit together;

(ii) Adoption – ensuring that groups change to cope with demands of the environment;

(iii) Pattern maintenance – ensuring that groups define and sustain their basic purposes, identities, procedures; and

(iv) Goal attainment – ensuring that groups pursuing and accomplish their task.

As pointed out by Frank (1996) four interacting sets of variable determinative a member’s attraction to a group:

(i) the need for affiliation, recognition and security;

(ii) incentives and resources available through the group such as prestige of the members, the group grades, its programme activities, and its style of operation;

(iii) the subjective expectation of members about the beneficial or detrimental consequents of the group; and

(iv) a comparison of the group to other group experience.

Margaret (1992) has highlighted salient features of a successful group:

(i) Community of owners have to be well defined, self conscious, and self governing with political independence to act collectively, as it deems appropriate;

(ii) The distribution of rights in and benefits to collective good has to be a careful balance of the inegalitarian and egalitarian traits that economically efficient;
(iii) Rules must be easily enforced, highly specific and conservative with regard to the sustainability of collective action, and

(iv) Enforcement of rules must be members themselves rather than by an overlord of authority of government to ensure that it is both through and impartial.

2.8 Genesis of SHG – The Indian Experience

The SHG movement in India is basically aimed at utilizing the SHG’s as an 'intermediary' between the banks and the rural poor to help drastically reduce transaction costs for both the banks and the rural clients (Nanda, 1995). NABARD, with its headquarter at Mumbai, is an Apex Development Bank in India for financing and promoting agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts so as to promote integrated rural development. In wake of banking sector reforms invoked in early 1990’s the role of commercial banks in providing credit to rural poor came under intensive debate vis-à-vis the sustainability of entire banking operation for providing banking services-both in terms of savings and credit-to the rural poor. Sheokand (1998) has indicated that as the rural poor's share in availing formal sector credit got further marginalized, NABARD, in 1992 launched the SHG - Bank linkage programme with the policy backup of the Reserve Bank of India (Sheokand, 1998). According to a study the SHG – Bank linkage programme initiated by NABARD, in active collaboration with Non--Governmental Organisations (NGOs), aimed at enhancing the coverage of rural poor under institutional credit thereby focusing on poverty alleviation and empowerment (Nabard, 1995). Prior to this, NABARD's initiative in promoting active partnership between banks and SHGs was encouraged by the findings of a study conducted in 1988-89 by NABARD in collaboration with member institutions of Asia Pacific Rural and Agricultural Credit Association (APRACA), Manila. The study covered 43 NGOs involved in promoting savings and credit SHGs in 11 states of the country.
As per a NABARD report (1995) the scheme on SHGs was made applicable to RRBs and co-operative banks of the country in 1993 and in April'96, RBI advised the banks that lending to SHGs should be considered as an additional segment under priority sector advances and it be integrated with mainstream normal credit operation. Rao & Dasgupta (1999) have commented that the SHG-bank linkage programme has gained considerable movement in southern region of the country, though the northern states too are also now catching up fast and an overwhelming (78%) of the listed SHGs are Women Self Help Groups (WSHG’s), that is the SHGs which constitute of only women members (Rao and Dasgupta, 1999). Since the inceptions of NABARD promoted SHG linkage programme there has been an appreciable increase both in formation of SHG and their linkage with the banks.

The concept and importance of SHGs has been accepted and adopted by policy makers and they will form the backbone of rural poverty alleviation strategies, implemented by Government of India.

Self Help in essence is forging 'collaborative' ties between individuals who need each other's co-operation in solving their day-to-day crisis. Lawson & Anderson (1996) have defined collaboration "as a process of pooling resources, linking and allying with one another to develop innovative, new responses for tackling social problems including poverty (Lawson and Anderson, 1996). Bailey & Koney (1996), Weil (1996) and Pardoe (1990) have pointed out that collaboration is necessary to address social issues that require multi-agency approach to alleviate them. SHGs are one such medium to achieve social collaboration. Graham & Barter (1999) have described collaboration as a relational system in which two or more stake holders pool together resources in order to meet objectives that neither could meet individually (Graham and Barter, 1999). 'Collaboration' differs from 'co-operation' in the sense that cooperation facilitates support and assistance for meeting the goals that are specific to an individual stake-holder, whereas collaboration insists on goals that are mutually agreed upon based on an established value base to which all stake-holders have a
commitment. According to Hord (1986) collaboration proposes joints sharing and decision making in the interest of change, as well as changes in relationships to facilitate these ends (Hord, 1986). He has also indicated that motivation to engage or refrain collaboration are necessarily influenced by differences among stakeholders in expertise, status, empowerment and access to external and internal resources.

**Formation and Development of SHGs**

According to Rao et. al. (1999) a systematic and scientific approach in the formation of SHGs is of paramount importance to the long term sustainability of these informal community based organizations (Rao etal. 1999). It has been observed by Fernandes (1992) that SHGs formed and promoted for limited purposes of availing subsidy laced bank loans, grants and other materialistic benefit generally disintegrate, while according to Srinivasan & Rao (1996) the SHGs developed for genuine purpose of self help in the wake of needs had much better chances of long term sustainability (Srinivasan and Rao, 1996). SHGs like any other type of groups have distinct phases through which they pass over a period of time. According to Johnson & Johnson (1994) there have been well over 100 theories to describe the development stages of groups (Johnson & Johnson, 1994). Hill & Gruner (1973) have opined that most of these theories are based on Sequential Stage Theory while others are best described as in the Recurring Phase Theory (Hill & Gruner, 1973). Theories based on sequential stage of group development are based on the identification of definite phases in the life cycle of group. The most famous of these theories has been proposed by Tuckman (1965) and Tuckman & Jensen (1977). Tuckman studied a number of groups of varying nature and objectives such as therapy, training, and focus groups and identified four distinct development stages, viz. **Forming, Storming, Norming and Performing**. These distinct stages are characterized by the specific focus attributed by the groups during each stage and the related consequences on the behaviour of the members.
**Forming Stage** is marked with initial attraction towards each other in a group. The stage is characterized by initial euphoria of coming together, chaos and uncertainty. Kruger & King (1998) have indicated that during forming stage each member tries to figure out his/her own role in the group and gets indulged in evaluating his likely individual gains vis-à-vis group objectives. Lingering suspicion and anxiety prevail among the group members during this stage.

**Storming Stage** is earmarked by the expression of varying thoughts by the individual members, which reflects the prevailing conflict and confusion in the group. Kruger & King (1998) have indicated that this stage is completed with the evolution of leadership and decision-making capabilities within the group.

**Norming Stage** is reached when the group under the chosen leader/s starts evolving group norms and the groups solidarity comes into force. The group becomes more cohesive and development oriented as gradually the individualistic tendencies are replaced by the collectivism.

**Performing Stage** is the state of readiness. The readiness to act. Leadership is established, role clarity is developed and the group behaves in a unified manner so as to achieve it's mission with the help of collective action. Gerber (1994) has also identified the above four stages in the development of SHG’s. Other researchers such as Moreland & Levine (1982) & (1988) have identified stages of development based on the status of membership and proposed a sequential theory based on the membership. They termed the various stages of group development as prospective membership stage, new member stage, full member stage, marginal member stage and ex-member stage (Moreland & Levine, 1982).

Similarly Worchel et al (1992) have also identified six sequential stages of group development, which have been identified on the basis of prevailing 'feelings' in the members. These are discontent stage, participative stage, identifying with the group
stage, involvement in the group activities stage, proactive involvement stage and disintegration stage (Johnson & Johnson, 1997).

Based on Tuckman's theory, Johnson & Johnson (1997) have identified seven stages in the development of co-operative learning groups. These are (i) defining and structuring procedures and becoming oriented, (ii) conforming to procedures and getting acquainted, (iii) recognizing mutuality and building trust, (iv) rebelling and differentiating, (v) committing to and take ownership of the goals, procedures, and other members, (vi) functioning maturely and productively and (vii) terminating.

In contrast to sequential stage theories, the recurring phase theories underline the issues that pop up in a group from time to time and thus affect the group behaviour. In essence, the recurring phase theories place more emphasis on the issues instead of individual feelings as is the case with the sequential stage theories. The other noticeable difference between the sequential stage and recurring phase theory is that the former is of irreversible nature, i.e. the stages are fixed in a chronological order and are never repeated, while, the latter is based on re-occurrence of phases depending on the issues being confronted by the groups. A few of the recurring phase theories, as proposed by various social scientists, are as under; Bales (1965) indicated about a state of equilibrium, within a group, between a task oriented work and emotional expressions (Behaviour) of the members. This state of equilibrium decides a long enduring mutual rewarding relationships among the group members and it keeps recurring from time to time (Bales, 1965). Another theory of Schultz (1958) proposed that group development is reflective of the concern of members towards affection, inclusion and control and is repetitive in nature (Schultz, 1958).

Dion (1961) stated that group development depends on the three basic themes of the dependency on the leader, desire for emotional support among the members and confrontation among the members with threats to abandon the groups. Such tendencies recur during the group development (Dion, 1961).
2.9 Relationship Banking

The Indian Experience of SHG Linkage Programme is unique in some respects. RBI and NABARD have tried to promote 'relationship banking' i.e. improving the existing relationship between the poor and bankers with the social intermediation by NGOs. The Indian model is predominantly "linkage model", which draws upon the strengths of various partners - NGOs (who are the best in mobilizing and capacity building of poor) and bankers (whose strength is financing). Thus, as compared to other countries, where "parallel" model of lending to poor (i.e. NGOs acting as financial intermediaries) is predominant, the Indian linkage banking tries to use the existing formal financial network to increase the outreach to the poor while ensuring necessary flexibility of operations for both the bankers and the poor. Thus a nutshell, the SHG Linkage programme offers a win-win situation for the credit delivery system comprising banks of all types.

Micro Credit

The Indian sector is characterized by a variety of Micro Credit service providers. These include various apex financial institutions like SIDBI and NABARD, Government owned Societies like Rashtriya Mahila Kosh, formal sector financial institutions, Commercial Banks, Regional Rural Banks, in addition to member-based institutions like Cooperative, Mutually Aided Cooperative Societies, SHG Federations, private sector companies like specialized NBFCs, Societies, Trusts, etc. Beside the existence of such a large number of players in the organized/semi-organized sector, the rural credit market in India is still largely dominated by the all pervading network of indigenous money lenders.

There are a multitude of Non-Governmental Organizations who can be virtually found in all villages and blocks of India. Most of these NGOs have similar origin in that they started off as social service and welfare organization with a focus on helping the poor and needy in times of disaster, famine or epidemic. The emphasis, therefore,
was mainly on social and welfare activities like housing, health, education, safe drinking water, sanitation, etc. However, with the growing popularity of Micro Credit in India, these NGOs have also taken up Micro Credit activity as a part of their overall service strategy. While some have adopted MICRO CREDIT as their core activity, a large number of such institutions, have adopted multiple operations with a limited investment in Micro Credit.

The Micro Credit institutions (MFIs) in India today offer a variety of products, follow different pricing strategies, adopt varied credit delivery models and have different legal forms and organizational structures. The present section attempts to analyze the Micro Credit industry in India using Porters competitive strategy framework model and gives an overview of the products offered by the MFIs, the creditdelivery methodology being used and different pricing strategies employed.

**Financing SHGs in India – An Overview**

There is not yet any formal official publication on different statistics of SHGs. NABARD however has brought out a publication on some basic data on SHGs (NABARD, 19992000). According to this, the number of SHGs availing credit has increased from 3,841 in 1997 to 81,780 in 2000. The total number of SHGs linked to the banks stand at 1,14,755 in March 2000. Eighty-five per cent of them are women groups. The number of FIs extending credit to the SHGs has increased from 120 in 1997 to 266 in 2000. Out of the 266 FIs, 27, 13, 165 and 61 are public, private, regional rural and co-operative banks respectively. These SHGs are operating in 362 districts of 24 states and union territories. The number of NGOs dealing with the SHGs has increased from 220 in 1997 to 718 2000. Bank loans to these groups have increased from Rs. 118 million in 1997 to Rs. 1,930 million in 2000. The number of families assisted increased from 0.15 million in 1997 to 1.90 million in 2000 (Dasgupta, 2001).
Three broad models of bank-SHG linkage which have emerged are: Model 1 in which the bank itself acts as SHPI and forms and nurtures the SHG, Model 2 in which the NGOs act as SHPIs and banks lend to the SHGs directly, and Model 3 in which the NGOs act as both SHPI and MICRO CREDIT intermediaries (MFIs). In Model 3 banks lend to the NGOs for on-lending to the SHGs. Disbursement under Model 1 remains more or less the same: 13 per cent in 1997 and 14 per cent in 2000. The Major change that has taken place is with regard to Models 2 and 3. Where the share of Model 2 has gradually increased from 45 percent in 1997 to 70 percent in 2000, that of Model 3 has been continuously declining from 42 percent in 1997 to 16 percent in 2000.

Lending institutions are thus becoming more comfortable in dealing with grass root SHGs, which is a positive development sign. Average credit per SHG extended under Models 1, 2, and 3 are Rs. 25,056, Rs. 20,415 and Rs. 16,190 respectively. Bank's preference of the SHGs in descending order is thus quite clear; (i) SHGs formed by themselves, (ii) SHGs to which they lend directly, and lastly (iii) to 'invisible' SHGs to which they finance through the NGOs Models 2 and 3 together account for 85.7 percent of the SHGs and 82.4 per cent of disbursement indicating a substantial involvement of the NGOs in the credit business of the SHGs.

Three sets of FIs, viz, commercial banks, regional rural banks (RRBs) and cooperatives accounts for 55, 41 and 4 percent of the SHGs and 66, 30 and 4 percent of credit respectively. The average amounts of credit per SHG by these institutions are Rs. 24,765, Rs. 14,734 and Rs. 19,091 respectively. The cooperative sector's involvement in SHG is quite negligible except in the eastern region (especially in West Bengal) where it accounts for 21 percent of credit. Unless the State Governments change the laws, it is difficult for them to lend to the SHGs outside the framework of Primary Agricultural Co-operative Societies (PACS). The RRBs are more active in North Eastern, Central and Eastern regions accounting for 82, 53 and 48 percent of credit respectively; commercial banks which are the major players, on
the other hand, are more active in western, Southern and Northern regions accounting for 76, 70 and 59 percent of SHG credit respectively. Commercial banks and RRBs disburse about 1 and 2 percent of their rural credit (agriculture and allied) to the SHGs, respectively. With regard to rural business, the RRBs are thus more involved with SHG credit.

What is however of concern is the skewed growth of the SHGs across the regions. The Southern region accounts for 67 per cent of the SHGs and 78 per cent of the SHG credit. This is mainly because of presence of large number of NGOs there. Sixty-one per cent of the NGOs operate in the Southern region where 74 percent of NGO-linked SHGs function. The Poorer regions like North-Eastern, Eastern and Central, which are credit starved, account for only 0.2, 4.1 and 6.9 per cent of SHG credit respectively. Only 1, 12 and 9 per cent of SHPI-NGOs are in these three regions. In the Eastern region 64 out of 82 NGOs (78 per cent) are in Orissa alone, indicating a further skewness within a region. In the Southern region Andhra Pradesh accounts for 60 per cent of the SHGs and 57.3 per cent of the SHG credit. In the Central region Uttar Pradesh accounts for 82 per cent of the SHGs (Dasgupta, 2001). Besides the availability of NGOs, the ability, integrity, experience and finally their acceptability by the FIs are the other factors, which help the SHGs in getting credit. Whereas in the Western and Southern regions the average number of SHGs per NGO having availed bank credit is 92 and 66 respectively, in other regions these figures are below 30. Among the states, Andhra Pradesh, Gujarat, Maharashtra, Karnataka, Bihar, Tamil Nadu and Uttar Pradesh fare better with 145, 109, 76, 62, 59, 55 and 53 credit-linked SHGs per NGO respectively. Among these, Bihar, Maharashtra, Uttar Pradesh and Gujarat have 8, 18, 23 and 25 NGOs, which have been accepted by the FIs. Table 5.2 shows the position of micro-credit extended by Rashtriya Mahila Kosh. As on 31st Dec. 2000, 809 NGOs were assisted by Rashtriya Mahila Kosh and most of the NGOs were found situated in Andhra Pradesh, Tamil Nadu, West Bengal, Uttar Pradesh, and Bihar. No. of borrowers were reported to be 392125 with the aggregated amount of Rs. 6975.74 lakh. Again, out of distributed amount by Rashtriya Mahila Kosh, large
chunk of amount was distributed in Andhra Pradesh and Tamil Nadu. Importantly, hardly three fourth loan was distributed against the target which shows poor performance of the organization.

Interestingly, as on January 2002, regional spread of SHG's linked shows that southern states has a lead over northern states. Out of the SHG’s credit linked, 71.14 percent SHG’s were reported to be functional in southern region while central region accounted for just 10.94 percent. Again, out of total bank loan, Southern region accounted for 81.98 percent share while the Central region accounted 5.35 share. Most of the SHG’s are linked with Commercial banks for credit purposes. There were 318 participatory banks in SHG bank linkage programme in 2001 and most of the banks were RRB’s (166). About 750 NGO’s are engaged in SHG’s promotion. Out of total SHG’s, 70 percent SHG’s were formed and strengthened by NGO’s and other formal agencies.

**Functioning of SHG’s**

The information to access of credit, resources, skills and technology base of poor are very weak and the scales of their operation small. Their credit needs arise due to growing family size and societal obligations such as expense on marriage and deaths, medical treatment and also due to market and climatic uncertainties. The need to expand or diversify operations places tremendous strain on the existing family income, which is hardly adequate to meet routine production and consumption requirements. In such emergencies, there are no credit institution to fall back upon and hence they are forced to take credit supplied by bigger landlords, traders and moneylenders at a quite high rate of interest, withstanding the threat of losing their means of production, indebtedness and sometimes even bondedness. The financial institutions have not entered this credit market in a big way due to certain reasons. Importantly, a poor person tends to be rather tentative, uncertain in his behaviour but group membership smoothens the rough edges of his behaviour pattern, making him more reliable as a borrower. A poor person feels exposed to all kinds of hazards; he
requires guidance and advice from people he knows and can trust. Membership in a
group gives him a feeling of protection. Thus, formation of a group would ensure the
best participation of the poor in a credit programme. The SHG’s serve the purpose of
savings, credit, linkages with banks, market, production, employment etc. Most of the
SHG’s are being promoted with facilitation of NGO’s and other formal agencies. The
field survey also reveals that more than half of the SHG’s were promoted by NGO’s
while 45.5 percent were promoted by development Block under Swarnjayanti Gramin
Rojgar Yojana.

Throughout history, people have formed groups with others who have something in
common with them, and oppressed people have joined together to overcome the
conditions they face. Self Help groups, as we know them, go back at least to the
1930s, when Alcoholics Anonymous started in USA. While self help groups
have distinct characteristics, the philosophies of the self help movement
overlap with various other ways of working. Community Development,
which became established as a discipline in the late 1980s, shares the concept of
empowerment. In the past two decades, the self-help movement has
mushroomed. AA, the largest self-help group, reports over one million members in
the US. One estimate places the total number of people in self-help support groups at
20 million. There are groups for addictions--Alcoholics Anonymous, Gamblers
Anonymous, Debtors Anonymous; for families--Families of the Mentally Ill,
Mothers of Twins Clubs; for illness/disability--National Association of People with
AIDS, Tourette Syndrome Association; for mental illness--Emotions Anonymous,
Recovery, Inc., GROW; for bereavement--The Compassionate Friends, Survivors of
Suicide, Widow to Widow; and for lifestyles--Single Mothers by Choice and Society
for the Second Self (cross dressers),etc.

2.10 The Effectiveness of Self-help Groups

The emergence of self-help groups can be seen as a response to
industrialization, the breakdown of the kinship system, and the decline of the
community), although alternative views see it as a reflection of an ineffective, inefficient and dehumanizing formal system of care (Gartner & Riessman, 1977). Currently, the increasing interest in providing services that are family-centered is also considered a factor contributing to the increased number of self-help groups (Rosenbaum et al., 1998). Despite the variety of explanations for the self-help phenomenon, the consensus is that there is a need for a new model to supplement and complement professional services, and that self-help groups are growing at an unprecedented speed worldwide. For example, about two percent of Canadians belonged to self-help groups in 1987 (Gottlieb & Peters, 1991), approximately 10 percent of Israel’s population, was estimated to have some type of involvement in a self-help group (Ben-Ari & Azaiza, 1995), and cancer self-help groups were found to be prevalent in major cities in China (Mok & Zhang, 2001). In the United States, self-help group participation amounted to 10 million in 1996 (Kessler et al., 1997) and it was recently noted that more Americans try to change their health behaviors through self-help than through all other forms of professional programs combined (Davison et al., 2000). The proliferation of self-help groups in various countries can be seen as an initial indication of self-help group effectiveness, because groups will cease to exist without value.

The self-help movement is becoming a global phenomenon. In some countries, self-help groups already exist for every medical condition listed by the World Health Organization (Riessman, 2000a), and they are serving people who encounter almost every physical, behavioral and emotional problem (Humphreys, 1997; Kessler et al., 1997). In spite of the rapid growth of self-help groups in India, the full potential of utilizing self-help groups remains untapped. One of the reasons may be attributed to the lack of systematic research and solid methodological foundations. Little was known about how helpful self-help groups are to members, and what kind of social impact they have brought about. The research component of the self-help phenomenon has clearly been left behind by the self-help movement itself.
Theoretically and empirically, the effectiveness of self-help groups has been widely documented in global context. The “helper-therapy principle” postulated by Riessman (1965) pointed to the process by which helping others has a therapeutic effect on the helper, and the self-help group provides the context for members to gain the unique benefits that may arise from helping someone who has the same problem as the helper. Rappaport (1993) asserted that self-help groups, which offer the venue for, shared experience; emotional support and social learning can help constitute a social identity. Along the same line of thinking, Yalom (1995) contended that self-help groups provide a unique opportunity for growth, social experimentation and change. Past research has also identified several major outcomes of self-help groups. These include: emotional support, acceptance, empathy, affirmation, spirit of hope, and sharing of feelings; provision of factual information and sharing of experiential knowledge; development of a sense of community; and individual and collective empowerment (Gottlieb, 1982; Kurtz, 1988; Borkman, 1976; levy, 1979; Gartner & Riessman, 1977; Katz & Bender, 1976; Gidron et al., 1991; Jacobs & Goodman, 1989; Bennett et al., 1996; Humphreys & Rappaport, 1994).

2.11 SHGs: Pathways out of Poverty in India

Self-help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and actively engage in savings (in actual term Thrift) and credit (S/C), as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The S/C focus in the SHG is the most prominent element and offers a chance to create some control over capital. The SHG system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation. Almost all major donor agencies support SHGs in India in one way or another, and many success stories are available, describing how membership in a SHG changed the life of a particular individual or group for the better. Many NGOs are promoting the SHG
mechanism and linking it to various other development interventions. Whereas there is ample evidence that the SHG approach is a very effective, efficient and relevant tool for organizing and empowering the poor, do arise with design, development and introduction of programmes to promote income-generating activities (IGAs) that will generate sufficient, sustainable and regular income.

The approach towards poverty alleviation is based on the formation of self-help groups at the grass root level. This brings about the necessity for organizing them in a group by which they set the benefit of collective perception, collective decision-making and collective implementation of programme for common benefits. This organization holds the power and provides strength and acts as an antidote to the helplessness of the poor. The group saving of self-help groups serve a wide range of objectives other than immediate investment. The approach has evolved over the years in India. Before understanding the strength of SHGs as a tool in Poverty Alleviation, it is imperative to understand the evolution of various Poverty Alleviation programs in India.

2.12 Poverty Alleviation in India

Empowerment of the poor encompasses three basic dimensions—reduction of poverty, creation of employment, and erasing inequality. Since the magnitude of poverty challenges the very basis of State as an independent economic and political unit, it has been realized by the policy planners that development, needs to be people centered and participation oriented across various interfaces. Poverty Alleviation has thus assumed a new thinking and new practices have emerged through integrated community participation of the poor. The basis of the concept of micro finance is self-organization of the poor at the community level driven by a desire and an inherent capacity to improve their living conditions by themselves. Inspired by the success of the Bangladesh Grameen experiment, the self-help group approach in India has taken strong roots as an effective and viable channel to take the poor to a new domain of economic empowerment and social upliftment. Micro finance, which
synergies the thrift and credit habits of the poor in a participatory and informal setting, is now widely acknowledged as a strategic tool to dent poverty in all poverty alleviation programmes. With the fast expanding Self Help Groups movement covering nearly 8 lakhs SHGs across the country, India is poised to provide pragmatic solutions by demonstrating the success of micro finance for eliminating total poverty in the coming decade.

Poverty as a global phenomenon has varied genesis, dimensions, and definitions. The definition of poverty is to be derived from a holistic approach to the multidimensional problem. While human poverty is generally interpreted based on motivation levels, income poverty is defined on the basis of minimum income levels required to meet basic consumption needs and amenities. The definition of poverty needs to go beyond these conventional interpretations and cover the deprivation of human dignity caused by vulnerability to social and cultural shocks resulting in a low quality of life. The eradication of poverty has been an integral component of the strategy for economic development in India. ‘Poverty line’, the basic indicator of poverty according to the Planning Commission, is defined as “total consumption expenditure at which one can expect a person to be adequately nourished in the specific society under consideration”. The underlying assumption is that people at the poverty line have just enough money to provide themselves with food that translates into 2200 calories per person. Large sample surveys are conducted by the National Sample Survey Organisation (NSSO) to obtain the consumption expenditure of various groups of the population at an interval of approximately five years. Based on this, the incidence of poverty is estimated at national and state levels. It has indeed declined from 54.9% in 1973-74 to an all-time low of 26.1% in 1999-2000.

In view of the larger distribution of poor geographically as well as the magnitude of the population below poverty line, the central government has taken a
pro-active stand in dealing with the problem. Policy planners have explored the following approaches in designing different poverty alleviation programmes.

- Area development to decrease regional disparities and to take care of vulnerable regions affected by natural calamities.

- Sectoral approach to assist the poor in their livelihood activities with major emphasis on farming.

- Targeted approach for a section of people by creating employment generation through development programmes.

- Empowering approach through financial incentives and credit support for self-employment enterprises in farm and non-farm sector.

- Multipronged approach with integrated spatial and social development

**Poverty Alleviation Programs**

The first anti-poverty program “Antyodaya,” aimed at the poorest of the poor, was kicked off in Orissa, the most backward state of India. Encouraged by the success of the scheme, a national programme was launched on a large scale under the name Integrated Rural Development Programme (IRDP) targeting below poverty line families in rural areas. This programme modified with the inclusion of Self Help Group pattern for beneficiaries under the name Swarn Jayanthi Gram Swa Rozgar Yojana, which continues to be the biggest employment generation programme for poverty alleviation in rural areas. The vulnerability of poor to passive risks of drought are tackled under Drought Prone Area Program (DPAP) where long term and sustainable asset creation is adapted as strategy for specific disadvantaged regions. IRDP, with massive dose of subsidy coupled with liberal bank finance and without collateral, was a large-scale financially structured initiative with project management units headed by senior bureaucrats in the country. Both programs were multisectoral in nature, as the programmes typically contained components from various sector
such as roads, drinking water supply, and education. The administration of these centrally sponsored schemes could be traced to the system of centralized economic planning in 1952 which invariably resulted in the centre taking a proactive role in formulation of development programmes falling in state list of subjects such as rural development, social, welfare, health, family welfare, area development, etc. The reasons for such an approach were generally scarcity of resources as well as technical expertise with states – and also the need for leadership initiative, which could be provided more effectively by the central government.

Strategic Shortcomings in Poverty Alleviation Programs

Three decades of experiments with poverty under the schemes have attained varying degrees of success due to some shortcomings in design and delivery.

• Improper delivery system affecting outputs in an adverse manner

• Insufficient funds for projects

• Project Management Units were not sustainable management entities with dependence on several institutions both promotional and financial.

• Public sector banks expected to play a constructive role, and only could address the development issues partially.

• Lack of proper supervision and monitoring of schemes.

• Lack of sharp focus on objectives with “plan driven approach” rather than demand driven approach.

• “Top down strategies” bypassing the total participation of beneficiaries and grass root level local governing institutions, who are the stakeholders of the schemes

• Emphasis on asset creation instead of gainful employment
• Operation of overlapping schemes with similar objectives resulting in funds leakage for unintended beneficiaries.

2.13 Conceptual Evolution of Micro Finance in India

The irrepressible desire and inherent capacity of poor to improve their living for themselves is considered as the foundation for concept of Micro Credit. Propelled by the demonstrative success of Bangladesh Grameen Experiment Micro Credit is acknowledged as an effective channel to take the poor into a new domain of economic empowerment. Micro credit movement assumed global advocacy through Micro Credit Summit held in February 1997 at Washington. The summit representing 1500 institutions and 137 countries is a landmark in the collective crusade against poverty undertaken by the developed and developing countries together. The Micro Credit Summit launched a nine-year campaign to reach 100 million of the worlds poorest families by the year 2005. Micro credit is referred as providing “Credit for self employment, financial and other business services including savings and technical assistance.

Most of the countries have long-established cooperative movements, including credit cooperatives. In most countries in South Asia and also in Indonesia, credit cooperatives have been largely unsuccessful in extending financial services to poor households. Generally, the cooperative movement includes people of all income levels within a particular village or community, and does not target the poor. Moreover, management of the cooperative movement has been inadequate in most countries.

In some countries such as India and Pakistan, a large proportion of cooperatives is reported to be non-functional, due to financial mismanagement and inability to recover dues. Even where they are functional, management is often dominated by rural elites, with funds allocated on the basis of patronage rather than needs. Frequently they rely heavily on government funds and are largely owned and
controlled by governments. In India and Pakistan, for instance, state and provincial cooperative departments have the right to be represented on the board of directors, and can exert considerable influence on the management of cooperatives. For instance, permission may be needed to hold elections, invest funds, change their area of operations, use funds from their reserves, and similar matters. Particularly in India there are very few highly successful cooperative banks and societies, which are devoted specifically to providing financial services to the poor, such as SEWA Bank and Working Women’s Forum etc. Micro – credit is distinctly different from other poverty alleviation schemes. Loans under micro – credit programs are very small, on an average less than $100 by world standards and in hundreds of rupees by Indian standards. Micro – credit continues to target the rural and urban households, with emphasis on women borrowers, provision of finance for creation of assets and their maintenance and bringing in greater quality of services. The beneficiaries are identified by micro – credit providers themselves independently or through NGOs/Self Help Groups/ the repayment period is generally very short. The amount is increased based on the borrower’s repayment history.

The purpose around which an SHG is initially formed varies depending on the kind of program being implemented and the need for collective working. It varies from managing a collective resource to promoting a social cause. In the context of microfinance, SHGs are formed (and sometimes old SHGs established with another purpose are converted) to foster savings and credit. A small group of individuals become members and pool their savings on a regular basis to form a collective fund. This fund is then rotated as credit amongst the members through a system of self-generated norms. Hence, the basis of the SHG is the mutuality and trust in depositing individual savings in group funds. Once the initial trust is established, the incentive or motivation for a member is the access provided to financial services through the common pool fund, which is higher than the individual’s own savings. Once such an SHG is formed and stabilized (through repeated rotations of their own savings
converted to mutual credit), it is possible for it to become a source of funds to others outside the SHG.

Indonesia has hundreds and thousands of groups engaged in savings and credit. Some of these are indigenous, based on traditional custom, while others are the result of action by government agencies, community groups and NGOs to form groups in connection with various government-initiated microfinance schemes. These include Bank Indonesia’s microcredit project and program linking banks with self-help groups (PHBK), the income-generating project for marginal farmers and landless of the Ministry of Agriculture, and the newer mass programs (IDT and Prosperous Family program). There is no provision for registration of SHGs, nor are they regulated except in the context of the particular government program from which they arise.

Similarly in Thailand, some of the community organisations involved in the microfinance programs of the Government Savings Bank (GSB) and Urban Community Development Office (UCDO) are registered as cooperatives. However, most are unregistered and operate informally. For instance, figures from UCDO show that of the 385 members with savings activities, only 66 are legally registered as cooperatives while the other 319 are not registered and operate informally.

Moreover, in most countries the cost of subjecting MFIs to full prudential regulation and supervision would be prohibitive. In Bangladesh, for instance, there are around 1,000 NGOs involved in microfinance. And while MFIs in other countries do not have nearly the same outreach as in Bangladesh, the number of MFIs is not necessarily less. In India there are perhaps as many NGOs engaged in microfinance as in Bangladesh, plus some 90,000 primary agricultural credit societies and thousands of self-help groups. In the Philippines, there are some 500 MFIs reaching a combined total of only 30,000 borrowers. In Thailand there are more than 1,500 community organisations engaged in microfinance.
In India, there are at least three official second tier institutions, which on-lend to specialist MFIs. However, none of them imposes rigorous performance and reporting standards. The second tier institution with the largest lending program is Rashtriya Manila Koch (RMK). For a partner organisation to borrow from RMK, it should have at least three years experience in thrift and credit administration, a 90 per cent recovery performance during the last three years (in practice, RMK generally accepts a recovery rate in the range of 80 to 90 per cent), satisfactory funds management and financial performance, and a good track record of work in the socioeconomic field. These requirements are all quite general in nature. There are also a number of requirements relating to loans by the partner organisations to individual borrowers. Further, partner organisations are supposed to maintain 10 per cent of the loan provided by RMK as reserves, but this is not strictly enforced.

The performance and reporting standards imposed by two other significant second tier institutions, the Small Industries Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development (NABARD) are even less specific that those imposed by RMK and do not provide a basis for monitoring the financial performance of the NGO. As a part of its mandate, NABARD initiated certain research projects on SHGs as a channel for delivery of micro-finance in the late eighties. Amongst these, the project sponsored by the Mysore Resettlement and Development Agency (MYRADA) on “Savings and Credit Management of SHGs” was partially founded by NABARD in 1986–87. In 1988–89, in collaboration with some of the member institutions of the Asia Pacific Rural and Agricultural Credit Association (APRACA), NABARD undertook a survey of 43 nongovernmental organizations (NGOs) in 11 states in India, to study the functioning of microfinance SHGs and their collaboration possibilities with the formal banking system (NABARD, 1991). Both these research projects produced encouraging possibilities, and NABARD initiated the pilot project called the SHG linkage project in 1992. NABARD also held extensive consultations with the Reserve Bank of India. This resulted in issuing a policy circular to all commercial banks to participate and
extend finance to SHGs (RBI, 1991). NABARD also issued a broad set of flexible guidelines in February 1992 (NABARD, 1992) to the formal rural banking system, explaining the project’s modalities. The project was extended to the regional rural banks and co-operative banks, in addition to the commercial banks in 1993.

Table 2.2: Poverty Alleviation Programs

<table>
<thead>
<tr>
<th>Programme</th>
<th>Target</th>
<th>Objectives</th>
<th>Approaches</th>
</tr>
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<tbody>
<tr>
<td>POVERTY ALLEVIATION PROGRAMS INITIATED WITH AREA/ SECTORAL/ SECTIONAL APPROACH IN SEVENTIES &amp; EIGHTIES</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1) Command Area Development Programme (CADP)</td>
<td>…………</td>
<td>Equitable development of backward areas</td>
<td>Area Development</td>
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<tr>
<td></td>
<td></td>
<td>Relieff/rehabilitation/promotion of suitable</td>
<td>Approach</td>
</tr>
<tr>
<td>2) Drought Prone Area Program (DPAP)</td>
<td>…………</td>
<td>livelihoods in the affected areas.</td>
<td>Area Development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Development of hard terrain and</td>
<td>Approach</td>
</tr>
<tr>
<td>3) Hill Area Development Programme (HADP)</td>
<td>…………</td>
<td>disadvantaged areas.</td>
<td>Same as above</td>
</tr>
<tr>
<td>4) Modified Area Development Programme (MADP)</td>
<td>Small and</td>
<td>Provision of inputs for poor farmers to pursue</td>
<td>Sectoral</td>
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<tr>
<td></td>
<td>Marginal Farmers</td>
<td>livelihoods in agriculture and allied activities.</td>
<td>Development Approach</td>
</tr>
<tr>
<td>5) Small Farmers Development Agency (SFDA) &amp; Marginal Farmers and Agriculture Labourers Development Agency (MFAL)</td>
<td>Fish Farmers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6) Fish Farmers Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agency (FFDP)</td>
<td>Rural Poor</td>
<td>Direct assistance for livelihood promotion</td>
<td>Development Approach</td>
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<tr>
<td>7) Large Agricultural Multipurpose Society (LAMPS)</td>
<td>Rural Poor</td>
<td></td>
<td>Sectoral Development Approach</td>
</tr>
<tr>
<td>8) Economic Rehabilitation of Rural Poor (ERRP)</td>
<td>Vulnerable People</td>
<td>Special Assistance to Vulnerable sections livelihoods/health/ Literacy. Empowerment of</td>
<td>Sectional Development Approach</td>
</tr>
<tr>
<td>9) Massive Assistance Programme (MAP)</td>
<td>--do--</td>
<td></td>
<td>Sectional Development Approach</td>
</tr>
<tr>
<td>10) Special Assistance Programme (SAP)</td>
<td>Women &amp; Children</td>
<td>Women &amp; Child Education</td>
<td>Sectional Development Approach</td>
</tr>
<tr>
<td>11) Development of Women And Children in Rural Areas (DWCRA)</td>
<td>SCs</td>
<td>Empowerment of SCs</td>
<td>Sectional Development Approach</td>
</tr>
<tr>
<td>12) Scheduled Caste Action Plan (SCAP)</td>
<td></td>
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</tbody>
</table>

**POVERTY ALLEVIATION PROGRAMS INITIATED WITH INTEGRATED APPROACH IN NINETIES**

<p>| 13) Integrated Rural Development Programme (IRDP) | Rural poor | Functional, temporal &amp; sectoral integration development of national resources human resources and provision of initiatives for holistic approach. | Integrated Approach |
| 14) Integrated Tribal Development | Tribal poor | As above, targeting tribal poor who constitute | Integrated Approach |</p>
<table>
<thead>
<tr>
<th>Agency (ITDA)</th>
<th>Major disadvantaged section of poor</th>
<th>15) Twenty Point Economic Programme (TPEP)</th>
<th>Removing social and economic disparities raising productivity. Rural poor</th>
<th>Integrated Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>16) Swaranjayanthi Gram swarozgar Yojana (SGSY)</td>
<td>Rural poor</td>
<td>Integrated initiatives for providing infrastructure, credit, marketing, utilities &amp; services, training, etc., for promoting self employment, gender equality, community Development projects, and overall empowerment of poor</td>
<td>Individual and self help group approaches cluster promotion, Direct grants/subsidy cum-credit support.</td>
<td></td>
</tr>
<tr>
<td>17) Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)</td>
<td>Urban Poor</td>
<td>Aimed at poverty alleviation. Self employment for urban poor</td>
<td>Individual &amp; SHG subsidy credit support/ training.</td>
<td></td>
</tr>
<tr>
<td>18) Jawahar Gram Samridhhi Yojana (JGSY)</td>
<td>Rural poor</td>
<td>Employment assurance through wage employment. Provision of Shelter with subsidized cost</td>
<td>Beneficiary targeted</td>
<td></td>
</tr>
<tr>
<td>19) Credit margin money Scheme of KVIC</td>
<td>Rural poor &amp; semi urban poor</td>
<td>Self-employment through village enterprises with training &amp; markets.</td>
<td>Beneficiary targeted with credit subsidy support</td>
<td></td>
</tr>
<tr>
<td>20) Prime Minister’s Rozgar Yojana (PMRY)</td>
<td>Educated unemployed youth</td>
<td>Self-employment through micro enterprises with training</td>
<td>Beneficiary targeted with credit and subsidy support/training.</td>
<td></td>
</tr>
</tbody>
</table>
2.14 Growth of SHGs in India

In 1976, Prof. Mohammed Yunus of Bangladesh started women’s groups in Bangladesh and developed thrift and savings among the poorest. Now it has developed into a bank named Bangladesh Grameen Bank. Its report in February 1998 states that the bank has 1138 branches and covers 39572 villages. It has 2367503 members of which only 124571 are men. The bank has disbursed a cumulative amount of US $ 2714.61 Million whereas the savings of the members has reached US $ 202.73 Million. With the success of BGB and similar organisations elsewhere, the concept of Micro credit has gained momentum in India. Based on this success many Non-Governmental Organisations (NGOs) in our country are involved in organising SHGs and they serve as an agent between the bank and the poor. Self-help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and actively engage in savings and credit, as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The S/C focus in the SHG is the most prominent element and offers a chance to create some control over capital, albeit in very small amounts. The SHG system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation.

In our country the pioneer in this field is Self-Employed Women's Association (SEWA). Without the Grameen model SEWA was started in 1972. Though started as a Trade union for women in the unorganised sector, today SEWA boasts of running the first Women's Bank in the country. By the year 2000 SEWA has a membership of 209250. The SEWA Bank has 87263 depositors, and 41757 borrowers whose loan outstanding us Rs.887 lakhs 4 as on March 1998. SEWA has also networked many co-operatives and emerged as the largest federation of co-operatives in the country.
In Southern India organisations like PRADAN, MYRADA, ASSEEFA, MALAR etc. have entered into this rural credit system. PRADAN has a membership of 7000 women who have availed 40000 loans worth $ 600000 as on March 1997. MYRADA has 62769 members who have saved RS.48 lakhs and availed loan to the tune of Rs.2.90 crores. MALAR has a membership of 15000 women who have saved RS.86 lakhs and availed loan to the tune of Rs.2.23 crores. NABARD refinances the banks, which lend to SHGs. As per NABARD's Annual Report 1998-99, banks have financed 30447 SHGs with a finance of Rs. 53 crores as on 31st March 1999. The repayment is excellent. The Finance Minister in his budget speech has asked NABARD and SIDBI to increase the number of SHGs to 100000. Even this number will be minuscule as it will cover only 200000 people in our country which has nearly 38 crores of people below poverty line. MALAR has emerged as a new self-reliant model for our nation. An offshoot of the Total Literacy Campaign in Kanyakumari District, MALAR has emerged as an organisation of poor women who share the interest income to sustain a full time structure, office and training schedule. This has kindled a new hope. Already 10 districts in Tamilnadu have undergone training at MALAR and started similar organisations for micro-credit. Revamping of the rural credit system has already started. The banks Regional Rural Banks, Cooperatives and SHGs linked with Non-Governmental Organisations (NGOs) have a role to play. There is need for closer study to support the system. So that the country can eradicate poverty at least in the beginning of the next millennium. NABARD introduced a Pilot Programme for starting and lending to SHGs in 1992 based on the experience of BGB and MYRADA. Now seeing the success in repayment many banks are eager to lend to SHGs and because of the pressure from Govt. NABARD has started giving targets to Banks. Rashtriya Mahila Kosh - an organisation promoted by Govt. Of India also gives direct loans to NGO's for on lending with incentives for proper repayment. All Banks including co-operative Banks and Private Banks lend to SHGs based on their savings at the ratio of 1:1 initially and this can go upto 1:4. Suddenly World Bank and IMF
have found a way to reach the poor through NGOs and they see this an opportunity to reduce poverty and also to prevent the poor from agitation because of the ill effects of their Economic policies. The Government of India, which is under IMF and WB guidance, has launched schemes scrapping Integrated Rural Development Programme, Scheme for Urban Micro enterprises, Prime Ministers, Urban Poverty alleviation programme and TRYSEM. The Schemes are known as (1). Swarnajeanthi Gram Swarozhar Yojana – SGSY. (2). Swarnajeanthi Sahahari SwaRozhar Yojana – SJSRY The former is for Gram Panchayats and the latter for Town Panchayats, Municipalities and corporations. According to this scheme, the Panchayats will select the good group with assistance from BDO, Bank and NGOs and provide Rs.10000/- as revolving fund - free of Interest and then banks will provide loan to the group - seeing the performance. There is an individual subsidy of 30% for those who do individual enterprises and 50% subsidy for Group enterprises. After the introduction of this scheme NGOs and Panchayat are forming groups or trying to get control of the Groups and funds. The scheme has a trap. If the repayment under this scheme is less than 70% in a Panchayat, nobody will get loan in this panchayat.

After the Micro Credit summit held at Washington WB, IMF and many foreign funding agencies have directed their projects towards micro-credit. Now Govt. of India has also directed CAPART and other funding agencies to focus on micro credit because of which all NGOs are running after people to for SHGs so that they can get funds. Thus a slow and steady SHG movement started during 1990s in India truly representing the concerns of the poorest of the poor.

**DWCRA Groups** Groups with a maximum membership of 15 women are formed by the Department of Rural Development under the Development of Women and Children in Rural Areas (DWCRA) scheme. Thrift is used an important point for entry and micro financing among members. The scheme focuses on organization of women into groups to foster a collective approach to their problems and to enhance
their bargaining power. These organised women pull many of the Government programmes into their respective villages for their benefit. Under DWCRA Rs.25,000 is provided to the group as lump sum grant. The members can use it collectively or share it on prorate basis and can be used for any income generating activity. DWCRA recognizes that thrift and credit is essential for improving livelihood. Members are encouraged to save their money as a common fund. Training in leadership, attitudinal changes, and skills for income generation is an integral part of the DWCRA scheme.

**SGSY Scheme** Swaranjayanthi Gram Swarozgar Yojana (SGSY) is a modified version of IRDP with a focus on group approach. Cost of group formation and development is met from SGSY funds amounting to Rs.10,000 per group over a period of 3-4 years. Process approach and social mobilization with minimum of 50% of women groups are salient SHGs approaches. Grading of groups is done once in six months to ascertain their status of performance and corrective capacity building is undertaken. Assistance for economic activities is given through bank loan-cum-scheme subsidy to individuals in groups as well as to groups.

**Anganwadi groups** These groups are formed by the Department of Women and Welfare at the habitation level for implementing health, nutrition, and literacy programmes for women. Micro finance is extended to the members for taking up income generating activities as individual or as group enterprises.

**Joint forest management groups** Village communities in notified forest areas are formed into Vana Samarakshana Samithis (VSS) to conserve forest wealth. Social mobilisation through the SHG route is being achieved under this programme. Village communities are exhorted to take up alternative income generating activities.

**Watershed management groups** Farmers in the watershed areas are formed into groups for implementing improved techniques of watershed development with the
intervention of a facilitating agency, normally an NGO. While on-farm development activities are funded through grant support, these groups are also encouraged to take up microfinance, with thrift as an entry point activity.

**Rashtriya Mahila Kosh groups** (RMK groups) These are groups formed by NGOs and funded by RMK, a fund set up by the Government of India for associating women to undertake income-generating activities. Credit is extended to individual women in the group mode.

From the time that the first SHGs emerged in 1985 to the inclusion of the SHG strategy in the annual plan for 2000/01 (Government of India, 2000), several important steps were taken by the National Bank for Agriculture and Rural Development (NABARD), the Reserve Bank of India (RBI) and leading NGOs, as well as by multilateral agencies, particularly IFAD. The SHG strategy is an important component of the Government’s overall thrust to mitigate poverty and has been included in every annual plan since 2000. This period of 20 years can be divided broadly into two phases.

**Phase I: From 1987 to 1992**

During this phase – largely omitted in recent studies – NABARD focused on supporting NGO initiatives to promote SHGs and on analysing their potential and performance. In 1987 NABARD first put funds into the SHG/SAG4 movement (in response to a proposal from MYRADA submitted in 1986). In 1987 it provided MYRADA with a grant of 1 million Indian rupees (Rs) to enable it to invest resources to identify affinity groups, build their capacity and match their savings after a period of 3-6 months. The grant was based on MYRADA’s experience in promoting SHGs since 1985 and the initiative of the NABARD chairperson at that time, Shri P.R. Nayak. As a result of the feedback from this initiative, in 1989 NABARD launched an action research project in which similar grants were provided to other NGOs. After an analysis of this action research, and owing to the efforts of successive
NABARD chairpersons and senior management, in 1990 RBI accepted the SHG strategy as an alternative credit model. NABARD (1992) issued guidelines to provide the framework for a strategy that would allow banks to lend directly to SHGs. Based on these initial experiences, the SHG-Bank Linkage Programme was launched in 1992. Since then – and on the basis of its extensive network of officers – NABARD has promoted and monitored the SHG programme, provided funds for capacity building and innovation, and helped change policy to create an enabling environment.

Although an enabling policy framework was not yet in place for the SHG-Bank Linkage Programme, RBI nevertheless decided to extend credit to the groups, with some modifications in the design and paperwork. As a result, this became the first state-supported project to initiate the SHG-bank linkage strategy. This experience also contributed to the initiatives undertaken by NABARD to shape policy on microfinance models, which resulted in the launching of the SHG-Bank Linkage Programme through a pilot project.

**Phase II: From 1992 onwards** – the SHG-Bank Linkage Programme

The programme began in 1992 with a two-year pilot project to link 500 SHGs. It was indeed the pilot of the SHG-Bank Linkage Programme, although not of the SHG movement, with which NABARD had already been involved since 1987. Without that 1987 investment, the SHG movement would not have had official recognition and ownership. The SHG-Bank Linkage Programme was slow to take off, but has been speeding along since 1999. It has received unstinting support from RBI, the central and several state governments of India – notably Tamil Nadu, Andhra Pradesh, Maharashtra and Karnataka – and thousands of NGOs and the banking sector, as well as multilateral agencies, notably IFAD. This paper focuses on the progress of the SHG movement as reported by official documents, which understandably highlight the SHG-Bank Linkage Programme.
Although the data are difficult to verify, reports indicate that as of March 2006 there were about three million SHGs in India. Of these, about 1.6 million are linked to banks. NABARD (2005) provides data on the SHG-Bank Linkage Programme. It is an official publication into which NABARD has invested much work and care and it will be used as a reliable source of information, with the following clarifications. The report provides information only on the 1.6 million SHGs/SAGs linked to banks. Its data only cover cases in which refinancing is requested by the banks. The report also focuses, understandably, on the financial management of SHGs.

However, SHGs are also an instrument for the empowerment of poor and marginalized sectors. They have proved to be an effective instrument for changing oppressive relationships in the 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. Owing to this social impact, MYRADA has pointed out that the SHG movement does not focus on the provision of credit, rather it focuses on the management of savings and credit. It is the experience of managing finance that gives poor people the confidence and skills to initiate and manage change in society. The SHG movement arises from the belief that it is not enough to teach people to fish when they cannot reach the river. There are hurdles in their way (class, caste and political) that the SHGs have been able to overcome. NABARD has also financed case studies focusing on these social issues and on the changes that SHGs have been able to initiate. The SHG-Bank Linkage Programme is the major component of the SHG movement for which official data are available. Such data give a reliable overview of the progress of the movement in India. One can assume that the majority of well-functioning SHGs have been advanced loans by banks; however, this may not be the case in parts of the country in which banks have been slow to initiate the linkage.
By March 2005, the programme had provided credit to 1,618,456 SHGs with a membership of over 24 million poor families or about 120 million poor people, making it the largest microfinance initiative in the world. There are, however, many more SHGs in India than those to which the banks have advanced loans. Many banks have lent to SHGs, but have not asked for NABARD refinancing because they have ample funds or can mobilize funds at lower rates of interest. Hence these linkages are not reflected in NABARD’s data. Many of the SHGs that are functioning well have not approached banks for their own reasons – some, for example, have adequate savings and grants provided by NGOs to meet their requirements. In some areas, banks are located too far away from the SHGs. A number of SHGs are too young to access bank loans, while others are functioning poorly and are thus ineligible. Hence the number of SHGs is greater than that reported in the NABARD document: other reports indicate that they number some 3 million, including the good, the average and the bad.
Table 2.3: SHGs in India (As on March, 2003)

<table>
<thead>
<tr>
<th>States</th>
<th>No of SHGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>A P</td>
<td>281338</td>
</tr>
<tr>
<td>TN</td>
<td>98410</td>
</tr>
<tr>
<td>Karnataka</td>
<td>62178</td>
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<td>Uttar Pradesh</td>
<td>53696</td>
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<tr>
<td>Orissa</td>
<td>42272</td>
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<tr>
<td>WB</td>
<td>32647</td>
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<td>Maharashtra</td>
<td>28065</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>22742</td>
</tr>
<tr>
<td>Kerala</td>
<td>21012</td>
</tr>
</tbody>
</table>

Reasons for the rapid spread of the SHG movement

There are thousands of promoting institutions involved – government, banks and NGOs – not just one or two institutions with ambitions to grow. For example, in 2004/05 there were 573 banks (commercial, regional rural and cooperative) lending to SHGs through 41 323 bank branches. Many of them were also promoting SHGs. Further, there were 4 323 NGOs and other agencies involved in training and mentoring of SHGs. This massive network of institutions supports the SHG movement, each entity in its own way.

There has been much investment in the capacity-building of SHGs. It comes from private NGO donors, multilateral agencies such as IFAD and some bilateral agencies, from NABARD, the Small Industries Development Bank of India (SIDBI) and state governments. Capacity-building is largely done through NGOs, whose main role is to identify affinity groups and build their institutional capacity. Identifying these groups requires close rapport with a village. It is normally done, first, by using participatory methods through which poor people are identified, then conducting a short session to
explain the meaning and need for affinity as the basis for group formation and, finally, leaving poor people thus identified to form their own groups.

Affinity exists before the NGO enters; it is the NGO’s role to identify and build on it, not to destroy it. This, unfortunately, is being done by some government programmes that provide subsidies at different rates to scheduled castes and scheduled tribes, even though they may be in one SHG – and by some microfinance institutions (MFIs) that break up good SHGs into joint liability groups or extend loans to individual members in an SHG without a consultative process with the groups. Once an affinity group has been identified, a major training programme is scheduled, which includes at least 23 modules spread over a year and a half.

• Training and exposure for bankers was provided. Formerly they were accustomed to assessing proposals submitted by individuals under anti-poverty schemes such as the Integrated Rural Development Programme (which, incidentally, could claim to be the first microfinance programme, as it was begun in 1980). This was relatively easy, because the unit costs and project profiles for each activity or asset were standardized. Now they had to be trained to assess SHGs as institutions – training that was supported extensively by NABARD.

**Micro finance programmes of CAPART**

The Council for Advancement of People’s Action and Rural Technology (CAPART) is set up by the Ministry of Rural Development, Government of India, to fund voluntary organizations and community based organizations engaged in serving rural areas. CAPART occupies a significant space in shaping the development innovations of NGOs and catalyzing development initiatives to reach the poor.
The main objectives of the scheme is:

- to fund VOs and CBOs already working with self help groups to extend their reach to new areas and improve the quality of existing groups

- to extend training support to potential VOs and registered CBOs who are desirous of working in the area of micro finance and self help groups.

- to identify and support VOs and registered CBOs having outstanding experience in formation of SHGs and micro finance who would act as resource centres. The unit cost for the promotion of group is worked out to a maximum of Rs.9, 000/- per group, which includes expenditure for a 3-year project cycle.

- to fund Rs.10, 000/- per SHG without interest, where bank linkages are not available as revolving fund.

- to finance up to Rs.2.00 lakhs as bridge funds for a federation of over 100 active SHGs

**SWA-SHAKTI PROJECT** (Assisted by IFAD & World Bank)

This is a rural women’s development and empowerment project encompassing six important states of Bihar, Gujarat, Haryana, Madhya Pradesh, and Uttar Pradesh with a central project support unit in the Department of Women & Child Development of the Government of India to facilitate the implementation. The broad components of the scheme are as follows:

Institutional capacity building for women’s development

- promotion of women SHGs, cluster associations, and capacity building Supporting mechanism for income generating activities

- mobilization of investment funds, provision of business management, and technical support services
- mechanism to access social programmes and leverage funds for community asset creation.

- to assist in improving women’s access to social services such as health and child care

- to create and improve community assets such as drinking water, sanitation, and day care centres. Provide effective project management systems

- to strengthen the capacity of central and state level agencies to manage

**Kudumbashree Project** The project is launched by the Government of Kerala with the active support of the Government of India and NABARD for wiping out absolute poverty from the state within a period of 10 years. This project aims at combining the self help group approach with demand led convergence of available services and resources to tackle the multiple dimension and manifestation of poverty holistically. The project is implemented through Community based organisations. This project is based on the successful experience of the Alapuzha model (a district in Kerala) of poverty alleviation with community participation, which won the UN Award at the 50th Anniversary of UN at New York in 1995. Kudumbashree aims at Empowerment of women through community based organizations

- formation of informal banks for the poor

- promotion of micro enterprises and establishment of rural marketing networks.

- striving for convergent community action

**District Poverty Initiatives project: (VELUGU)** This project is being implemented in Andhra Pradesh with the aid of World Bank. The project aims to organise the poorest of the poor in selected districts through convergence of resources. The project has components of organization capacity building, linkages, and capital support. The
project envisions “common interest groups” to focus on accelerated progress in poverty alleviation. CIG members, mostly drawn from existing groups, are motivated to take up economic activities and community welfare programmes through the provision of revolving fund (Rs.20,000/-) called common investment fund.

**SJSRY (Swarna Jayanthi Shahari Rozgar Yojana)** SJSRY is an anti-poverty programme launched by the Government of India for eradicating absolute poverty from urban areas. The community development structure provides the channel for the delivery system of the scheme. The scheme has two sub components – Urban Self Employment Programme (USEP) and Development of Women and Children in Urban Area (DWCUA). DWCUA helps urban poor women in setting up gainful employment through group activity.

**Banks as a SHPI**

Among the formal institutions, next to government, banks play a major role as self-help promotion institutions in India. For several years, since the nationalization of the commercial banks, there has been a commitment at the highest policy levels, towards improving access to financial services for the poor. Several policy measures have also been in force to ensure this, such as the allocation of committed bank funds to small loans (priority sector banking), subsidized interest rates (ranging from 4% to 10%) for micro loans, and the opening of small rural bank branches. Hence, the mainstream banking system in India has always been involved in microfinance as a special area of their operation.

At the operational level, this policy commitment has been implemented usually by linking bank credit to a targeted program of the government of India. The Integrated Rural Development Program (IRDP) was a typical example. Based on this program, several projects of the government of India have had a strong microfinance component either through the banks or through government-established financial institutions. A further institutional focus was given to rural lending through
small loans by establishing the regional rural banks in 1975. The SHG linkage program is located in this national policy and institutional context, where there is a vast network of primary lending institutions to deliver microfinance on the one hand, and an apex national level institution, namely NABARD, to provide policy support and refinance on the other.

Banks have been slow in entering the field of microfinance from the angle of both promoter as well as lender. In general, banking institutions have treated the formation and promotion of SHGs as an activity which is strictly for voluntary agencies or non governmental organizations and not for mainstream commercial bankers. But the problem in India is that well-intentioned NGOs, which can take up these activities, are confined to relatively smaller pockets of the country. If banks see a new opportunity and a new market in microfinance they can-not always expect a ready-made institution to absorb their lending portfolio. It may be necessary for some banks to take up the work of forming and promoting SHGs on their own if they view it as a profitable market and a profitable business opportunity. Several banks, especially regional rural banks (RRBs), have done pioneering work in forming, promoting, and later financing SHGs. (Pl. see SHG –Bank Linkage model I)

In this method, the role of mobilizing and forming the SHG is taken up by the bank branch itself. There is no NGO facilitation. Although this model is not common, many banks have shown interest in forming SHGs themselves. However, this alternative is fairly unique, as banks do not usually go into social mobilization roles. Irrespective of the quality of the SHGs formed, the weaknesses of this alternative are obvious. The core competency of a banker is finance and not SHG formation. Even if the SHG formed is for the limited purpose of fund rotation, substantial effort has to be made to form SHGs. Further, SHGs formed only for receiving external funds may not be sustainable. The advantage of this alternative, however, is that it exposes the banker to social realities firsthand. Also, in all the places where NGOs are not operating, some mechanism needs to be found to improve access to microfinance.
2.15 Effectiveness of Self-help Groups in Indian Context

Self-help groups (SHGs) are fast emerging as powerful tool of socio-economic empowerment of the poor in our rural areas. The self-help group is a small body formed by the people for meeting their specific objectives, particularly credit. However Local literature shows that self-help groups have been developed for a wide range of populations, including the mentally ill and their families, persons with disabilities and their care-givers etc. SHGs are initially formed on the foundation of the accumulated endowment of bonding social capital already existing in the community. The social capital produced by the SHG as it matures through creation of new ties and linkages, strengthens the community’s cooperative capacity to the achievement of group government. When the SHGs grow they begin to articulate the community demands as they become aware of their rights and therefore attitude of the government bureaucratic officials changes and they become more responsive to the needs of the community i.e., with the maturity of SHG the state-society relationship begin to change at the local level towards the better.

In this way, SHGs which were originally established to produce economic benefits for members eventually became an associational framework for collaborative actions that produce public goods. As a result a range of other community-level organizations emerge where often members of the SHGs are recruited. Role of SHGs in strengthening local governance and political democracy can be described by the fact that a number of SHGs members are being elected in the Panchayti Raj system in India, the lowest tier of local democratic governance.

The working group (RBI, 1996) has commented thus on the progress of SHGs in India:

1. SHGs helped to generate and collect small thrift amounts from a cross section of people hitherto considered incapable of saving. The essential
difference between thrift and savings was that while thrift was generated out of deferred consumption, the savings were generated out of surplus.

2. SHGs have facilitated the rural poor in fulfilling their credit requirements, both for emergent consumption needs as well as for small production requirements.

3. SHGs have been able to meet successfully the credit requirements of the rural poor as per their choice, unlike in the case of borrowing under other programs of formal credit institutions.

4. The high recovery rates of the SHGs are in sharp contrast to the poor recovery performance of banks in respect of various activities under rural credit. Since credit/finance was seen as management of the participants’ own funds and enterprises, a feeling of ownership and responsibility was generated.

5. The entire cycle of assessing need, disbursement, recovery, monitoring, and supervision shifted closer to the scene of action under SHGs, and therefore the transaction cost of the loans was relatively less.

In self help groups it is assumed that all poor households need to save and have the inherent capacity to save small amount regularly; easy access to credit is more important than cheap subsidized credit which involves intricate bureaucratic procedures, the poor are the best judge of their credit needs and are good users and repayers of credit when formed in group. A notable feature of SHG is that before its linkage with any financial institution, credit discipline is imbibed among the member by way of SHG with banks has improved the socio-economic condition of its member by way of positive impact on income, saving, and self-confidence. The impact is more pronounced in the case of SHGS linked through NGOs. This and many other aspects of rural credit delivery system need to be studied in a greater depth. SHGs have proved to be successful in addressing the interests of women in a sustained manner. They are extremely useful in generating savings, ensuring successful delivery of credit to individual women and effecting recovery. In addition,
they serve as an ideal mechanism for bringing women out of their homes, making them more articulate and honing their leadership qualities and their skills as motivators. Women led SHGs in Andhra Pradesh have won laurels for their exemplary performance.

**Entrepreneurship through Self-Help Groups**

Self-Help Group (SHG) enables the rural poor to earn their own livelihood besides participating in the process of development. The SHG scheme has been extensively used by voluntary agencies for a long time but has been incorporated in the conventional development programmes only recently. A typical rural women’s self-help group is a good example of capacity building for prospective entrepreneurs. Its aims include enabling members with no educational or industrial or entrepreneurial background to become self-dependent and self-reliant by developing and enhancing the decision-making capacity of members and instilling in them the strength and confidence for solving their problems. They provide poor people a forum where they can learn about collectively mobilising and managing money and matters. Few other Central and State government schemes aimed at capacity building of women and others for entrepreneurship include the ‘Stree Shakti’ programme in the dairy cooperative sector in M.P., training-cum-employment programme for women called Swa-Shakti and Rashtriya Mahila Kosh Project –supported by the World Bank and International Fund for Agricultural Development (IFAD).

**IMPACT OF SHG MOVEMENT IN INDIA:**

Various organisations evaluated SHGs including NABARD, NGOs and ORG-Marg. Some of the salient features are.

- 98% of the members make savings regularly as the norms prescribed by the groups.

- All the groups meet at least once in a month to discuss various social issues related to their day to day life.
• 98% of eligible members adopt small family norms.

• 100% children of SHG members are able to access immunization services against the 6 diseases.

• 30% of the members have access to safe cooking fuels (LPG) under the Government promoted scheme popularly known as “DEEPAM”.

• 80% of the total SHGs have accessed financial assistance from banks and repayment is 98%.

• 10,000 SHG members were elected to the local bodies (3 term Panchayat Raj Institutions) in 1997 November elections.

• Members are engaged in 450 varieties of income generating activities.

• Additional family incomes to member range from Rs.1000-3000 per annum depending on the income generating activities.

• Increase in self confidence and self esteem

• Increase in awareness levels about the society and community. Voluntary participation in community activities like laying roads, planting trees conserving environment, construction of water harvesting structures, donations to the victims of natural calamities helping to reduce crime against girls & women, campaign against eradication of social evils like dowry, child marriages, untouchability, AIDS, rescue and rehabilitation of orphaned children, counseling adolescent girls, support to widows and destitutes are a few to mention.

**Historical Development of Rural Credit System In India**

The first effort in institutionalizing rural credit was made by the Government of India in the first decade of the present century with the passing of the Co-operative societies Act in 1904 to support the country's predominantly agricultural economy.
Though the country witnessed significant growth of the commercial banks since then, their involvement in rural lending was negligible till the mid-sixties. Following the introduction of social control in 1967 by the Government of India & later nationalization of major Commercial Banks in 1969, these banks also were directed to involve themselves in rural lending. Later in 1975, Government of India also introduced a specialized state sponsored, regionally based & rural oriented Regional Rural Banks with the objective of accelerating rural economic development of the identified target groups i.e., weaker sections comprising small & marginal farmers, agricultural labourers, artisans, small entrepreneurs etc.

In 1981 National Bank for Agriculture and Rural Development (NABARD) came into existence. Rural financing has been playing & will continue to play an important role in the development of the Indian economy as 75% of the India's population lives in its villages. Commercial Banks, co-operative credit institutions & RRBs, which form an important segment of the rural financing system, have been helping in progressive monetisation of the rural economy through their operations in the rural areas. Although the institutional share in total rural credit has increased many fold over the years there is still a large institutional credit gap.

Despite the multi agency approach adopted for providing rural credit, certain inbuilt formalities viz. documentation, restricted working hours, loan amount, purpose of loan & proximity factors have been causing inconvenience to the deserving rural poor. Yet, exploitation of the rural poor continues by the local money-lenders. Only 2% of the 500 million small & micro entrepreneurs are accessed to formal sources all over the world.

There is need to provide them micro credit. The Banks have evolved a new approach to reach out the rural poor, named "SELF HELP GROUP FINANCING". In India local money lenders dominate the rural areas. Self Help Group Financing (SHG) - a new concept. SHG - a group of rural poor generally comprising of small/marginal farmers, landless agricultural labourers, rural artisans, women folk
& other micro entrepreneurs organised themselves to achieve socio economic development by raising resources at their level initially & linking with the bank subsequently with the help of NGOs.

**Functions and Characteristics of an SHG**

NABARD (1997) defines SHGs as "small, economically homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute to a common fund to be lent to its members as per the group members' decision". Most SHGs in India have 10 to 20 members, who can be either only men, or only women, or only youth, or a mix of these. As women's SHGs or sangha have been promoted by a wide range of government and non-governmental agencies, they now make up 90% of all SHGs. As Indian women do not generally have the same opportunities to migrate for wage work as men due to social obligations and taboos, it is particularly important for women to improve employment and income earning opportunities in situ, and in a way that is compatible with their role in child care.

Self-help groups are mostly informal group where members pool savings as a thrift deposit. The groups have common perception of need and improvise towards collective activity. Many such groups formed around specific production activities, promote saving among members and use the pooled resources to meet the various credit needs of members. Where funds generation is low in the initial phases due to low saving capacities, this is supplemented by external resources. Thus self help groups have been able to provide primitive banking service to its members that are cost effective, inflexible and without defaults, based on local requirement. Self help group have also evolved their own characteristics of functioning.

The rules and regulations of SHGs vary according to the preferences of the members and those facilitating their formation. A common characteristic of the groups is that they meet regularly (typically once per week or once per fortnight) to collect the savings from members, decide to which member to give a loan, discuss joint activities.
(such as training, running of a communal business, etc.), and to mitigate any conflicts that might arise. Most SHGs have an elected chairperson, a deputy, a treasurer, and sometimes other office holders. It appears as though the vast majority of rural SHGs invest the loan amounts in a mix of consumption and productive purposes. As credit needs of the poor are determined in a complex socio-economic milieu, where the dividing line between credit for 'consumption' and 'productive' purposes is rather blurred, it is difficult to adopt the traditional banking approach to lending and to insist that loans are not used for consumption.

Homogeneity refers to sharing similarities: similarity of gender, caste. In most cases, it was homogeneity of gender; at times a particular section, handicapped, come around to form group; at others women of particular caste form their groups

The second most characteristics of the group is regular saving by the group members and setting a set of guidelines to regulate these savings. These rules are as follows:

Rules about entry and exit policy: About entry, the person should be above 18; should be usually from an economically backward class (but this is not mandatory).

Rules about regular saving and meetings, etc. The third most important characteristics is the linkage with lending institutions. Unlike the formal banking mechanism, banks do not ask for collateral while granting loan to SHG.
Table 2.4: Growth of SHGs in India

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(Source: NABARD & Micro-finance, 2000–01)

Concept of SHGs

Ramesh (1997) while studying SHGs concludes that members share common perception on needs and belong to almost same economic and social status. From inculcating socially desirable habit and ethics amongst the members, the four-in-
one role of SHGs are a money lender (advantages only), a development bank (without cumbersome procedures), a cooperative (without external interference and flexibility) and a voluntary agency (help, awareness, education, overall development). Rajagopalan (1998) states that the dependence of the rural poor on the non-institutional sources of credit like that of the money lender is one of the causes, which perpetuates poverty. The SHGs substitute their role. Thomas (1998) defined SHG as a homogeneous group of rural poor voluntarily formed to save small amounts, out of their earnings which is convenient to all the members and agreed upon by all to form a common fund corpus for the group and to its members for meeting their productive and emergent credit needs.

Murugan and Dharmalingam (2000) reiterated that the concept of SHG serves to underline the principle “for the people, by the people and of the people”. This was exclusively established for the poor. Self-help group is a small economically homogeneous and affinity group of rural poor, which voluntarily agrees to continue to a common fund to be lent to its members as per group discussion, which works for group solidarity, self and group awareness, social and economic empowerment in the way of democratic functioning.

Tandon (2001) illustrated that SHG is a supportive, educational, usually change–oriented mutual aid group that addresses a life problem or condition commonly shared by all members. It purpose may be personal or social change or both. Significance of social movement is power to the people, which has born out of the realization that society’s traditional arrangements for solving their problems are inadequate. Self help refers to provision of aid to self and it emphasizes self- determination, self-reliance, self-production and self-empowerment by mobilizing internal resources of persons, the group or the community.
Rao (2002) defined that SHGs have been recognized as a useful tool to help the poor and as an alternative mechanism to meet the urgent credit needs of poor through thrift. According to Mishra (2005) SHGs are informal, voluntary, grass root level institutional arrangements to meet the credit requirements of the poor. Gangaiah et al. (2006) defined SHG as an informal association of 10-15 women who have voluntarily come together for the business of saving and credit and it is a significant instrument in the process of empowerment. According to Gupta (2006) SHG is a group of people that meets regularly to discuss issues of interest to them and look at solutions of commonly experienced problems. The group may or may not be promoted by government or non-government institutions.

2.16 Institutional Linkages of SHGs

Jayaram and Puhazhendhi (1999) found that the in-formal groups of rural poor with active intervention of NGOs adequately supported by training significantly improved women’s participation both from economic and social aspects. Nanda (1999) conducted impact studies of self help groups and found that the most outstanding impact of the linkage programme could be the socio-economic empowerment of the poor more particularly the women.

Gurumoorthy (2000) reported that the SHGs are linked with banks for the internal credit under the projects of rural development. The appraisal consists of bank managers, rural development officers, NGOs and project implementation units visiting the groups for providing financial assistance to the respective entrepreneurial activities. Barik and Vannan (2001) reported that the project of linking SHGs with banks has gained momentum in India from 1992. He reported that three broad models have emerged, model-I: Bank-SHG, member formed 14 per cent, model-II: bank (facilitating agency) SHG-members formed 70 percent and model-III: Bank-NGO-MFI-SHG-members formed 16 per cent of SHGS linked during the 1999-2000. Namboodiri and Shiyani (2001) reported that the SHGs that are promoted by the NGOs had a better saving performance
compared to that of SHPI. However, the repayment performance of the SHGs promoted by the SHPI was superior to that of NGOs.

Pankaj (2001) reported that the SHG-bank linkage programme launched by NABARD in 1992 is a landmark in the field of micro financing in India. This programme aims to organize SHGs of 10 to 20 persons from the economically homogeneous strata who regularly save the amounts from their earnings. Satish (2001) reported that the NGOs due to the nearness to the people and flexibility of operations seem to be better equipped to undertake SHG formation. Linking SHGs to bank helps in overcoming the problem of high transaction costs to banks in providing credit to the poor. Kothal et al (2003) stated that there could be four different models of linkage between SHGs and banks. Acceptance of a particular model depends on the perception of the bank and the strength of the SHGs and the NGO. The programme of SHGs organized by various NGOs and banks in different part of the country reported to be highly satisfactory.

Kala (2004) reported that the linking of the self help groups (SHGs) with formal rural banking started after the launching of the pilot scheme by NABARD in February 1992 and that linkage of SHGs is possible only if the SHGs have successfully collected savings, made loans and recovered them for six months. Loganathan (2004) studied the SHGs and bank linkages programme and reported that commercial banks account for 50 per cent linkage followed by RRBs and co-operative banks and that southern states showed a remarkable performance with 67 per cent share in the programme.

Selvachandra (2004) stated that SHG and its linkage with banks is an important vehicle to promote micro finance in India. This programme helps to promote financial transactions between formal banking systems with the informal SHGs as clients. Asokan (2005) reported that among the three models of linkages introduced, the second model i.e., SHG formed by NGOs and formal
agencies but directly financed by bank was the best model and he stated that the role of NGOs was very important to form SHGs. Mandal (2005) stated that it was evident and acknowledged by almost all that NGO or bank led groups were more stable and successful in all respects. Bhagwati (2006) stated that the micro-credit advanced through the mechanism of self-help groups linked to bank credit was associated with higher level of loan recoveries and that tree linkage project had facilitated socio-economic empowerment of weaker sections including women folk. Joseph and Easwaran (2006) stated that in all parts of the country, self-help groups were organized by governmental and non-governmental organizations (NGOs). The government, banks and non-governmental organizations facilitated them by providing revolving fund, organizational and training, credit etc. Subbiah and Navaneetha (2006) reported that there were three models under the SHG-bank linkage programme, about 72 per cent of the SHGs formed by NGOs/government agencies and the like financed by banks. They stated that the programme had been advantageous not only to members of SHG but also to the banks.

2.17 Features of SHG Members

Age

Kumaran (1997) conducted study in the rural areas of Tirupati block of Andhra Pradesh and reported that, the mean age among the SHG members varied from 22 to 31 years and also that the average age among the members varied from 22 to 41 years. Prasad (1998) in the study conducted at Salem district of Tamil Nadu found that majority of women (60%) were in age group of 25-45 years, of whom 40 per cent were in the age group of 20-40 years and 40 per cent were between 26-30. Puhazhendhi and Jayaram (1999) reported that 62 per cent of members in the informal groups belonged to the age group below 40 years. Ganesamurthy et al. (2000) conducted a study of SHG in Erode and reported that 48.98 per cent of members belonged to the age group of 15-30 years and 40.82 percent belonged to 30-45 years and 10.2 per cent belonged to old age i.e. 45-60 per cent.
Dwarakanath (2001) reported that 58 per cent of women involved in the production in the age group of 19-35 years and more than 81 per cent of the members in the middle age of 19-50 years. Prita (2001) reported that the socio-economic profile of the members revealed that 68.70 per cent were middle aged while 73.28 per cent were married. Samar and Raman (2001) conducted a study of the SHGs in Tirupati (Andhra Pradesh) and found that 33 per cent of the members had no formal education, about 28 per cent had completed the elementary education, 18 per cent of them up to 10th standard, 17 per cent of members had reached to middle level and only about 4 per cent of the members had reached more than higher secondary level. Sharada (2001) conducted a study on empowerment of rural women in SHGs in Prakasam district of Andhra Pradesh. She reported that 60 per cent of the members were very young. Banerjee (2002) in his study conducted in Tamil Nadu reported that members in the age group of above 40 years participated actively in the group activities. Groups that were more than 3 years old had 42 per cent of the members of age above 40 years. Rao (2005) conducted study of women dairy co-operative societies, which involved in promoting SHGs. He reported that average age of respondents was 30 years. Joseph and Easwaran (2006) reported that 53.85 per cent SHG members in mizoram, belonged to an age group of 40-60 years, followed by 30.77 per cent falling below 40 years and 15.38 per cent falling above 60 years. The mean age of members was found to be 48 years. Gangaiah et al. (2006) reported that 67.3 per cent of the selected women members belonged to the age group of 26-40 years and 11.9 per cent of them to the upto 25 years.

**Education**

Hemalatha (1995) conducted a study in Haryana and found that majority of women taking up pottery activity were illiterate, Sirki making women’s education ranged from illiteracy to primary level and those in bakery unit were illiterate. Kumaran (1997) reported that the 76 per cent of the members were illiterate and the
remaining 24 per cent constitute literate who can read and write. Ganesamurthy et al. (2000) reported that 53.06 per cent of the members completed the school education and remaining 46.94 per cent of them were illiterate. Suriakanthi (2000) conducted research at Gandhigram of Dindugal district of Tamil Nadu and she found that 95 per cent of members and 75 per cent of the office bearers were illiterate. Prita (2001) reported that the socio-economic profile of the members revealed that the illiterates comprised of 70.23 per cent. Raveendran et al. (2002) reported that 63.3 per cent of group leaders in Tamil Nadu were illiterates whereas in Kerala 58.3 percent got high school education. Savitha (2004) conducted a study in Mysore district and found that a higher percentage of women (39%) were illiterates and women with high school education were 21 per cent. Rao (2005) reported that the respondents of all women dairy cooperatives had an average of 2 years of normal education of which 50 per cent of them were illiterates.

Joseph and Easwaran (2006) reported that 51.28 per cent of the members belonged to secondary education followed by 33.33 per cent, with primary education and 7.69 per cent each of literate and HSC and above status. The mean years of education was computed to be 6.4 years.

**Family Type and Family Size**

Hemalatha (1995) reported that the average family size varied from 6.2 to 6.4 in a study conducted in Gurgan district of Haryana. Kumaran (1997) reported that the average family size among the groups varied from 3 to 6. Prita (2001) reported that nuclear families pre-documented with 87.02 per cent while large families with more than 4 members per family was marginally higher at 53.44 per cent. Arun kumar (2004) noticed that 55 per cent of the respondents belonged to nuclear family and 45 per cent to joint family type. Savitha (2004) reported that 73 per cent of the households had nuclear family while 27 per cent belonged to joint family. Devalatha (2005) in her study reported that majority of the SHG members (65.38%) belonged to nuclear family and the rest (34.17%) belonged to
joint family category. Joseph and Easwaran (2006) reported that the SHG members of which 61.54 per cent belonged to the medium size (4-6) and 28.21% belonged to the large size of family. The mean size was computed as 5.87

**Income**

Kumaran (1997) in a study conducted at Andhra pradesh reported that family income per month varied from Rs.255 to Rs.890 amongst the various group members. Prasad (1998), found that majority (60%) of SHG members had per capita income ranging from Rs.500 to Rs. 1000 per month. Murugan and Dharmalingam (2000) in the study conducted at Tamil Nadu revealed that all the members of the SHGs were below the poverty line. Puhazhendi (2000) reported that 49 per cent of the group members belonged to the poorest of the poor and 40 per cent were very poor. Purushotham (2000) in the study conducted at Mehaboob Nagar, Karnool and Ananthapur districts of Andhra Pradesh revealed that almost 95 per cent of the SHG members were poor with a daily earning of less than Rs. 60 and about 70 per cent of this was spent on food. Rangi et al. (2002) found that majority (58%) of the respondents families had net monthly income between Rs.2000 and Rs. 6000, 12 per cent of the families had between Rs 6000 and Rs. 8000, 2 per cent of the families had Rs. 8000 and Rs. 10000 and 22 percent had Rs. 10000 and above. The casually employed workers in agriculture and non- agricultural sectors had comparatively low income because employment was for a limited period in each month. Rao (2005) mentioned that highest average annual household income Rs. 45600 and the lowest income as much as 66 per cent contributed by agriculture and 22 per cent by dairying. Income from non-farm activities comes third (8%), which worked out as Rs. 3333 per annum.
Land Holding

Puhazhendi (2002) recorded that only 11 per cent of the members were landowners with 2 to 4 ha dry land, whereas 21.67 per cent were involved in non-agricultural activities. Rangi et al. (2002) conducted a study in Fatehgarh Sahib district of Punjab reported that about two-third of the respondents did not own any land, whereas about one-third of them had their own land. The latter comprised only of small and marginal farmers. Devalatha (2005) reported that 30.83 per cent of the SHG members were landless, 28.33 per cent belong to marginal farmers (<2.5 acres) 20.83 per cent belonged to small farmers i.e., (2.5-5 acres) and 20.0 per cent belonged to big farmers (>5 acres). Joseph and Easwaran (2006) reported that 33.33 percent of the members had land holding of medium size (5-10 acres) followed by 28.21 per cent of members each with small (2.5-5) and marginal (1-1.25 acres) of land holding. The mean size of holding was found to be 5.67 acres.

2.18 Impact of SHGs on Empowerment of Members

Economic impact

Puhazhendhi and Jayaram (1999) in their study to document and evaluate the performance of informal groups in Chitradurga district of Karnataka and Periyar district of Tamil Nadu found that members taking up more than one activity increased from about 30 per cent during pre-group formation to 53 per cent during post group formation situation. They also reported that the average annual net income per member during pre-group formation ranged from Rs.6,763 to Rs.9,157 while the average net income per member during post-group formation had ranged from Rs.10,531 and Rs.12,762. The increase in net incremental income was reported to be 68 per cent for new groups whereas, it was 100 per cent in stabilizing and stabilized groups. Puhazhendhi (2000) observed that estimated average annual net family income of member during the post linkage period for all the groups was Rs.4, 391, which was more than two times than that of the pre-
linkage period. The estimated net incremental income was Rs.2, 424 for all the groups and it was relatively more in good performance groups (Rs.1, 650) and (Rs.1, 299) respectively. He also reported that average ratio of Debt Service Liability (DSL) to net incremental income (NII) worked out to be 0.60 and it was 0.53 and 0.81 respectively in good and average performance groups. Puhazhendhi and Satyasai (2000) found that about 59 per cent of the sample households registered average net income per households in pre and post group formation situation with Rs.20,177 and Rs.26,889 respectively. The increase in net income was 40 per cent to the tune of Rs.6, 172 i.e. 33 per cent of the pre-group formation income. They also observed that 93 per cent of the incremental income was on account of increase in the average net income per household having economic activity between the pre and post SHG situation and remaining seven per cent on account of more number. Dwarakanath (2001) reported that the DWCRA programme helped the rural women to earn an additional monthly income ranging from Rs.250-Rs.2000 depending on entrepreneurial activities taken up by them. Samar and Raman (2001) reported that on an average, the SHGs have Rs.226 as income with maximum reaching Rs.3,314 for some SHG. Certain SHGs showed a loss in net income per member, the remaining SHGs registered positive net income per member ranging from Rs.12.90 to Rs.533.94/- . To assess the impact of SHGs on the income levels of members, two regression models were specified to find out the major determinants of a) SHG-net income per member, b) average monthly income and found out that resources generated in current year, average educational levels, loan provided in current year, percentage share of SHGs expenditure in the total income of SHGs and age of SHGs showed expected signs. Savitha (2004) reported that economic empowerment was high for agricultural laborers (53.33%) followed by small farmers (26.67%) and landless farmers (6.67%). Sentil and Sekar (2004) reported that income generation through SHG members gained additional income and employment through SHGs. Asokan (2005) reported that National Institute of rural development (NIRD) conducted a study on micro enterprises, which are developed
by SHGs in Kerala. The characteristics of micro entrepreneurs under SHGs revealed that a high proportion (90%) of them were unemployed prior to joining SHG and tailoring was found to be the most preferred activity (47%). The study also found that the average monthly turnover of micro project taken by members of SHGs members was around Rs. 1917 and net profit worked out to be Rs. 700 per month. This indicates a high level of profit i.e. 60 per cent of individual units have investments less than Rs. 5,000. A study conducted in Thiruchirapalli rural area found that before starting micro- enterprises their annual income was increased to the tune of Rs. 50,879. Ganesh (2005) reported that in Akola district of Maharashtra, with the help of an SHG formed under SGSY in record time of one and half years, all the families belonging to BPL status have been uplifted to “Owner of Brick Kiln” status. Their net profit per 1000 bricks amount to Rs.550/- to Rs.650/- approximately. And their turnover increased to more than Rs.3.5 lakhs. NABARD (2004) in a study on the impact of SHGs on economic empowerment of its members in Ballir district, Uttar Pradesh reported that there was an increase in the monthly income of each of the families by at least Rs.700 per month and this increase was solely due to the business that they were able to do by virtue of taking loan after the activities of SHG started. Rao (2005) conducted a study in Azmer reported that the highest average annual household income (Rs.45, 600) was from among respondents of papads and pickles and lowest (Rs.38, 600) from respondents of chalk making activity. And the micro enterprises roughly provided 117-mandays/respondent, which was a great contribution. Dasaratharamaiah et al. (2006) reported that 10.0 per cent of beneficiaries had income between Rs.7, 201 and above, 20.67 per cent had income between Rs.4, 801 to 7,200 and 31.33 per cent have income Rs.3, 601 to 4,800 and 38.00 per cent had income below Rs.3, 600 per annum after implementation of DWCRA. It was found that there were no persons without any income. It was also found that 50 per cent of beneficiaries had less than 100 mandays of employment, 21.67 per cent of the beneficiaries had employment between 101 to 180 mandays, 20.00 per cent of the beneficiaries have
employment between 181 to 240 mandays as against 8.33 per cent of the beneficiaries who had employment between 241 and above mandays of employment per annum.

Gangaiah et al. (2006) conducted a study in Karnataka on impact of SHGs on income and employment generation. They reported that on an average the loans received generated 184 person days of employment per household. Non-farm activities generated higher number of person days of employment. Idly shop, cloth business and tailoring generated 300 each and 240 person days of employment. They also found that SHGs had favourable impact in generation of income in the village selected. The average income generated was Rs.19, 578/- . Income generated in the selected activities showed that it b varied from Rs.5000 per annum in case of idly shop to Rs.26, 541 in the case of agriculture.

Joseph and Easwaran (2006) conducted a study to identify the constraints in functioning of SHGs and its impact on the members. It was found that 51.28 per cent of respondents had income between Rs.25, 000 to Rs.50, 000. Majority of respondents had assets worth below Rs, 1 lakh and more than one-half of the respondents as whole (51.28%) had assets below Rs.1 lakh. They also studied the perceived impact of SHGs on tribal development. When the relationship between the composition and impact of SHGs was examined, perceived impact of SHGs was found to be significantly associated with three variables duration of membership, member’s participation and perceived group cohesion.

**Social impact**

Puhazhendhi and Jayaraman (1999) reported the impact of micro finance on social front. They observed that 95 percent of group members were illiterate during pre-group formation and only 35 percent of them were able to sign as a result of group participation and 65 percent of them were able to sign during
post group formation. The literacy level of the family members also showed significant improvement where 55 percent of them had graduated. The study reported that about 67 percent of the sample household had effected improvements in their houses with additional rooms, whereas about 20 percent of them improved sanitation facilities in their houses. About 3 percent of the members had replaced the thatched grass roof to local tiles. Regarding consumption of food items, 32 percent of them were able to afford vegetables and 30 percent of the members were holding food stock to manage during the lean season. Radio was owned by 5 percent of the members, which improved the perception of the members to a greater extent. Savitha (2004) conducted a study on Women empowerment and decision making in agriculture by Stree Shakthi groups in Mysore district and reported that the distribution of women according to social empowerment showed that majority had medium social empowerment and 26.67 percent had high empowerment. Puhazhendhi (2000) in his study in Tamil Nadu observed that only 38 percent of the members were able to sign during the pre-linkage period but as a result of group formation the literate members increased considerably and 85 percent of them learnt to sign after the group formation. About 27 percent of the members had educated their children up to the school level during the post linkage period. The study revealed that the members regularly started eating wheat and rice, after group activities, which were earlier consumed by them during festivals. Anonymous (2006) reported that a Self Help Group of Kancheepurum district in Tamil Nadu from land on vegetables was confident of earning an income of Rs.75, 000 per annum. And from jasmine cultivation an annual income of Rs.1, 00,000. Dolli (2006) conducted a study on sustainability of natural resources management in watershed development project and found that for the members of SHG in KAWAD project, improved income (66%), self employment opportunities (66%), awareness (66%) and social contact (60%) were expressed as major benefits, while in KWDP, awareness (53%), social contacts (53%) and self employment opportunities (40%) were found to be major benefits.
Performance of SHGs

Participation in Meetings

As the group enters the performing stage, the attendance of the farmers was more than 70 per cent (KHDP, 1995). Acharya and Basu (1996) reported that attendance of monthly meetings of the sangh was compulsory. Absentees were penalized by charging ten rupees. Roul (1996) reported that only one SHG in the study had 100 per cent attendance. In other SHGs attendance was about 50 per cent. Kumaran (1997) in his study conducted in Andhra Pradesh on 21 SHGs found that 19 were active groups and one each was passive and dissolved group. Rao and Padmaja (1998) reported that there was cent percent attendance for SHG meetings in Andhra Pradesh.

Murugan and Dharmalingam (2000) in the study conducted in Tamil Nadu documented that weekly meeting were held for savings and repayment while discussions regarding social and community issues were held on fortnightly basis. Puhazhendi (2000) observed that regularity in attending meetings and saving habit was a disciplinary measure in SHGs. In 46 per cent of the SHGs, the group meetings were organized on a weekly basis whereas in 26 per cent of the groups, fortnightly group meetings were organized. The remaining SHGs followed a system of monthly meetings. Promptness and regularity of attendance was high in the functional non-government SHGs (88.89%), medium in quasi-government (50.00%) and government SHGs. It had a positive and significant relationship with the groups and the female respondents expressed significantly greater promptness and regularity in attending SHG meetings. Ritu Jain et al. (2003) revealed that majority of groups (84%) were organizing two meetings in a month for effective working of groups. Vasudevarao (2003) in the study conducted in Andhra Pradesh found that only 20 per cent of the groups were formed out of own interest. In 76 per cent of the cases, group meetings were regularly conducted once a month in which majority of the
members participated regularly to achieve their objective. Unfortunately, in 93 per cent of the groups, there was no change of leadership since their inception. Nearly 80 per cent of the groups received financial assistance from banks. It could be concluded from the above studies that performance of groups with respect to participation in group meetings was satisfactory in majority of SHGs.

**Records Maintenance**

Suriakanti (2000) in the study conducted in Tamil Nadu reported that as majority were illiterates records were maintained with the help of their husbands or educated wards.

**Credit, Savings and Loan Recovery**

Fernandez (1994) stated that the SHG provide economic benefits in certain areas of production process by undertaking common action programmes like cost-effective credit delivery system, generating a forum for collective learning with rural people, promoting democratic culture, fostering an entrepreneurship, providing a firm base for dialogue and co-operation in programmes with other institutions, possessing credibility and power to ensure participation and helping to assess an individual member’s management capacity. Kumaran (1997) in the study conducted in Andhra Pradesh reported that the individual monthly contribution for savings varied from Rs. 10-30 and the total savings for 18 groups in a year was Rs. 33,013, while the total credit generated during the same period was Rs 2,18,223 of which business took a large share of 29 per cent followed by others at 28 per cent, commutative loan at 23 per cent clearance of old debt at 12 per cent and health expense at 6 per cent. The interest rate on the loan varied from 5 per cent to 32 per cent between the groups on monthly basis. McGuire and Conroy (1997) in the study conducted in India and Philippines reported that the transaction costs were much lower where banks used NGOs and SHGs as intermediaries. Prasad (1998) reported that the saving
per month was Rs. 31. The group had authorized two of their members and the animator to operate the account on behalf of the Group. The loan had to be repaid in ten equal installments with the interest rate of 24 per cent per annum and the average size of loan was between Rs. 100-500.

Puhazhendhi and Jayaraman (1999) found that the total saving per member exceeded Rs.6000 with annual rate of saving of Rs. 1068. In case of stabilized groups the total saving was higher at Rs. 14,695 while the annual saving touched about Rs. 2000. The total loan per member was Rs. 9560 with 67 per cent of loan used for consumptive purposes while in stabilized groups, it was production loans which took the major hand at 57 per cent. The payment rate was as high as 97 per cent. Further it was seen that the monthly savings per member during the early stages of the group formation ranged from Rs. 10 to Rs. 20, which increased between Rs. 40 and Rs. 60 after a period of two years of group formation. The average annual saving per member was Rs. 558 during the initial period of group formation, which almost doubled after a period of 4 years. They also had special saving scheme for education, festival etc. Shete (1990) reported that Indian micro finance had adopted three different models looking into the socio-economic situation and all have shown that recovery was almost 100 per cent. It has also proved that micro finance offers lucrative business opportunities to the financial institutions if implemented on a commercial basis. Microfinance success in reaching the unreached with good profit and excellent recovery has been acknowledged by government and financial institutions. Indian banks are now expanding SHG-linkage programme for helping the rural poor without directives from the central banking authorities and government of India. The same study reported that the amount of credit varied from Rs. 25 to Rs. 20 thousand in case of the SHGs. About one-fifth of the SHGs availed credit from the institutional sources varying between Rs.30 to Rs. 50 thousands. It is noteworthy to point out that about 11 per cent of these groups availed credit of Rs. 50 thousand and above. On the other hand, only six per cent
of the SHGs availed credit to a less than Rs. 10,000 only. The total bank loans outstanding against the SHGs on March 31, 2001 were to the extent of Rs.13.69 lakhs in the district. It may be mentioned that 66 out of the total 125 SHGs in the district availed credit, which was linked with their savings. For the rest 59 SHGs in the district, the credit was not availed from the institutional sources. Prasad (2000) reported that in the Mulubagal taluk of kolar district 5200 women associated with SHGs have able to save Rs. 65 lakh so far.

Puhazhendi (2002) conducted a study in Tamil Nadu and reported that the loan had an average size of Rs. 3976, which had to be repaid in 2-12 equal monthly installments at an interest rate of 3-5 per cent per month, which was further reduced to 2-3 per cent after 3 years. In early years, 72 per cent of loan was used for consumption purposes, which changed during the latter period with 69 per cent used for production purposes. Forty five per cent of members took loan for income generating activities. The repayment performance of loan was as high as 100 per cent.

Banerjee (2002) in the study conducted in Tamil Nadu stated that the average saving per year per member was Rs.558 during the initial period of group formation, which almost doubled after a period of four years. This trend was observed to be common for different categories of groups, thereby establishing direct relation between performance and amount of savings.

Rangi et al. (2002) in the study conducted at Fategarh district of Punjab indicated that about 27 pr cent of the SHGs had savings between Rs.7500 and Rs.10, 000; 44 per cent of these had between Rs. 10,000 and Rs. 17,500; 15 per cent had between Rs. 5,000 and Rs.7, 500 and nine per cent had between Rs. 25,000 each, whereas only one SHG had less than Rs. 5,000 during the year 2000-01. Raghavendra (2003) in the study conducted in Bangalore district revealed that the total number of SHGs credit linked in the country reached a phenomenal 4.61 lakh by end of March 2002. Around 90 per cent of the SHGs linked to banks were
exclusive women groups; periodic studies have revealed that repayment of
loans by SHGs to banks has been consistently over 95 per cent. Ritu Jain et al.
(2003) found that most of the groups (36%) were saving Rs. 20 to Rs.25 per
month per member, majority of the SHGs (60%) deposited Rs.300 to Rs.400
for opening the bank accounts and 68 per cent SHGs saved Rs. 2000 to Rs.
12000. Maximum number of SHGs (48%) were having cash credit limit of Rs.
10,000 to Rs. 20,000, 28 per cent was having cash credit limit of Rs. 20,000 to Rs.
30,000, only 12 per cent groups were having cash credit limit of Rs. 60,000. In
case of loan recovery most of the respondents (71.6%) were having group pressure
if loans were not paid timely, half of the respondents (44.40%) had high-level
participation in group action followed by 30.00 and 25.60 per cent women
having medium and low participation in group action, respectively. Raghuprasad et
al. (2004) in the study conducted at Shimoga district reported that 50 SHGs had a
capital of more than Rs. 50,000 and 32 SHGs had a capital ranging from 30 to 50
thousand. This capital was mainly collected from its members as savings and
interests for the loan amount. Only 15 SHGs got financial support from banks
for initiating enterprises. They were regularly conducting meetings and
maintaining proper records. Recovery of loans was also regular with few
exceptions here and there. It could be concluded from the above studies that
majority of the members of SHG availed loans, starting with small amount and
loan recovery was extremely good.

Arun Kumar (2004) reported that 53.33 per cent of the groups studied belong
to medium level of performance category followed by high level of
performance category (33.30%) and remaining 13.33 per cent of groups belonged
to low performance category. Selvi and Rathna Krishnan (2004) observed that
the majority of the SHG leaders (88.30%) performed the specified leadership
roles to the medium level followed by 11.7 percent of them in low level. Asian
productivity organization (2005) reiterated that on the ways to improve the
measurement of performance in productivity, the total factor productivity should
measure the synergy and efficiency of utilizing both labour and capital inputs. Further it stated that an appropriate productivity performance measurement system should cover financial, internal business process customers and learning and growing.

Constraints Faced

Hemalatha (1995) found from her study in Tamil Nadu that 50 per cent of women felt difficulties in repayment because of uncertain income though the group leaders did not agree with it. Puhazhendhi and Jayaraman (1999) attributed non-cooperation of individual members with group activities as well as personality clash between offices bearers and group members to the disintegration of groups. Lack of follow up action by the field staff of NGOs also played a major role in disintegration. Lakshmi (2000) reported that the major constraints in effective and beneficial credit programming for women on a larger scale were lack of banking data disaggregating by gender and lack of an adequate analytical framework for integrating women into credit analysis. The policy concern for increasing access to credit and generating a sustained favourable impact on their socio-economics uplift be transformed into practical reality only by achieving such integration. Prita (2001) studied the performance of SHGs in Dharwad district and found that the major constraints faced by the members were difficulties in diversification/starting of the activities (41.67%), misunderstanding amongst SHG members (38.17%), lack of space for storage of materials (28.24%) and inadequate availability of raw materials at the right time (16.03%). Namboodiri and Shiyani (2001) reported that the limited opportunity for income generating activities and loan portfolio dominated by consumption loan as major constraints. Sharada (2001) conducted a study in Andhra Pradesh and reported that majority women perceived the problem of lack of training and education that was 71.7 percent. Sentil and Sekar (2004) conducted a study in Kerala and stated that political interference in selection of beneficiaries under peoples plan,
lack of timely credit facilities, lack of adequate credit, lack of adequate farm women oriented schemes and delay in operation of development programmes were the major constraints perceived by the SHG members.

Thejaswini and Veerabhadraiah (2004) conducted a study in Karnataka and reported that majority of respondents indicated that lack of training (85%), financial constraints (82%), poor quality of raw materials (81%), high cost of production (77%), lack of quality aspects (73%), marketing problems (65%), lack of storage and warehousing facilities as the major constraints. Darling (2005) reported that from the study conducted in kanyakumari district that the members came across certain difficulties in marketing their products in time. Rao (2005) conducted a study in Ajmer and reported that though problems varied across activities, social taboos as also lack of communication skills came out to be major factors. Lack of transportation, competition from established brands and lack of capital were voiced by women. Joseph and Easwaran (2006) conducted a study in Mizoram and identified the perceived constraints in the functioning of SHGs and found that lack of government attention was first and foremost problem i.e. 39 percent. High rate of interest was felt by 33.43 percent of members, followed by insufficiency of loan for income generation, inability to repay the loan etc.

2.19 Empowerment

Rapport (1987) describes the term empowerment as both individual determination over one’s own life and democratic participation in the life of one’s community often through mediating structures such as neighbourhoods, voluntary organizations etc. Empowerment conveys both a psychological sense of personal control or influence and a concern with actual social influences, political power and legal rights. It is a process and mechanism by which people, organizations and communities gain mastery over their affairs. Staples (1990) defined the term empowerment as means (a) to gain power (b) to develop power; to take or seize
power; (c) to facilitate or enable power and (d) to give or grant or permit power. Sandbergen (1991) while assessing the impact of a small scale irrigation project had shown indications of contribution to potential empowerment of women in the form of enlargement of freedom of movement of women. This may be interpreted as a potential change in gender ideology in tradition bound muslim women. Allotment of hand pump in the name of women also improved the gender position as owners of such important means of production. Sen (1997) based on a case study in India, stressed the importance of empowerment of an individual in order to gain control over assets. According to her, empowerment is about change in favour of those who previously exercised little control over their lives. This change has two components, the first is control over resources (financial, physical and human) and the second is control over ideology belief, values and attitudes. She concluded that government, non-government organizations (NGOs) and other institutions do not empower people, but people empower themselves. But, through policies and actions government can either create a supportive environment..Srilatha et al. (1997) observed that a major gain of making the programme of SHGs women centred was that the transition of power from the bureaucracy to the people. Joseph (1998) concluded that the “Preshitha Service Society (PSS)” of Coimbatore district had made women not only economically independent but they were also made to change their self-perception that they need not always be at the receiving end. Men and society had come to understand women’s capabilities and their contribution to the development process.

Mridula (1998) stated that women’s development in recent years emphasize on providing equal opportunities to women by removing gender bias, empowering women and creating self-reliance among them. Sashi (1998) revealed that through the intervention of India Social Institute in two slums, women were beginning to develop a better understanding of their self in terms of health, income, leisure, marital and familiar roles and various other rights and
obligations. Jayasri (1999) opined that empowerment by exercising one’s own right is the only way by which the society can sustain itself. Sunita Roy (1999) reported that empowerment of women should focus on aspects like (a) direct involvement of women in programming and management, (b) effective collaboration with community organizations, (c) organizing and strengthening of women’s self-help groups, (d) sensitisation and advocacy for gender justice in society, (e) identifying women’s need and priorities while generating employment, (f) organizing women in different groups to undertake certain productive activities to earn their livelihood and (g) elimination of violence and discrimination against women at physical, mental, domestic or societal level. Sudharani et al. (2000) defined empowerment as the process of challenging existing power relations and gaining greater control over the sources of power. Empowerment is a process of awareness and capacity building leading to greater participation to greater decision making power and control to transformative action. Hemantha (2001) reported in the role of University in empowering women has comprehensively given the parameters of empowerment of women as follows,

= Enhance self-esteem and self-confidence in women.

= Build a positive image of women by recognizing their contribution to the society and economy.

= Develop in them an ability to think critically.

= Faster decision-making action through collective process.

= Enable women to make informed choices in areas like education, employment and health especially reproductive health.

= Ensure equal participation in development process.
Provide information, knowledge and skill for economic independence.

Enhance access to legal literacy and information related to their rights and entitlements in the society with a view to enhance their participation in all areas.

From the above reviews, it is very clearly revealed that empowerment is a process of awareness and capacity building which leads to greater participation and greater decision making power. It also revealed that empowerment of women is nothing but strengthening of their innate vitality which should enable the women or group of women to realize their full identity and power in all spheres of life and also equal partner in development process.

2.20 Extent of Rural Women Empowerment

Giriappa (1997) analysed the women empowerment with the corresponding levels of discrimination and effectiveness of decision-making by women in different rural enterprises and concluded that the female headed households were effective in taking decision in respect of work mobility, schooling, health care, asset creation, employment generation and social participation in low social status households. The informal empowerment was widespread through women earning members, their decisions were subjected to various degrees of discrimination by males. Jyothi (1998) reported in her study on employment pattern and empowerment of rural women in Kolar district that the distribution of women according to the level of empowerment showed that most of the women had medium level of empowerment (58), while few women (8) belonged to high level of empowerment, remaining 54 women had low level of empowerment. Sherin (1999) found that 82.69 per cent of the functional SHG respondents had expressed empowerment in terms of authority in planning, decision making, implementation and evaluation of the SHGs programmes while only 55.17 per cent of the respondents of the non-functional SHGs claimed that they had been similarly empowered. Saradha (2001) reported that the product
empowerment of women in self-help groups was found to range from high and low with 35.80 and 35.00 per cent, respectively. It indicated that eventhough the women are psychologically empowered but their real empowerment level was low. The possible reasons for this may be the patircharical society where the women are regarded as weaker section and the managerial competencies, decision-making power, reduction in drudgery, assessing information and resources and critical awareness of rural women were found to be low because of the lack of general media exposure, low level of education and lack of recognition. Reviews on the extent of empowerment revealed that majority of the women belonged to low and medium level of empowerment. It indicated that eventhough they are statistically empowered the real empowerment level was very low.

2.21 Factors affecting Empowerment of Rural Women

Srinath and Thangamani (1993) in their study on empowering women through extension reported that majority of the participants had higher scores for all the selected features of empowerment than that of non-participants. The score for communication was observed to be the lowest and the highest scored determinant for both the groups was attitude towards action. The study clearly indicated that participation in the programme will manifest in higher scores for the features of empowerment. Agarwal (1994) observed that in rural India in 1993-94, 86 per cent of women workers were in agriculture, compared with 74 per cent of men. But, few women own or control land and this handicaps them in warding off poverty for themselves and their families. Lack of access to land was found to be critical for the 20 per cent or so of rural household in Bangladesh and India that are headed by women as a result of widowhood, desertion or male migration. Hence, he observed that women’s access to land is very important for their empowerment. Everett and Savara (1994) in their study on empowerment of women of four different occupational categories revealed that the women played a larger role in household decision-
making. Married women tended to practice family planning after they had reached their desired family size of 3-4 children and they had high occupational aspiration for their daughters. Only 23 per cent of the respondents felt that paid work had made a positive impact on their lives. The respondents participated as voters and as users of ration cards. Everett and Savara (1994) examined the personal factors influencing the empowerment in the household work and community. Age, her position in the household were found to be associated with variation in decision making scores of women. Variations in empowerment in work and in participation levels in organizations was observed across different occupations. Organization participation was found to be associated with increased empowerment in the household and at work. Similarly, education was found associated with same indicators of household empowerment.

Choudhary (1995) in his study on farm women in Chikkaoda village in Ganjam district of Orissa found that 30 women were of the opinion that the family matters were decided by husband/father/sons, 14 women were of the view that they themselves could manage the family affairs and the remaining six women did not express any opinion out of 50 women respondents. Their influence on decision-making in household affairs was affected by certain factors like the degree of economic independence, socio-cultural pressure, demographic factors and physical settings. Reddy and Rao (1995) analysed the various issues and components of empowerment and reported that there was marginal difference in self perception of women’s role. While, there was absolutely no difference between the beneficiaries and non-beneficiaries on socio-cultural aspect. The area of education and training was second lowest among the five components of empowerment for both beneficiaries and non-beneficiaries. The economic aspect was one of the strongest among the five components of empowerment followed by public co-operation with considerable difference between the scores of beneficiaries and non-beneficiaries.
Choudhary (1996) reported in her study on ‘empowering strategies for rural women’ that the goals of poverty reduction and empowerment of women can be effectively achieved if poor women could organize into groups for community participation, as well as for assertion of their rights in various services relating to their economic and social well being. Poor women’s creativity, group dynamics and self-management are major elements in tackling the gender and equity issues. Rao (1996) reported that the beedi workers co-operative organization of SEWA enhanced the women’s self confidence, mobility, decision-making and autonomy. The group members organized a struggle and were finally successful in completing their group housing scheme. The collective consciousness gained through experiences of several struggles of housing, marketing etc, enabled the women to respond effectively to male harassment in their personal lives to improve their bargaining position within the household and also to face collectively the harassment of contractors, traders and government functionaries. Srinivasan (1996) found that SHGs offer means by which the poor had access to resources in their own right, without waiting for anyone and not by another person’s mercy. This makes the people confident that by saving small amount over a period of time they could master resources to help each other in group in a big way. This gives a feeling of being in charge of their one line. They feel emboldened to conduct themselves and take a share of resources as a matter of right. Pattanaik (1997) described the important areas for empowerment of women in rural areas are (a) women and their work force participation (b) women and their education (c) women and their health and (d) women and their political participation. He also felt that empowering women with economically productive work will enhance their contribution to rural development.

Joythi (1998) reported in her study on employment pattern and empowerment of rural women in Kolar district that the major factors contributing to higher level of empowerment among large farms is the level of education and savings mainly
obtained from parents rather than their own earnings. Among the agricultural labourers and small farms, it is mainly on account of earning cash income and having control over income. Therefore, it can be said that the economic empowerment is more among the women of small farm and agricultural labour category, who also participated in decision making. Mridula (1998) reported that women’s education leads to reduction in family size, greater attention by mothers towards health, education and character building of their children, greater participation of women in labour market and greater per capita income and better quality of human capital. An educated women is more likely to share in family decisions about how many children to have, how to bring them up and how to care her own and her family health.

Agarwal (2000) described that training of rural women was important so as to increase their involvement in development process, enhance their skill and make them equal partners in national development. The major objectives of training for rural women should be to equip them with better skills and enhance their knowledge so as to prepare them to face new challenges due to technological developments. Saradha (2001) in her study on empowerment of rural women through SHGs in Prakasan district of Andhra Pradesh found that education, social participation, extension participation, training, mass media use and capacity building had significant association with the level of empowerment, whereas age, family size, land holding and material possession had no association with the level of empowerment.

Saradha (2001) reported that very high majority (90%) of the women agreed that their economic independence increase the decision-making power. Majority (51.7%) women were of the impression that lack of land rights deprive them from obtaining equal status in society. Half of the women were not clear about the importance of social-political participation of rural women. Further, 45.8 per cent women expressed that rural women were not having equal access to different
sources of information as men and along with men, women also should be contacted regarding the development activities of village (39.2%). Above reviews clearly revealed that the major factors affecting the empowerment were access to land, independent earning, community participation, decision making and self-confidence. Further education and social participation, also affect the empowerment of rural women.

2.22 Socio Economic Characteristics of Rural Women

Srilatha (1992) in her study on employment generation, income and expenditure pattern of DWCRA beneficiaries in Mahaboonnagar district of Andhra Pradesh found that majority of the rural women were middle aged, illiterate, belonged to backward classes, engaged in DWCRA economic activity cum agricultural labour, had a family size of upto 5 members, had not undergone any training and had medium extension contact.

Reddy et al. (1994) reported that eventhough women constituted 50 per cent of India’s population, perform two-third of the work and produce 50 per cent of food commodities consumed by the country they earn only one-third of remuneration and 10 per cent of income and own 10 per cent property or wealth of the country and only 25 per cent of them are literates. Snehalatha (1994) in her study on impact of thrift and credit groups improving the status of rural women in Andhra Pradesh reported that majority of the women were middle aged (83.33%), married (85.00%), illiterate (89.17%) with nuclear families (75%) and belonged to SC and ST (76.67%) categories.

Manjula (1995) reported that majority of DWCRA women were married, middle aged, dependent on husband, with joint families were functionally literate with medium socio-economic status and medium income category. Sithalakshmi et al. (1995) revealed that families selected for DWCRA had a predominance of nuclear families with a family size varied upto five members. A large majority of the beneficiaries were young and 22 per cent were illiterate.
Sundaram and Singh (1995) in a study on assessment of DWCRA programme on modalities of operation revealed that majority of respondents were tribals, belonging to labour class, had income of Rs. 600-800 per month (46.55%). Majority of them had low socio-economic status, had nuclear but large sized families and they had livestock ranging from 1-2 milch animals.

Hemalathaprasad (1997) reported in her study on DWCRA, jute products marketing units that, majority of the group members belonged to scheduled castes and they were in the age group of 20-30 years, few of them being 35-40 years, most of them married, have a nuclear family and majority studied upto primary school level.

Lalitha (1997) in her study on rural women empowerment and development banking reported the profile of the effective women borrowers. Majority of them belonged to the middle age group of 31-40 years, were married, illiterate, belonged to backward caste of Hindu religion and were agricultural labourers, their average size of the family was five while percentage of employed persons was around 28 per cent and dependency ratio was 1:2.56. Raju and Firdousi (1997) in their study on women’s development : issues, concerns and approaches in three districts of Andhra Pradesh noticed that majority of DWCRA members were in the age profile of 20-40 years. Literacy levels were also higher in Prakasan district (43%), compared to 13 per cent in Adilabad and 21 per cent in Cuddapah district. Majority of them were also found to be married and were found staying in their own homesteads.

Sharada (1997) in her study on women fertility and empowerment revealed that majority of women were aged below 30 years and were economically inactive and only a meagre per cent of them worked outside. Nearly half of them had less than three children whereas, the other half had more than three children, majority of the women were illiterate and belonged to nuclear families. Singh (1997) in her study conducted at Hissar district of Haryana on
DWCRA beneficiaries revealed that majority of the respondents belonged to the age group of 35-50 years (47.00%), illiterate (54.00%), with low family educational status (57.00%) with low caste status (48.00%) belonged to nuclear families (55.00%) and with large family size (53.00%). Further, she reported that as high as 72 per cent of respondents were landless, having agriculture as their main occupation and were having income less than Rs. 1500 per month (62%). A vast majority of the respondents (92%) had no participation in social organizations and had low level of mass media exposure.

Victoria and Someswar (1998) reported that majority of the beneficiaries belonged to the age group of 30-40 years and also indicated that the women beneficiary participation in economic activity declined as the age advanced. Dwarakanath (1999) conducted a study on socio-economic survey of self-help and DWCRA groups and reported that more than half of the (58%) women were in age group of 19-35 years and more than 37 per cent of the members were in middle age group of 35-50 years. Mangasri (1999) reported in her study on empowerment of women in DWCRA groups that the structural characteristics of DWCRA groups indicated that majority of them were with 3-4 years of working age (55.00%) and had low literacy level (71.67%). Very high majority of group members were taking up economic activities individually (90%). Singh (2001) studied the socio-economic and psychological characteristics of rural and indicated that most of the women are middle aged with low literacy level, low family income, nuclear family and most of them belongs to SCs, STs and backward caste category with less social participation and less mass media use. Reviews on socio-economic characteristics of rural women revealed that most of the women were middle aged with low literacy level, low family income, nuclear family and most of them belonged to SC, ST and backward caste category with less social participation and low mass media use.
Benefits derived due to Empowerment

Naidu (1985) noticed a change in per capita income among women beneficiaries of IRDP in Bilaspur district of Madhya Pradesh. This change was estimated to be Rs. 265 in industry sector, Rs. 300 in the business sector, Rs. 313 in service sector and Rs. 413 in agricultural sector. Mundra and Kothari (1992) indicated in their study on impact of TRYSEM amongst women beneficiaries that women beneficiaries could earn Rs. 60 to Rs. 325 per month through engaging themselves in trading in which they were trained, 50.00 per cent of them were found earning below Rs. 100 per month. Variation was also observed in the monetary gain of tribal and non-tribal respondents, 70.00 per cent tribal women were earning below Rs. 100 per month. Whereas, 50.00 per cent non-tribal women were found earning between Rs. 100 to Rs. 200 per month. Jothimani and Sithalakshmi (1995) indicated in their study on income generation under DWCRA programme that the mean incremental income per annum per household was Rs. 7200 for dhoti weaving and Rs. 600 for those undertaking activities like bee keeping, juice making, fibre making and shampoo/kum kum preparation. The overall mean household initial incremental income from all the trades put together was Rs. 2989. Further, findings also revealed that 146 out of the 200 (73%) respondents could cross the poverty line. Kumaran (1997) in his study on SHG an alternative to institutional credit to the poor in Andhra Pradesh revealed that the individual monthly contribution for savings varied from group to group (Rs. 10 – Rs. 30) and the total savings for 18 groups in a year was Rs. 33,013 while the total credit generated during the same period was Rs. 2,18,223. Prasad (1998) conducted a study on implememental process of women development programme (IFAD) and found that the saving per member per month was Rs. 31. The group had authorized two of their members and the animator to operate the account on behalf of the group. The loan had to be repaid in ten equal installment with the interest rate of 24 per cent per annum and the average size of loan was between Rs. 100-500 per member.
Snehalata and Reddy (1998) conducted a study on impact of thrift and credit groups in income generation of rural women and showed that education, achievement motivation, education of children, food intake and health care, knowledge on thrift and credit showed positive significant correlation with additional income generated. Majority of the respondents had an annual additional generated income of Rs. 2400 – Rs. 3600 (31.87%) followed by earning about Rs. 1201 – Rs. 2400, only 6.67 per cent could earn above Rs. 3601 per annum while the remaining 18.3 per cent earned only upto Rs. 1200. Puhazhendi and Jayaraman (1999) studied on increasing women participation and employment generation among the rural poor and found that the total savings per member exceed Rs. 6000 with annual rate of saving of Rs. 1068. In case of stabilized groups the total savings was higher at Rs. 14,695, while the annual saving touched Rs. 2000. Usharani (1999) in her research study on opinion of women beneficiaries and benefit derived from DWCRA in Vijayanagaram district of Andhra Pradesh reported that the annual income received by the DWCRA beneficiaries were from Rs. 1033.33 (From goat rearing) to Rs. 8400 (from tailoring) as additional income from the income generating activities of DWCRA. Prasad (2000) revealed in his study on self employment-women set to change face of Kolar that in the Mulubgal taluk of Kolar district that 5200 women associated with SHGs have been able to save Rs. 65 lakh so far. Prita (2001) in her research study on performance of SHGs in Dharwad district found that majority of the respondents (46.56%) had saved between Rs. 1500, while more than one-third had saved between Rs. 500 to Rs. 1000. The remaining respondents had saved Rs 1500 and above.

**Non-monetary benefits**

Singh and Desouza (1980) reported in a study on self employed women in the resettlement colonies of Delhi stated that a very small proportion of women were considered as primary earners although 81 per cent of them worked to
provide basic support to their families. Thape (1990) in her paper on ‘empowering rural women – production credit for rural women (PCRW) programme’ stated that the rural women had proved themselves as potential borrowers by not being defaulters, using the credit to the intended purpose, repaying the loan on time and then demanding bigger loans for varied activities. Hapke (1992) critically examining the impact and effectiveness of Parivardhan women’s empowerment association initiated by Centre for Social Research (CSR) in Junapur district of Uttar Pradesh revealed that the parivardhan programme helped them to take better care of themselves and their children. Also the undertakings of personal savings relived them of previous dependence on others internms of crisis. The women had learned new skills and they were exposed to what other women were doing collectively. They felt that their status within the village had improved, as they were able to interact with people and articulate in expressing their ideas. The women now help each other, solve their problems and put in joint efforts to make better their lives. Two women were successfully elected to their village panchayat due to the campaigning and support by other samiti members. They had even actively petitioned the District Magistrate with requests for services had sought address for their problems. Relations between women within households were also improved.

Sekra (1992) in his study on women co-operative banks: A new dimension in co-operative banking revealed that women’s self-confidence had been enhanced while organizing themselves as co-operative banks. The vicious circle of indebtedness and dependence on middlemen and traders has been broken and has changed the bargaining position for high wages and if need arises can also draw money from their own economic units and most importantly through their saving accounts. The bank provided them a secure and exploitation free way to control their own income. The members become trained in the banking habit including a sense of thrift and making their money more productive. Kachar (1995) in a study reported that along with economic
benefits, the DWCRA groups are having multiplier benefits like hygiene and nutritional standards. The urge of literacy especially for the girl child and acceptance of family planning has increased. The processes of group dynamics like the homogeneity and self esteem of women have strengthened. International Labour Organization (1995) in its final report on wasteland development in West Bengal, India implemented through women organizations revealed that women have learned to work in groups which had later federated to an apex body composed of elected representatives. The women had gained confidence and power to make demands and to express their needs to the local panchayats and government bodies.

Nirantar (1995) revealed that through participation in People’s Education and Development Organization (PEDO), a registered voluntary organizations in Rajasthan, rural women were trained as veterinary mid-wives and now they become more articulate, self confident and effective decision markers. The women also became economically independent and they could support themselves. Srinivasan (1996) studied about the working of two NGOs assisted women groups of IFAD project and reported that the women were able to express themselves and sound their views. The sense of belonging to a group gave them lot of confidence. They were able to take charge of their lives and solve their problems. Sashi (1998) in her study on four voluntary organizations in terms of gender ideology and role of government and non-government organizations in the empowermen of women revealed that NGO intervention had helped the women beneficiaries to acquire new skills, confidence and managerial capability. Articulation of their ideas and problems in meetings had helped these women to realize their own potential and advantages of group action in dealing with violence and exploitation.

Prasad (2000) reported that 90 per cent of women in the SHG federation have learnt to sign their names. Many have come forward to learn how to read and write and
some have shown a keen interest in computers. Puhazhendi (2000) revealed that participation of women in SHGs made a significant impact on their empowerment both in social and economic aspects. The women members were able to increase their income level manifold and contribute to the development of the family. In the process many women members expressed that they were participating in the financial decision of the family which they were not allowed during the pre-linkage period. The group dynamism helped the women to pressurize the authorities in laying roads, providing electric connection, drainage, borewell and construction of community halls. Women were coming out in open to discuss their common problems which would not have been possible in the absence of group activities.

Prita (2001) reported that as much as 96.12 per cent of the respondents said that they had developed courage to communicate with men. Almost three-fourths had learnt to perform bank transactions and a little less than three-fourth were now involved in decision making at their homes. Almost 60 per cent had developed confidence to travel outside the village on their own. More than 40 per cent learnt to sign due to their association with SHGs, 30.32 per cent could get their house repaired while about ten per cent of the members were enabled to get treated their spouse and children for ailments. A little over 3 per cent were motivated to continue their education because of the SHGs. Arunkumar (2004) revealed that out of the 48 respondents who took up livestock rearing as an enterprise 52.08 per cent of them reported that it resulted in increased consumption of milk by family members, the benefits of increased availability of FYM was reported by 58.30 per cent of the respondents.

After reviewing the literature on benefit derived due to taking up income generating activity by the rural women it is evident that majority of the women were getting low monetary benefits and non-monetary benefits like they were able to provide basic support to their families, gained self confidence, increased communication skills and gained respect from the family and society.
Constraints

Thangamuthu and Manimekalai (1989), while studying generation of employment for women through DWCRA, noticed that women under masala powder making scheme were facing the problem of power cut. Since, the power cut was directly related with earnings, they used to work even in night time and whenever the power was there. A major problem hindering smooth running of the units was lack of facilities for marketing of the produce at the right time. Nikhade and Patwardhan (1990) conducted a study on economic contributions of homemakers through household production and reported that 51.25 per cent homemakers stated that, they were not getting desirable price for their household production, more than one fifth (20.50%) home-makers painfully stated that there was great physical and mental exertion. The other reasons stated were non-cooperation of family members (12.58%), difficulty in getting raw material (10.00%) and lack of time. Desai and Mohiuddin (1992) recommended that credit organizations should simplify the procedures and modalities of credit to suit the education level of the rural women. The credit organizations should develop simple literature in local language for the benefit of rural women.

Parekh and Mehta (1992) in their paper on empowerment of rural women – A case study of Udwada, reported the problems faced by rural women like, vested interests of the officials, refusal to give loans to defaulter families etc. The suggestions provided were, making women aware of credit facilities and the procedures of securing credit, proper identification of beneficiaries, recognition of women’s needs. Badiger et al. (1994) reported the following reasons/problems for non- adoption of candle making, soap powder making and less adoption of agar batti making as,

1. It is very difficult to remember the chemicals used for preparation
2. Raw materials are not available locally or in the nearby cities
3. The raw materials are available in specific shops only in fixed quantities. Difficult to receive large quantities of raw materials.

4. The moulds needed for candle making are costly for which farm women need financial assistance from Government schemes.

Snehalatha (1994) in her study on the impact of thrift and credit groups in improving the status of rural women observed that, lack of co-operation among group members mismanagement of accounts and difficulties in repaying credit within stipulated time were the major problems of the rural women. Rajani (1995) in her study on over coming immobilities of women for sustainable development reported that the three major immobilities of women were lack of health, lack of education and lack of economic independence. Srisankari and Uma (1995) reported in their study on women’s participation in agriculture that the problems faced by women were inhibition to participate because of lack of confidence, family pressure, customs etc. Tejaswini and Veeabhadraiah (1996) identified the problems faced by rural women in pursuing the DWCRA activities. The findings revealed that 85 per cent of them facing difficulty in getting good price for their produce, lack of common work place (83.00%), lack of proper marketing facilities (75.00%), problems in getting loan money released in time (66.00%) and lack of training facilities (50.00%). Hardikar (1998) observed that lack of knowledge about other programmes (27.80%), no market facilities available for the produce (16.10%), inadequate loan (12.20%) were the major problems experienced by women beneficiaries of development programme of Ratnagiri district. Govindappa (1999) in his study on rural women entrepreneurship constraints and strategies reported that the problems faced by women were social risks like, going out of the home and developing new relationship. The other problem was technical risks as women are not equipped with skill, knowledge and information required to carry out new economic activity.
Prita (2001) found that misunderstanding among SHG members was the major constraint faced by 38 per cent of SHG members, while 41 per cent of the members faced difficulties in diversification of activities. Functional or operational difficulties like lack of space for storage and frequent power cuts were reported by 28 per cent of the members. It was very clear from the studies that rural women are facing personal problems like lack of education, lack of freedom to take decision, over burdened with responsibility of performing both household and economic activities, lack of social mobility and insufficient loans.