3.1 INTRODUCTION

In recent years, Self Help Groups are getting much importance. They create awareness of self-employment, savings, education, health and family welfare and thereby making people especially women more empowered. SHGs have been mainly started to boost up their income and standard of living. Throughout history, we read women have collectively struggled against direct and indirect barriers to their social, political and economic problems. By the end of the 19th century, women had begun to organize themselves. Gradually such organizations provide women such as education, working conditions, health, sanitation, housing and the habit of savings. Women’s organizations began struggling for women’s right in the early part of the 20th century. At present women’s movement focuses its attention on equality and empowerment. One of the programmes of women’s movement is the formation of women SHGs.

In India, SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are formed and supported usually by NGOs or (increasingly) by Government agencies. Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economic and social. SHGs enable women to grow their savings and to access the credit which banks are increasingly willing to lend. SHGs are also community platforms by which women become active in village affairs, stand for local election or take action to address social or community issues (the abuse of women, alcohol, the dowry system, schools, and water supply).
SHGs is a self-governed, peer-controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. Funds for credit activities are coming through regular savings deposited by its members on a weekly or fortnightly basis. In the meetings they discuss common village problems and plan solution, share information; make efforts to improve their health and literacy skills.

SHGs are not charity or simply community based groups. They are made of and controlled by the affected people. Group members are not volunteers. Although the work is usually unpaid, members work to change their own situation and the support is mutual. The knowledge base of self-help mutual support groups is experiential, indigenous, and rooted in the wisdom that comes from struggling with problems in concrete, shared ways. SHGs build on the strengths of their members. SHGs have another very important role to play particularly in the transfer of technology to user group population. It has been found by the members of SHGs that they offer them organizational base, large resources, and access to modern technology leading to employment and income generation. Thus, SHG movement among the rural poor in different parts of the country is emerging as a very reliable and efficient mode for technology transfer. However, it is strongly felt that the pace of transfer and popularization of technologies must be accelerated so that even the small farmer can benefit from new technologies.

3.2 CONCEPT OF SELF HELP GROUPS

SHGs are voluntary groups formed to attain certain economic goals. Most of the members have similar social identity, heritage, caste or traditional occupations and they
come together for a common cause and manage resources for the benefit of the group members. These groups are called “Solidarity Groups” and provide monetary and moral support to individual members in times of distress and difficulties.

SHGs as a homogeneous group of the rural poor are voluntarily formed to save whatever amount they can conveniently save out of their earnings and mutually agree to contribute to a common fund from which to lend members for productive and emergent credit needs. They aim at creating awareness among the poor about the on-going development SHGs also take up gender-linked issues like wife battering, child marriages and harassment by employees. It also takes up general community issues.

G.P. Singh says, Self-Help Group is a collection of people who have common problems that cannot be solved individually and have therefore decided to form into a group and take joint action to solve the common problems.

Sathya Sundaram states, “The SHGs are viewed as catalysts of resource mobilization, watchdogs of proper utilization of credit and also agents of social and cultural transformation.”

Dayanandan aptly says that SHG is a small voluntary association of poor people preferably from the same socio-economic background. They come together for the purpose of solving their common problem through self help and mutual help. Usually the number of members in one SHGs does not exceed twenty⁴.

Ganesamurthy declares that an SHG can be defined as a voluntary association of the poor with a common goal of social and economic empowerment. The purpose behind the formation of SHG may be to pool in the resources of members to meet their needs. Group should be homogeneous and democratically functioning. The habit of thrift and contributing to common funds mobilized to mitigate the urgent needs of the members and ensuring prompt recovery are required for the successful functioning of SHGs⁵.

C.H. Mani Singh points out that the SHG is a forum or association of likeminded people who are coming together for economic business. The group is democratically controlled by the members and the profit or surplus shall be equally distributed among them. This is the beginning of a co-operative forum of organization⁶.

3.3 FORMATION AND NATURE OF SELF HELP GROUPS

The formation of SHGs among the rural poor helps them to save, collect and manage their funds, and help one another. The SHGs have come up primarily for taking

up economic activities such as savings, loans, income generating activities and the training programmes.

As creation of awareness and non formal education are integral to the activities of any voluntary agency, SHGs provide the members with an opportunity to carry out economic activities. They discuss and analyse their social and economic situation to arrive at the root causes of their problems and improve their skills and capacities to manage resources. There are three types of situations in which the poor members of SHGs may take up economic activities. They are as follows:

i. They may take up individual activities like farming, animal husbandry, artisans work, petty trade and wage labour.

ii. They may also come together to own common investments.

iii. They may take up joint activities like social forestry.\(^7\)

SHGs can be established under the following conditions:

1. Members of the group should be from the same economic condition.

2. The ideal number of members of the group is 10 to 20.

3. Members should contribute regularly to pool for financing loan to the members and repayment of loans should be made within six months.

4. Members should frame rules and regulations of the group.

5. There should be regular meetings of the members and the members should be associated in decision making.

6. All the records of the group including account books should be up to date.

7. The group should issue a pass book to every member regarding credit and loan.

8. The group should observe all norms of the co-operative form of organizations.

9. The members should be of voluntary nature without any kind of compulsion.

10. Members should have collective responsibilities.

3.4 EVOLUTION OF SELF HELP GROUPS IN INDIA

In India soon after independence, there has been an aggressive effort on the part of the Government, which is concerned with improving the access of the rural poor to formal credit system. Some of these measures have been institutional, while some others are through implementation of focused programmes for removal of rural poverty. Reaching out to the far-flung rural areas to provide credit and other banking services to the hitherto neglected sections of the society is an unparalleled achievement of the Indian Banking System. The main emphasis is on the spread of the banking network and introduction of new instruments and credit packages and programmes are to make the financial system responsive to the needs of the weaker sections in the society comprising small and marginal farmers, rural artisans, landless agricultural and non-agricultural labourers and other small borrowers falling below the poverty line.

With the implementation of the above policies, the Government of India in its developmental planning emphasized the promotion of agriculture and other allied economic activities through credit intervention for ensuring integrated rural development and securing the prosperity of the rural areas. In pursuance of this, formal credit institutions have been guided by the principle of growth with equity and a large share of the credit disbursed for various activities was channelized towards the weaker sections of the society.

Consequently, by the implementation of several poverty alleviation programmes, the number of people below the poverty line declined from 272.7 million in 1984-85 to 210.8 million in 1989 – 90 and 1991 – 2000 which constituted over 21 per cent of the population. The number of operational holdings is expected to have crossed the 100 million mark with more than 80 per cent being small and marginal holdings. This institutional credit system needs to meet the challenge of delivering credit to an ever-increasing number of rural people who need greater access to formal credit. It may have to reinforce its own structure at the grass root levels and also have to devise new ways of reaching out to the rural poor.

As a result, the experience of the implementation of the above discussed Poverty Alleviation Programmes led to the introduction of the Integrated Rural Development Programme (IRDP) on 2 October, 1980 with the specific objective of raising the poor rural families above the poverty line. Such families considered credit support from banks as an important input in taking up economic and gainful activities.
In spite of these impressive achievements in the expansion of the credit delivery system and the special programmes, nearly half the indebted rural households are still outside the ambit of the institutional credit system. They approach the moneylenders for meeting their consumption and production in the absence of institutional support. Some of the poor who have not been reached even by the vast network of the institutional credit delivery system, have organized themselves into SHGs and many such groups have come into existence either spontaneously or with the active involvement of the Voluntary Agencies which motivated the rural poor to pool their meager financial resources for meeting their small and frequent consumption and production credit needs.

3.4.1 Linkage between Banks and SHGs

The NABARD continues to provide 100 per cent refinance to banks at an interest rate of 6.50 per cent per annum. Other support measures provided include facilitating training of the bank officials and the field staff of the NGOs, the SHGs, the Federations of NGOs/SHGs and other related institutions through financial assistance, faculty support and the like. As many as 550 NGOs are participating in the programme. Women SHGs constituted about 94.00 per cent of the total groups linked. On the whole, the programme benefited 5.60 lakh rural poor families in 280 districts. The Southern region continues to dominate the linkage programme with a share of 65.00 per cent followed by the Western (11.00%), the Eastern (11.00%) the Central (10.00%) and the Northern regions (8.00%). Andhra Pradesh, Karnataka and Tamil Nadu states have taken the lead in promoting the SHGs and in establishing the Bank SHG Linkage. The bank linkage is generally established after the successful functioning of individual groups for about six months to a
year. The concept of the SHGs has not been as successful in the North East and some of the Eastern states. Area-specific programmes need to be formulated to meet the varying socio-cultural practices.

After the successful experimentation in Cauvery Grameen Bank, Mysore (Karnataka), in association with an experienced NGO, namely MYRADA, more and more RRBs are involving themselves as SHGs. Some Government agencies like Zillah Panchayat have also taken initiatives to promote SHGs and such efforts are supported by the NABARD through assistance in organizing training programmes for the staff.

Notwithstanding 100.00 per cent refinance from the NABARD, commercial banks perceive this activity as unprofitable. Hence, only regional rural banks and cooperative banks take up such financing. The RBI has been prevailing upon the commercial banks to formulate their respective policies on micro credit and promotion of SHG. The NABARD has been organizing the SHG workshops involving bankers and development personnel to accelerate the process of SHG Bank Linkage. The RBI has issued a circular to the commercial banks to reckon micro credit extended directly to individual borrowers or the rough intermediaries as parts of their priority sector lending. The circular also stated that micro credit should form an integral part of the corporate credit plan of the bank and should be received at the biggest level on a quarterly basis.

Faced with the poor recovery rates of programmes involved in lending to the poor, the NABARD was searching for alternative strategies among which the “Self Help Group” concept appeared to be the most promising. The NABARD was willing to
persuade the banks to advance loans directly to the groups, anticipating that while repayments will improve, the transaction costs to the banks will decline.

Attempts to compare the SHG model with the Grameen Bank of Bangladesh do not take into account that the latter is a Centralized Bank, however friendly it is to the customer; while the SHG model operates in a decentralized manner, which is far from standardized; it is able to respond to the needs of different situations without any delay. What India needed was not another Bank; rather it needed a model which used the existing banking network, adequately decentralized, low cost and flexible enough to respond to the complexity of individual needs.

The Reserve Bank of India issued a circular dated July 24, 1991 to the commercial banks advising them to participate actively in the pilot project for linking SHGs with Banks. The NABARD, after consultations with a few interested banks and voluntary agencies, issued a set of guidelines on February 26, 1992; which, while being adequately comprehensive were kept flexible enough to enable participating banks and field level bankers to innovate and to contribute to the strengthening of the project concept and strategy. When the pilot project was initiated by the NABARD, the SHG model was adopted and was called an Indian model. Later, in the early nineties the NABARD called it the SHG – Bank Linkage Model.

In the southern part of India affinity groups came into existence, mainly promoted by NGOs. In this effort the MYRADA (Mysore Resettlement and Development Agency) has been a pioneer and has successfully promoted a large number of affinity groups in Andhra Pradesh, Karnataka, Tamil Nadu and in the other states of India and abroad.
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. But it grew rapidly over the years reaching 1,079,091 SHGs in 2003-04. In March 2006 there were about three million SHGs in India. Of these, about 1.6 million are linked to banks.

3.5 OBJECTIVES OF SELF HELP GROUPS

The main objectives of the SHGs are the following:

1. Development of leadership qualities
2. Self-confidence building
3. Increasing social awareness
4. Improving the status of the women in the family and society
5. Improvement in health and family welfare
6. Functional literacy
7. Awareness of legal rights
8. Economic development
9. Inculcating habits of saving
10. Increasing income
11. Increasing assets
12. Enhancing access to market and choice of activities
13. Getting people out from the clutches of money lenders.⁹

14. To develop women who live below the poverty line

15. To stop treating of women as slaves

16. To develop self-confidence among the women

17. To bring out the potential in women

18. To promote gender equality and equal rights.

19. To promote unity among women and learn to work together

20. To abolish dowry

21. To enhance community harmony

22. To promote education and make cent percent literacy for women

23. To give importance to the differently abled person and help them

24. To follow the small family norms

25. To encourage women to take over village level administration

26. To take part in the political processes.

27. To voluntarily save from their income and expenditure.

28. To take small loans without having to pledge jewels with money lenders or pledge documents in the banks.

29. To pay the school fees of children and meet emergency medical expenses from out of the savings.

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30. To understand the economic, political situation and visit different places like government offices, banks etc.

31. To get schemes to meet the basic needs of the village or women themselves.

### 3.6 SELF HELP GROUPS - GUIDELINES

The following are the important guidelines of SHGs:

#### 3.6.1 Criteria for Selection of SHG

1. The group should have been in active existence for a period of at least six months
2. The group should have successfully undertaken savings and credit operation from its resources
3. The groups should maintain proper accounts and records.
4. The branch should be convinced that the group has not come into existence only for the sake of participation in the project availing of benefits there under. There should be a genuine need to help each other and work together among the members.
5. The SHG members should preferably have homogeneous backgrounds and interest.
6. The NGO or the Self-help Promoting Institution (SHPI) can help promoting training and other support for skill upgradation and proper functioning.

#### 3.6.2 Opening of Savings Bank Account

Branches are permitted to open savings bank accounts of SHGs which are engaged in promoting the savings habit among their members.
3.6.3 Size of the Group

SHG will be availing of loan from the banks with a view to developing and ameliorating the socio-economic condition of individual members and their respective families. The groups would be covered by the provision under section 11(2) of the companies act and such association would not to be recognized by law and it cannot sue to recover any debt or other property nor can be sued to recover money lent to it to carry out its object. As such, it would be advisable to have SHGs with not more than 20 persons for the linkage activities.10

3.7 FUNCTIONS OF SELF HELP GROUPS

The functions of a SHG may be categorized into three aspects:

These are:

(i) Organizational

(ii) Economical

(iii) Social

(i) Organizational Functions

a) Motivation of meeting

The organizers who have opted to form SHG’s in an area shall organize a motivation meeting initially by pooling the ideas of likeminded people of the area.

b) Adoption of a fixed area of operation

A fixed area of operation shall be adopted according to convenience so that a cluster type may be developed.

c) Target group

The target groups for joining as members in a SHG shall be identified for separate occupations. Groups shall be formed separately for homogenous occupation.

d) Name of SHG

The SHG organized in a particular area may be given a specific name for clear identification of the group according to the desires of the group members.

e) Monthly Meeting

Holding of a meeting is important and compulsory. Regular monthly meetings shall be convened for strict decision making process. Meetings may be convened at regular intervals if needed.

f) Fixation and Collection of Monthly Thrift

The group shall fix the amount of monthly thrift based on the capability of the members. The accounts shall be collected on the day of monthly meeting. A nominal admission fee may also be collected from those who have accepted to become members.

g) Maintenance of Books and Accounts

The group shall maintain cash book, ledger etc. The books of accounts and other related documents shall be maintained up to date to avoid misunderstanding among the group members.
h) Increase in Membership

The group shall allow admission of new members. If maximum number of potential members is available the group leaders shall try to form additional SHGs to avoid inconvenience due to large membership.

i) Follow Co-operative Norms

The group shall follow co-operative norms strictly in its management, decision making, business activities and other activities.

j) Framing of Policy or Programmes

An appropriate developmental and welfare policy or programme shall be framed for each group according to the need of the group members.

ii) Economical Functions
a) Identification of Occupation

The group shall identify initially the occupation of members. Persons belonging to homogeneous occupation may be classified to find out ways and means to promote themselves in occupational dignities and to avoid mixed culture.

b) Identification of Resources

The group shall identify the resources available within the area. The group members may economically exploit those resources so that their capacity to work may be increased which in turn will give them better income.
c) Loan Facility

Loan facility should be provided to the group members. The group shall advance temporary loan to its members for a period not exceeding six months from its fund to undertake business activities.

d) Fixation of Interest Rate

The group shall in its monthly meeting fix the rate of interest for the loan advanced to its members. The maximum limit and installment for loan recovery shall also be fixed according to the decision of the members.

e) Checking of Utilization of Loan

The group shall check from time to time, whether the loan advanced to members is properly utilized. The progress of business activities undertaken by the members shall also be assessed.

f) Income Generating Activities

The main activity of a SHG is to take up income generation. Every member of the group is expected to concentrate on an income generating activity. The group shall manage such activities.

g) Raising Group Fund

The group shall take up appropriate actions to raise its fund borrowing from financial institutions and other sources.
h) Procurement of Consumer Goods

The group shall arrange to purchase partly or wholly, consumer goods as decided by the members and retail the same to the members at reasonable price. Other domestic items may also be collectively purchased and supplied to the members.

i) Introduction of New Business Activities

The group shall arrange to introduce new business activities in consultation with other agencies to achieve the desired goal of the group.

j) Marketing Facility

The group shall arrange to give better marketing facility to its members. It can also formulate policy for extension of market for the products of the group members. Linkages of business activities with governmental and non-governmental agencies are necessary to develop a SHG. The group shall arrange to take up business in collaboration with governmental and non-governmental agencies for speedy development.

iii. Social Functions

a) Providing Education, Knowledge and Information

Arrangement should be made to impart education to the members, to organize training programmes and provide new knowledge and information. This will create a new healthy environment for the group carrying out its diversified activities.

b) Providing Idea of Consumer Production

The group should well acquaint themselves with the concept of consumer protection nowadays. The group shall manage to provide the same in association with other related agencies.
c) Providing the Idea of Environment Protection

The group shall motivate its members to know the idea of environment protection including health care and sanitation programmes.

d) Preventing Harmful Diseases

The group shall take up preventive measures against harmful diseases like AIDS and Hepatitis-B with a collaborative approach.

e) Linkage with Other Agencies for Socially Useful Activities

The group shall maintain a close relationship with governmental and non-governmental organizations while taking up socially useful activities.  

3.8 SELF HELP GROUPS AND THEIR IMPACT

SHGs are necessary to overcome exploitation and create confidence for the economic self-reliance of rural poor, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for a common objective and gain strength from each other to deal with exploitation, which they are facing, in several forms. A group becomes the basis for action and change. It also helps in the building of relationship for mutual trust between the promoting organization and the rural poor to constant contact and genuine efforts. (Singh O. R. 2003). SHG is a small voluntary association of poor people, preferably from the same socio-economic background. The maximum number of members in a SHG should not exceed 20.

Group members usually create a common fund by contributing their small savings on a regular basis. Groups evolve flexible systems of working sometimes with the help of (NGOs) and manage pooled resources in a democratic way. Loan requests are considered by groups in periodic meetings and competing claims on limited resources are settled by consensus. The loan amounts are small, frequent for short duration and are mainly for conventional purposes. The rates of interest vary from group to group and the purpose of loan. It is higher than that of banks but lower than that of moneylenders. At periodic meetings, besides collecting money, social and economic issues are also discussed. Defaults are rare due to group pressure and intimate knowledge of the end use of credit (Singh O. R. 2003).

The economic impact of SHGs is relatively more pronounced on the social aspects than the economic aspects (Puhazendhi and Satyasai 2001). The SHG is really a boon in the rural areas as it gives financial autonomy to the rural women and make them economically independent (Laxman 2001). The SHGs have become a platform for exchange of experiences and ideas (Tilekar et.al. 2001). The women have tremendous energies to start their own enterprises given the right opportunities. They have developed abundant self-confidence and self esteem through SHG movement. Not only economic poverty but also social and gender issues can be tackled effectively through this process. (Chiranjeevulu 2003). Although the loan amount is small, it helps in meeting the requirement of the poor. Small amounts of loans coupled with financial discipline ensure that loans are given more frequently and hence credit needs for a variety of purposes and at shorter time intervals can be met. This is a better mechanism to reduce poverty
gradually as against one time loan for productive asset, which may or may not lead to sustained increases in income (Madheswaran and Dharmadhikary 2001). The micro financing to women through SHGs has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization (Manimekali and Rajeswari 2001). Hence, micro-financing through SHGs is contributing to the development of the rural people in a meaningful manner. It is seen that significant changes in the living standards of the SHG members have taken place in terms of increase in income levels, assets, savings, borrowing capacity and income-generating activities. (Sharma 2001). It has been observed that the overall impact of microfinance through SHGs is very effective in combating poverty, unemployment and empowerment of women.

3.9 SELF HELP GROUPS: PATH WAYS OUT OF POVERTY IN INDIA

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 and so on.). The S/C focus in the SHG is the most prominent element and offers a chance to create some control over the 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 SHGs 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 SHGs serves 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.

3.10 ORIGIN 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 agents between the bank and the poor.

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 had a membership of 209250. The SEWA Bank had 87263 depositors, and 41757 borrowers whose loan outstanding was ₹887 lakhs as on March 1998. SEWA has also networked with 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 availed of 40000 loans worth $ 600000 as on March 1997. MYRADA has 62769 members who have saved ₹48 lakhs and availed loan to the tune of ₹2.90 crores. MALAR has a membership of 15000 women who have saved ₹86 lakhs and availed of loan to the tune of ₹2.23 crores.

NABARD refines the banks, which lend to SHGs. As per NABARD’s Annual Report 1998-99, banks have financed 30447 SHGs with a finance of ₹53 crore 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 2000000 people in our country which has nearly ₹38 crore 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 organization 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, Co-operatives and SHGs linked with Non-Governmental Organisations have a role to play. There is need for closer study to support the system. So, 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 NABARD has started giving targets to Banks.

NABARD also provides training support and Grant cum Aid support for micro credit under its different schemes. SIDBI has entered this field late but now SIDBI has formed a Micro-credit foundation, which gives loans to NGOs after rating them by an external agency. The minimum loan is ₹50 lakhs and it is to be used only for micro enterprises.
Rashtriya Mahila Kosh - an organisation promoted by Govt. Of India also gives direct loans to NGOs 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 the 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 Swa Rozhar Yojana – SJSRY. According to these schemes, the Panchayats select the good group with assistance from BDO, Bank and NGOs and provide ₹10000/- as revolving fund - free of Interest and then the banks provide loan to the group - seeing the performance. There is an individual subsidy of 30.00 per cent for those who do individual enterprises and 50.00 per cent 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 70.00 per cent in a Panchayat, nobody will get a 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 the 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 form 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.

3.11 EFFECTIVENESS OF SELF HELP GROUPS IN INDIAN CONTEXT

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 SHGs have been developed for a wide range of populations, including the mentally ill and their families, persons with disabilities and their care-givers and the like. 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 the 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 bureaucratic officials changes and they become more responsive to the needs of the community that is with the maturity of SHG the state-society relationship begins 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. The 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 Panchayati Raj system in India, the lowest tier of local democratic governance.

3.12 ENTREPRENEURSHIP THROUGH SELF HELP GROUPs

SHGs enable 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).

3.13 IMPACT OF SHGs MOVEMENT IN INDIA

Various organisations evaluated SHGs including NABARD, NGOs and ORG-Marg. Some of the salient features are:
98 per cent 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 per cent of eligible members adopt small family norms.

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

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

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

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 ₹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 and 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 destitute are a few to mention.

3.14 THE SHG MODEL STRUCTURE OF SHG

A SHG is a group of about 10 to 20 people, usually women, from a similar class and region, who come together to form savings and credit organization. They pool financial resources to make small interest bearing loans to their members. This process creates an ethic that focuses on savings first. The setting of terms and conditions and accounting of the loan are done in the group by designated members. Self-Help Group is a small voluntary association of poor people preferably from the same socio-economic backdrop. The micro-credit given to them makes them enterprising; It can be all women group, all-men group or even a mixed group. However, it has been the experience that womens’ groups perform better in all the important activities of the SHGs.

3.15 SELF- HELP GROUPS IN INDIA

The formal sector took the initiative to develop a supplementary credit delivery mechanism by encouraging institutional arrangements outside the financial system like SHG with NGO acting as facilitators or intermediaries. The beginning was made with NABARDs pilot project in Karnataka (1986 –‘87) of linking SHGs with formal banks, mediating through NGOs. This project known as the SHG – bank linkage project was expected to be advantageous to the banking sector from both angles of fulfillment of social goals and achieving operational efficiency.
3.15.1 Growth Rates of Self Help Groups in India-State Level

Table 3.1 shows the growth rates of SHGs. This table reveals that though all total states have a positive growth rate of SHGs there is a wide variation among the states.

**TABLE 3.1
Growth Rates of Self Help Groups in India-State Level**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the States</th>
<th>Growth of SHGs over the Years</th>
<th>Growth Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andaman and Nicobar</td>
<td>3 9 10</td>
<td>82.57</td>
</tr>
<tr>
<td>2</td>
<td>Andhra Pradesh</td>
<td>6,579 29,242 84,939</td>
<td>259.31</td>
</tr>
<tr>
<td>3</td>
<td>Assam</td>
<td>10 46 156</td>
<td>294.972</td>
</tr>
<tr>
<td>4</td>
<td>Bihar</td>
<td>121 857 1,846</td>
<td>290.59</td>
</tr>
<tr>
<td>5</td>
<td>Goa</td>
<td>4 14 27</td>
<td>159.81</td>
</tr>
<tr>
<td>6</td>
<td>Gujarat</td>
<td>879 1,345 1,375</td>
<td>25.07</td>
</tr>
<tr>
<td>7</td>
<td>Haryana</td>
<td>4 107 384</td>
<td>813.78</td>
</tr>
<tr>
<td>8</td>
<td>Himachal Pradesh</td>
<td>133 48 1166</td>
<td>196.09</td>
</tr>
<tr>
<td>9</td>
<td>Jammu and Kashmir</td>
<td>2 53 137</td>
<td>727.65</td>
</tr>
<tr>
<td>10</td>
<td>Karnataka</td>
<td>2,002 3,267 5,627</td>
<td>67.65</td>
</tr>
<tr>
<td>11</td>
<td>Kerala</td>
<td>1,291 1,709 1,826</td>
<td>18.93</td>
</tr>
<tr>
<td>12</td>
<td>Madhya Pradesh</td>
<td>461 1,533 3,174</td>
<td>162.39</td>
</tr>
<tr>
<td>13</td>
<td>Maharastra</td>
<td>1,058 3,029 5,509</td>
<td>128.19</td>
</tr>
<tr>
<td>14</td>
<td>Orissa</td>
<td>975 2,021 3,850</td>
<td>98.71</td>
</tr>
<tr>
<td>15</td>
<td>Pondicherry</td>
<td>15 144 150</td>
<td>216.23</td>
</tr>
<tr>
<td>16</td>
<td>Punjab</td>
<td>1 18 71</td>
<td>742.61</td>
</tr>
<tr>
<td>17</td>
<td>Rajasthan</td>
<td>465 526 2513</td>
<td>132.47</td>
</tr>
<tr>
<td>18</td>
<td>Tamil Nadu</td>
<td>2,618 7,671 16,676</td>
<td>152.38</td>
</tr>
<tr>
<td>19</td>
<td>Uttar Pradesh</td>
<td>1,464 7,744 5,457</td>
<td>98.07</td>
</tr>
<tr>
<td>20</td>
<td>West Bengal</td>
<td>554 2317 5351</td>
<td>210.79</td>
</tr>
<tr>
<td>All India</td>
<td></td>
<td>18,639 61,600 1,40,194</td>
<td>173.97</td>
</tr>
</tbody>
</table>

Table 3.1 reveals that the states of India such as Andaman and Nicobar, Gujarat, Karnataka, Kerala, Orissa and Uttar Pradesh have comparatively lower growth rates (below 100) whereas other states excel and have a SHG growth rate of above 100. The states with lower growth rates should have begun their SHG bank linkage programme at an earlier stage, so that it may already here sufficient linkages and further linking is quite difficult. Most of the states with lower growth rates will have a lower number of SHGs linked in the recent years compared to the states that have a high growth rate.

3.15.2 NABARD and Self Help Groups

NABARD started SHG-Bank Linkage Programme as an Action Research Project in 1989. In February 1992, NABARD launched a Pilot Project linking 500 SHGs with banking systems across the country. NABARD refinances banks, which lend to the SHGs. The movement has gained a significant momentum with 2.24 million SHGs linked with 44362 bank branches of 545 banks in 583 districts across 31 states of the Indian Union and disbursed ₹113.98 billion cumulatively, as on 31st March, 2006 (NABARD, 2006). Total 0.54 million new SHGs have been provided with bank loans in 2004-05 and ₹2.99 billion of bank loans disbursed during this period (NABARD). In India, 58 per cent of the total SHGs were Southern India mainly in Andhra Pradesh, Tamil Nadu and Karnataka as on March 2005. Only 5 per cent of total SHGs are in Northern India. NABARD also provides training support and Grant cum Aid support for micro-credit under its different schemes. Apart from the SHG linkage programme, NABARD also operates a Bulk Lending Scheme for supporting NGO initiatives involving alternative credit delivery mechanism.
Microfinance sector has traversed a long journey from micro savings to micro credit and then to micro enterprises and now entered the field of micro insurance, micro remittance and micro pension. This gradual and evolutionary growth process has given a great opportunity to the rural poor in India to attain reasonable economic, social and cultural empowerment, leading to better living standard and quality of life for participating households. Financial institutions in the country continued to play a leading role in the microfinance programme for nearly two decades now. They have joined hands proactively with informal delivery channels to give microfinance sector the necessary momentum.

3.15.3 Position of Women Self Help Groups in India

Table 3.2 shows the position of women SHGs in India.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year</th>
<th>Total SHGs</th>
<th>Women SHGs</th>
<th>Percentage of Women SHGs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Number</td>
<td>Amount</td>
<td>Number</td>
</tr>
<tr>
<td>Savings</td>
<td>2011</td>
<td>61,21,147</td>
<td>5,545.62</td>
<td>48,63,921</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>69,53,250</td>
<td>6,198.71</td>
<td>53,10,436</td>
</tr>
<tr>
<td>Percentage of Change</td>
<td>13.59</td>
<td>11.78</td>
<td>9.18</td>
<td>1.46</td>
</tr>
<tr>
<td>Loans Disbursed</td>
<td>2011</td>
<td>16,09,586</td>
<td>12,253.51</td>
<td>13,74,579</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>15,86,822</td>
<td>14,453.30</td>
<td>12,94,476</td>
</tr>
<tr>
<td>Percentage of Change</td>
<td>-1.41</td>
<td>17.95</td>
<td>-5.83</td>
<td>18.07</td>
</tr>
<tr>
<td>Loans Outstanding</td>
<td>2011</td>
<td>42,24,338</td>
<td>22,679.84</td>
<td>32,77,355</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>48,51,356</td>
<td>28,038.28</td>
<td>38,97,797</td>
</tr>
<tr>
<td>Percentage of Change</td>
<td>14.84</td>
<td>23.63</td>
<td>18.93</td>
<td>23.93</td>
</tr>
</tbody>
</table>

Source: NABARD
It may be seen from Table 3.2 that of the total number of saving linked and credit-linked SHGs, exclusive women SHGs with banks were 76.40 per cent and 81.60 per cent, respectively. Further, the percentage of loans outstanding of exclusive women SHGs to loans outstanding of total SHGs which was 81.9 per cent as on 31 March 2011 increased to 82.10 per cent as on 31 March 2011. The percentage of change shows that women have more savings than loans but at the same time loans outstanding are also more for women SHGs.

3.15.4 Savings of Self Help Groups with Banks

As on 31 March 2012, a total of 69.53 lakh SHGs had saving bank accounts with the banking sector with outstanding savings of ₹6,198.71 crore as against 61.21 lakh SHGs with savings of ₹5545.62 crore as on 31 March 2011, thereby showing a growth rate of 13.60 per cent and 11.80 per cent respectively. Thus, more than 97 million poor households were associated with banking agencies under SHG-Bank Linkage Programme. As on 31 March 2012, the CBs led with savings accounts of SHGs 40.53 lakh SHGs (58.30%) with savings amount of ₹3,673.89 crores (59.30%) followed by RRBs having savings bank accounts of 18.21 lakh SHGs (26.20%) with savings amount of ₹1,299.37 crores (21.00%) and Cooperative Banks having savings bank accounts of 10.79 lakh SHGs (15.50%) with savings amount of ₹1,225.44 crores (19.80%). The share under SGSY was 16.94 lakh SHGs with savings of ₹1,292.62 crores forming 24.40 per cent of the total SHGs having savings accounts with the banks and 20.80 per cent of their total savings amount. The
agency-wise savings of SHGs with banks as on 31 March 2011 and 31 March 2012 are given below.

### TABLE 3.3
**Savings of Self Help Groups with Banks – Agency-wise Position**
(Rs in Crores)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Year</th>
<th>No. of SHGs</th>
<th>Percentage Share</th>
<th>Savings Amount</th>
<th>Percentage Share</th>
<th>Per SHG Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banks</td>
<td>2011</td>
<td>35,49,509</td>
<td>58.0</td>
<td>2,772.99</td>
<td>50.0</td>
<td>7,812</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>40,52,915</td>
<td>58.3</td>
<td>3,673.89</td>
<td>59.3</td>
<td>9,065</td>
</tr>
<tr>
<td></td>
<td>% growth</td>
<td>14.2</td>
<td></td>
<td>32.5</td>
<td></td>
<td>16.0</td>
</tr>
<tr>
<td>Regional Rural Banks</td>
<td>2011</td>
<td>16,28,588</td>
<td>26.6</td>
<td>1,989.75</td>
<td>35.9</td>
<td>12,218</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>18,20,870</td>
<td>26.2</td>
<td>1,299.37</td>
<td>21.0</td>
<td>7,136</td>
</tr>
<tr>
<td></td>
<td>% growth</td>
<td>11.8</td>
<td></td>
<td>34.7</td>
<td></td>
<td>41.6</td>
</tr>
<tr>
<td>Co-operative Banks</td>
<td>2011</td>
<td>9,3,050</td>
<td>15.4</td>
<td>782.88</td>
<td>14.1</td>
<td>8,302</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>10,79,465</td>
<td>15.5</td>
<td>1,255.44</td>
<td>19.8</td>
<td>11,352</td>
</tr>
<tr>
<td></td>
<td>% growth</td>
<td>14.5</td>
<td></td>
<td>56.5</td>
<td></td>
<td>36.7</td>
</tr>
<tr>
<td>Total</td>
<td>2011</td>
<td>61,21,141</td>
<td>100.0</td>
<td>5,545.62</td>
<td>100.0</td>
<td>9,060</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>69,53,250</td>
<td>100.0</td>
<td>6,198.71</td>
<td>100.0</td>
<td>8,915</td>
</tr>
<tr>
<td></td>
<td>% growth</td>
<td>13.6</td>
<td></td>
<td>11.8</td>
<td></td>
<td>1.6</td>
</tr>
</tbody>
</table>

Source: NABARD

During the year under review, the average savings per SHG with all the banks marginally decreased from 9,060 as on 31 March 2011 to 8,915 as on 31 March 2012. The decrease may be due to proper utilization of saving amount by SHGs for internal lending. It varied from 11,352 per SHG with Co-operative banks to 7,136 per SHG with RRBs. As on 31 March 2012, the share of women SHGs in the total SHGs with saving bank accounts was 53.10 lakh SHGs forming 76.40 per cent.
as compared to the previous year’s share of 79.50 per cent. The actual share of women SHGs would be more as all RRBs from Uttar Pradesh, Gujarat and Jammu and Kashmir and all Co-operative Banks from Uttar Pradesh, Gujarat, Jammu and Kashmir, Goa, Assam, Nagaland, Tripura, Mizoram, and Manipur have not reported data for women SHGs. In addition, some of RRBs namely, Marathwada Gramin Bank from Maharashtra, Assam Gramin Vikas Bank, Bihar Kshetriya Gramin Bank, Madhya Bihar Gramin Bank, Nainital Almora Kshetriya Gramin Bank and some of the Central Cooperative Banks have also not reported women SHGs data.

3.15.5 Bank Loans Disbursed to SHGs

During 2011, banks financed 15.87 lakh SHGs, including repeat loan to the existing SHGs, with bank loans of ₹14,453.30 crore as against 16.10 SHGs with bank loans of ₹12,253.51 crore during 2011, registering a decline of 1.4 per cent of SHGs but a growth of 17.90 per cent in bank loans disbursed. Out of the total loans disbursed during 2011, SHGs financed under SGSY accounted for 2.67 lakh (16.90%) with bank loan of ₹2,198.00 crores (15.20%) as against 2.65 lakh SHGs (16.40%) with bank loan of ₹2,015.22 crore (16.40%) during 2011. The agency-wise details of loans disbursed by banks to SHGs during the years 2011 and 2012 are given below.
### TABLE 3.4
Loans Disbursed with Banks – Agency-wise Position
(₹ in Crores)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Year</th>
<th>No. of SHGs</th>
<th>Percentage Share</th>
<th>Amount</th>
<th>Percentage Share</th>
<th>Per SHG Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banks</td>
<td>2011</td>
<td>10,04,587</td>
<td>62.4</td>
<td>8,060.53</td>
<td>65.8</td>
<td>80,237</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>9,77,521</td>
<td>61.6</td>
<td>9,780.18</td>
<td>67.7</td>
<td>1,00,050</td>
</tr>
<tr>
<td></td>
<td>% growth</td>
<td>2.7</td>
<td></td>
<td>21.3</td>
<td></td>
<td>24.7</td>
</tr>
<tr>
<td>Regional Rural Banks</td>
<td>2011</td>
<td>4,05,569</td>
<td>25.2</td>
<td>3,193.49</td>
<td>26.1</td>
<td>78,741</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>3,76,797</td>
<td>23.7</td>
<td>3,333.20</td>
<td>23.1</td>
<td>88,461</td>
</tr>
<tr>
<td></td>
<td>% growth</td>
<td>7.1</td>
<td></td>
<td>4.4</td>
<td></td>
<td>12.3</td>
</tr>
<tr>
<td>Co-operative Banks</td>
<td>2011</td>
<td>1,99,430</td>
<td>12.4</td>
<td>999.49</td>
<td>8.2</td>
<td>50,117</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>2,32,504</td>
<td>14.7</td>
<td>1,339.92</td>
<td>9.3</td>
<td>57,629</td>
</tr>
<tr>
<td></td>
<td>% growth</td>
<td>16.6</td>
<td></td>
<td>34.1</td>
<td></td>
<td>15.0</td>
</tr>
<tr>
<td>Total</td>
<td>2011</td>
<td>16,09,586</td>
<td>100.00</td>
<td>12,253.5</td>
<td>100.00</td>
<td>76,128</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>15,86,822</td>
<td>100.00</td>
<td>14,453.3</td>
<td>100.00</td>
<td>91,083</td>
</tr>
<tr>
<td></td>
<td>% growth</td>
<td>1.4</td>
<td></td>
<td>17.9</td>
<td></td>
<td>19.6</td>
</tr>
</tbody>
</table>

Source: NABARD

During 2012, average bank loan disbursed per SHG was 91,083 as against 76,128 during 2011. The average loan per SHG ranged from of 1,00,050 per SHG by CBs to 57,629 per SHG by Cooperative Banks.

### 3.15.6 Region-wise Savings of Self Help Groups with Banks

Table 3.5 shows the region wise savings of SHGs with banks.
### TABLE 3.5
Region-wise Savings of Self Help Groups with Banks

(₹ in Lakhs)

<table>
<thead>
<tr>
<th>Region</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Co-operative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHG</td>
<td>Amount</td>
<td>No. of SHG</td>
<td>Amount</td>
</tr>
<tr>
<td>Northern Region</td>
<td>1,85,795</td>
<td>22,641.01</td>
<td>85,340</td>
<td>5,505.92</td>
</tr>
<tr>
<td>North Eastern Region</td>
<td>1,15,046</td>
<td>4,911.93</td>
<td>1,47,368</td>
<td>5,765.88</td>
</tr>
<tr>
<td>Eastern Region</td>
<td>7,01,945</td>
<td>38,370.61</td>
<td>4,28,915</td>
<td>51,919.82</td>
</tr>
<tr>
<td>Central Region</td>
<td>3,52,294</td>
<td>26,906.84</td>
<td>3,59,743</td>
<td>18,232.35</td>
</tr>
<tr>
<td>Western Region</td>
<td>5,12,306</td>
<td>53,142.45</td>
<td>1,35,931</td>
<td>2,800.95</td>
</tr>
<tr>
<td>Southern Region</td>
<td>21,85,529</td>
<td>2,21,416.4</td>
<td>6,63,573</td>
<td>45,712.57</td>
</tr>
<tr>
<td>Total</td>
<td>40,52,915</td>
<td>3,67,389.24</td>
<td>18,20,870</td>
<td>1,29,937.49</td>
</tr>
<tr>
<td>Percentage</td>
<td>58</td>
<td>59</td>
<td>26</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: NABARD, 2012

The overall performance of the Commercial Banks is highly appreciated as it has 58 per cent for the SHG members and 59.00 per cent for the mobilisation of savings from SHG members. The position of the Regional Rural Banks is fair as they could raise 26.00 per cent of the SHG members and 21.00 per cent of the mobilisation of savings from SHG members. But the position of the Co-operative Banks need to improve as it could achieve only 16.00 per cent of the SHG members and 21.00 per cent of the mobilisation of savings from the SHG members.

#### 3.15.7 Region wise Loans Disbursed of Self Help Groups with Banks

Table 3.6 shows the region-wise loans disbursed to SHGs with banks.
### TABLE 3.6
Region-wise Loans Disbursed of Self Help Groups with Banks

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of SHG</th>
<th>Amount</th>
<th>No. of SHG</th>
<th>Amount</th>
<th>No. of SHG</th>
<th>Amount</th>
<th>No. of SHG</th>
<th>Amount</th>
<th>No. of SHG</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Region</td>
<td>15,076</td>
<td>15,482.63</td>
<td>11,070</td>
<td>7,936.94</td>
<td>11,229</td>
<td>7,213.76</td>
<td>37,375</td>
<td>30,633.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Eastern Region</td>
<td>16,652</td>
<td>12,537.25</td>
<td>21,365</td>
<td>11,215.22</td>
<td>11,290</td>
<td>4,964.52</td>
<td>49,307</td>
<td>28,716.99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eastern Region</td>
<td>1,56,918</td>
<td>85,155.62</td>
<td>77,573</td>
<td>53,692.25</td>
<td>42,955</td>
<td>14,900.78</td>
<td>2,77,446</td>
<td>1,54,018.65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Region</td>
<td>34,108</td>
<td>28,638.02</td>
<td>37,713</td>
<td>30,201.90</td>
<td>6,025</td>
<td>4,369.96</td>
<td>77,846</td>
<td>63,209.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Region</td>
<td>67,304</td>
<td>36,802.60</td>
<td>19,876</td>
<td>4,513.50</td>
<td>61,950</td>
<td>23,381.44</td>
<td>1,49,130</td>
<td>64,697.54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Region</td>
<td>6,87,463</td>
<td>7,99,402.43</td>
<td>2,09,200</td>
<td>2,25,490.25</td>
<td>99,055</td>
<td>79,161.29</td>
<td>9,95,718</td>
<td>11,04,053.97</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9,77,521</td>
<td>9,78,018.55</td>
<td>3,76,797</td>
<td>3,33,320.06</td>
<td>2,32,504</td>
<td>1,33,991.75</td>
<td>15,86,822</td>
<td>14,45,330.36</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: NABARD, 2012

The position of Commercial Banks in granting loans to the SHG members is high as their services could reach 61 per cent of the SHG members with 68 per cent of the total loan amount disbursed in the country. The percentage of achievement of the Regional Rural Banks is 24 per cent for reaching SHG members by way of lending loans with 23 per cent of loan amount. Co-operative Banks lag behind in the loan granting services as the performance is only 15 per cent as members and only 9 per cent for the loan amount.

3.15.8 Performance of Self Help Groups in the Southern Region

The Southern Region of India includes the states of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Pudhucherry. The particulars relating to the savings created by the SHG members, loans disbursed, and loans outstanding both in terms of numbers and
amounts are briefly discussed below. Table 3.7 shows the performance of the SHGs in the Southern Region.

### TABLE 3.7
Performance of Self Help Groups in the Southern Region
(₹ in Lakhs)

<table>
<thead>
<tr>
<th>Southern Region</th>
<th>Savings</th>
<th>Loans disbursed</th>
<th>Loans Outstanding</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Amount</td>
<td>No. of SHGs</td>
<td>Amount</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>14,48,216</td>
<td>1,25,528.98</td>
<td>5,64,089</td>
<td>6,70,664.32</td>
</tr>
<tr>
<td>Karnataka</td>
<td>5,34,588</td>
<td>62,705.32</td>
<td>1,04,151</td>
<td>1,13,044.23</td>
</tr>
<tr>
<td>Kerala</td>
<td>3,94,197</td>
<td>37,556.32</td>
<td>62,058</td>
<td>50,745.31</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>8,26,710</td>
<td>90,373.26</td>
<td>2,59,161</td>
<td>2,56,129.89</td>
</tr>
<tr>
<td>Puducherry</td>
<td>19,723</td>
<td>1,286.96</td>
<td>6,259</td>
<td>13,470.22</td>
</tr>
<tr>
<td>Total</td>
<td>32,23,434</td>
<td>3,17,450.84</td>
<td>9,95,718</td>
<td>11,04,053.97</td>
</tr>
</tbody>
</table>

Source: NABARD, 2012

It is clear from Table 3.7 that among the Southern Region states, Andhra Pradesh ranks first in all respects like savings, loans disbursed and loans outstanding in which both loans availed of and outstanding dominate more than the amount of savings. Tamil Nadu ranks second with savings dominating the loan amount and loan outstanding. Karnataka ranks third with more savings, Kerala ranks fifth with the same position whereas Puducherry ranks last with low savings and more loans.

#### 3.15.9 Self-Help Group-Bank Linkage Programme

The SHG-Bank Linkage Programme, in the past eighteen years, has become a well known tool for bankers, developmental agencies and even for corporate houses.
SHGs, in many ways, have gone beyond the means of delivering financial services as a channel and turned out to be the focal point for purveying various services to the poor. The programme, over a period, has become the common vehicle in the development process, converging important development programmes. With a humble small beginning as Pilot Programme launched by NABARD by linking 255 SHGs with banks in 1992, the programme has reached to the linking of ₹69.50 lakh saving-linked SHGs and ₹48.5 lakh credit-linked SHGs and thus, about ₹9.70 crore households are covered under the programme, envisaging the synthesis of formal financial system and informal sector.
**TABLE 3.8**

Self Help Group -Bank Linkage Programme

(₹ in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of SHGs Financed by Banks</th>
<th>Bank Loan</th>
<th>Refinance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>During the Year</td>
<td>Trend Percentage</td>
<td>During the Year</td>
</tr>
<tr>
<td>1992-1993</td>
<td>255</td>
<td>100</td>
<td>0.29</td>
</tr>
<tr>
<td>1993-1994</td>
<td>365</td>
<td>143</td>
<td>0.36</td>
</tr>
<tr>
<td>1994-1995</td>
<td>1,502</td>
<td>589</td>
<td>1.79</td>
</tr>
<tr>
<td>1995-1996</td>
<td>2,635</td>
<td>1,033</td>
<td>3.62</td>
</tr>
<tr>
<td>1996-1997</td>
<td>3,841</td>
<td>1,506</td>
<td>5.78</td>
</tr>
<tr>
<td>1997-1998</td>
<td>5,719</td>
<td>2,243</td>
<td>11.92</td>
</tr>
<tr>
<td>1998-1999</td>
<td>18,678</td>
<td>7,325</td>
<td>33.31</td>
</tr>
<tr>
<td>1999-2000</td>
<td>81,780</td>
<td>32,071</td>
<td>135.91</td>
</tr>
<tr>
<td>2000-2001</td>
<td>1,49,050</td>
<td>58,451</td>
<td>287.89</td>
</tr>
<tr>
<td>2001-2002</td>
<td>1,97,653</td>
<td>77,511</td>
<td>545.47</td>
</tr>
<tr>
<td>2002-2003</td>
<td>2,55,882</td>
<td>1,00,346</td>
<td>1,022.33</td>
</tr>
<tr>
<td>2003-2004</td>
<td>3,61,731</td>
<td>1,41,855</td>
<td>1,855.53</td>
</tr>
<tr>
<td>2004-2005</td>
<td>5,39,365</td>
<td>2,11,516</td>
<td>2,994.26</td>
</tr>
<tr>
<td>2005-2006</td>
<td>6,20,109</td>
<td>2,43,180</td>
<td>4,499</td>
</tr>
<tr>
<td>2006-2007</td>
<td>11,05,749</td>
<td>4,33,627</td>
<td>6,570</td>
</tr>
<tr>
<td>2007-2008</td>
<td>12,27,770</td>
<td>4,81,478</td>
<td>8,849.26</td>
</tr>
<tr>
<td>2008-2009</td>
<td>16,09,586</td>
<td>6,31,210</td>
<td>12,253.51</td>
</tr>
<tr>
<td>2009-2010</td>
<td>15,86,822</td>
<td>6,22,283</td>
<td>14,453.30</td>
</tr>
<tr>
<td>Average</td>
<td>4,31,583</td>
<td>1,69,248</td>
<td>2,974</td>
</tr>
</tbody>
</table>

Source: NABARD

The SHG - bank linkage programme shows a tremendous growth over the period of time right from 1992-1993 to 2009-2010. The progress is notable in the case of granting bank loan to the beneficiaries, refinance programme and then the number of groups linked. The trend line in all the aspects shows a positive trend. The exponential
growth rate of the bank loan is estimated as 60.97 per cent with the coefficient of
determination of .96, the exponential growth rate on the refinance programme is 60.37
per cent with .93 as coefficient of determination, and the same is 55.54 per cent and .94
respectively for the number of groups linked. However, the progress of SHG-Bank
linkage programme is good.

3.16 SELF HELP GROUPs IN TAMIL NADU

According to the Status of Micro Finance in India 2009-2010 released recently by
National Bank for Agriculture and Rural Development (NABARD) there are 69,53,000
SHGs in the country savings linked with banks and 48,51,000 SHGs had loan outstanding
as on 31 March 2010. The estimated number of families covered under this model is
about ₹970 lakh. The total savings amount of all the SHGs with banks as on 31 March
2010 amounted to ₹6,198.71 crore and the total amount of loans outstanding against
SHGs as on 31 March 2010 was ₹28,038.28 crore. The SHG-Bank Linkage Model is the
largest financial inclusion programme in the world.

3.16.1 Revolving Fund to Self Help Groups:

Revolving Fund subsidy was being provided only to SHGs in the rural areas
which restricted the access of urban SHGs to bank credit. The Government announced a
scheme to provide RF subsidy to urban groups in 2006-2007. ₹96.70 crore has been
provided as RF subsidy to 96,699 urban groups in 5 years.

• Normally Revolving Fund was sanctioned to 25,000 to 30,000 SHGs in a year.

But in 2008-'09, the government decided to provide RF subsidy to all the
eligible 1.50 lakh SHGs in the State which had not availed RF subsidy and the Government sanctioned ₹150 crore to provide RF to all eligible SHGs and 1,50,000 SHGs were given RF subsidy along with bank credit.

• During the year 2009-2010 the Government sanctioned ₹70 crore to provide RF to 70,000 eligible and so far 69,000 SHGs have been given RF subsidy along with bank credit.

• During the year 2010-2011 the Government sanctioned ₹70 crore to provide Revolving Fund to 50,000 rural SHGs under Swarnajayanthi Gram Swarojgar Yojana and 20,000 urban. So far 31,869 SHGs have been given RF subsidy.

3.16.2 Credit Linkage:

As on 30.9.2010, the total amount of bank loans disbursed to SHGs since 1989 was 9,521.37 crore, out of which ₹7,756.13 crore was disbursed since June 2006 which amounted to 81 per cent of the total credit disbursed. The Government gave special focus on adequate credit flow to the SHGs so as to reduce rural indebtedness.

• It was decided to provide ₹1,600 crore credit to SHGs during the year 2008-2009. It was also decided to provide substantially enhanced credit while linking individual SHGs. ₹2,400 crore credit to SHGs during the year 2009-2010. A credit target of ₹3,000 crore was fixed for 2010-‘11,

• At the initiative of the Government, the State Level Bankers Committee in its meeting on 25.03.2008 advised the Banks to adopt the following quantum excluding the subsidy portion while sanctioning credit linkage to SHGs.
• First linkage: 50,000/- per SHG,
• Second linkage: 1,00,000/- per SHG,
• Third linkage: 1,50,000/- per SHG,
• Fourth and Subsequent: Higher amounts as per linkages requirement of SHGs
• This is the first time in the history of the State that credit linkage target for financing SHGs was approved at the State level and systematically followed up.
• During 2008-2009, ₹2,174.57 crore was given as credit to SHGs by banks as against the cumulative figure of ₹3,163.39 crore from inception of the SHG movement till 2007-2008.
• During 2009-2010, ₹2,791.65 crore was given as credit to SHGs by banks.
• During 2010-2011, ₹1,391.76 crore was given as credit to SHGs by banks, as on 30.9.2010.

3.16.3 Promotion of SHGs in Tamil Nadu:

Under this Project, SHGs are formed out of the left out poor existing SHGs and are affiliated to VPRC and linked to Banks after adequate capacity building.

• 13,847 SHGs have been formed among women and youth. 7,623 SHGs have been formed among the differently able. In all, 21,470 new SHGs have been formed in the Project area.
• 38,588 SHGs have been affiliated to the VPRCs.
• Of the new by formed SHGs, an amount of ₹75.08 crore has been disbursed as Revolving Fund to 13,050 SHGs (84% of the eligible new SHGs) and 1,843 SHGs are given the second dose of credit to the tune of ₹16.64 crore.

• 11,929 affiliated SHGs have been given ₹62.90 crore as Revolving Fund and 5,201 SHGs have received the second dose of credit of ₹57.18 crore.

• The SHGs formed under the Project are closely monitored by SHG trainers developed from the community. 10,027 such community SHG trainers and community professionals have been developed by the Project and are providing close handholding support to the SHGs.

3.16.4 Number of Self Help Groups in Tamil Nadu

Table 3.9 shows the number of SHGs in Tamil Nadu.
### TABLE 3.9
Number of Self Help Groups in Tamil Nadu

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of SHGs</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
<th>Trend Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td></td>
<td>6,464</td>
<td>0</td>
<td>6,464</td>
<td>100</td>
</tr>
<tr>
<td>2000-2001</td>
<td></td>
<td>11,053</td>
<td>0</td>
<td>11,053</td>
<td>171</td>
</tr>
<tr>
<td>2001-2002</td>
<td></td>
<td>8,285</td>
<td>0</td>
<td>8,285</td>
<td>128</td>
</tr>
<tr>
<td>2002-2003</td>
<td></td>
<td>11,009</td>
<td>0</td>
<td>11,009</td>
<td>170</td>
</tr>
<tr>
<td>2003-2004</td>
<td></td>
<td>14,830</td>
<td>0</td>
<td>14,830</td>
<td>229</td>
</tr>
<tr>
<td>2004-2005</td>
<td></td>
<td>13,750</td>
<td>0</td>
<td>13,750</td>
<td>213</td>
</tr>
<tr>
<td>2005-2006</td>
<td></td>
<td>28,153</td>
<td>0</td>
<td>28,153</td>
<td>436</td>
</tr>
<tr>
<td>2006-2007</td>
<td></td>
<td>19,024</td>
<td>5,000</td>
<td>24,024</td>
<td>372</td>
</tr>
<tr>
<td>2007-2008</td>
<td></td>
<td>18,563</td>
<td>25,000</td>
<td>43,563</td>
<td>674</td>
</tr>
<tr>
<td>2008-2009</td>
<td></td>
<td>1,06,047</td>
<td>43,953</td>
<td>1,50,000</td>
<td>2,321</td>
</tr>
<tr>
<td>2009-2010</td>
<td></td>
<td>54,446</td>
<td>14,861</td>
<td>69,307</td>
<td>1,072</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>38,144</td>
<td>14,599</td>
<td>52,743</td>
<td>816</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>3,29,768</td>
<td>1,03,413</td>
<td>4,33,181</td>
<td>558</td>
</tr>
<tr>
<td>Percentage</td>
<td></td>
<td>27,481</td>
<td>8,618</td>
<td>36,098</td>
<td>558</td>
</tr>
</tbody>
</table>

Source: Mahalir Thittam Reports

Initially SHGs started flourishing more in the rural area than in the urban area. From the year 2006-2007 onwards, it has started spreading over the urban area too at a great speed and then headed towards decline. Among the total groups formed, 76.00 per cent belong to the rural area and 24.00 per cent belong to the urban area. The average trend percentage calculated in this case was 558 percentages. The growth rate was high during the year 2008-2010.
3.16.5 Financial Assistance to Self Help Groups in Tamil Nadu

The financial assistance to SHGs in Tamil Nadu is presented in the Table 3.10.

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial Assistance</th>
<th>Trend Percentage</th>
<th>Percentage of Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Credit</td>
<td>Subsidy</td>
<td>Total</td>
</tr>
<tr>
<td>1999-2000</td>
<td>9.70</td>
<td>6.46</td>
<td>16.16</td>
</tr>
<tr>
<td>2000-2001</td>
<td>16.58</td>
<td>11.05</td>
<td>27.63</td>
</tr>
<tr>
<td>2001-2002</td>
<td>12.43</td>
<td>8.29</td>
<td>20.71</td>
</tr>
<tr>
<td>2002-2003</td>
<td>16.51</td>
<td>11.01</td>
<td>27.52</td>
</tr>
<tr>
<td>2003-2004</td>
<td>22.25</td>
<td>14.83</td>
<td>37.08</td>
</tr>
<tr>
<td>2004-2005</td>
<td>20.63</td>
<td>13.75</td>
<td>34.38</td>
</tr>
<tr>
<td>2005-2006</td>
<td>42.23</td>
<td>28.15</td>
<td>70.38</td>
</tr>
<tr>
<td>2006-2007</td>
<td>36.04</td>
<td>24.02</td>
<td>60.06</td>
</tr>
<tr>
<td>2007-2008</td>
<td>65.34</td>
<td>43.56</td>
<td>108.90</td>
</tr>
<tr>
<td>2008-2009</td>
<td>739.69</td>
<td>150.00</td>
<td>889.69</td>
</tr>
<tr>
<td>2009-2010</td>
<td>346.54</td>
<td>69.31</td>
<td>415.84</td>
</tr>
<tr>
<td>2010-2011</td>
<td>263.72</td>
<td>52.74</td>
<td>316.46</td>
</tr>
<tr>
<td>Total</td>
<td>1,591.64</td>
<td>433.18</td>
<td>2,024.82</td>
</tr>
<tr>
<td>Average</td>
<td>132.64</td>
<td>36.10</td>
<td>168.73</td>
</tr>
<tr>
<td>Percentage</td>
<td>78.61</td>
<td>21.39</td>
<td></td>
</tr>
</tbody>
</table>

Source: Mahalir Thittam Reports

The subsidy in the credit is the major benefit enjoyed by the self help members which is their basic motivating factor too. On an average out of the total credit, the members were able to get a subsidy of 21.39 per cent. The per cent of subsidy stands at 55.01 per cent. The trend percentage was steeply upward till the year 2008-2009 and then started declining. However, the average growth is estimated to be 94.40 per cent.
3.16.6 Credit Linkage in Tamil Nadu

The credit linkage in Tamil Nadu is presented in Table 3.11.

**TABLE 3.11**
Credit Linkage in Tamil Nadu

<table>
<thead>
<tr>
<th>Year</th>
<th>Achievement (₹ in Crores)</th>
<th>Cumulative (₹ in Crores)</th>
<th>Trend on Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 2001</td>
<td>120.30</td>
<td>120.30</td>
<td>100</td>
</tr>
<tr>
<td>2001-2002</td>
<td>97.91</td>
<td>218.21</td>
<td>100</td>
</tr>
<tr>
<td>2002-2003</td>
<td>184.65</td>
<td>402.86</td>
<td>189</td>
</tr>
<tr>
<td>2003-2004</td>
<td>271.32</td>
<td>674.18</td>
<td>277</td>
</tr>
<tr>
<td>2004-2005</td>
<td>490.62</td>
<td>1,164.80</td>
<td>501</td>
</tr>
<tr>
<td>2005-2006</td>
<td>600.44</td>
<td>1,765.24</td>
<td>613</td>
</tr>
<tr>
<td>2006-2007</td>
<td>593.45</td>
<td>2,358.69</td>
<td>606</td>
</tr>
<tr>
<td>2007-2008</td>
<td>804.70</td>
<td>3,163.39</td>
<td>822</td>
</tr>
<tr>
<td>2008-2009</td>
<td>2,174.57</td>
<td>5,337.96</td>
<td>2,221</td>
</tr>
<tr>
<td>2009-2010</td>
<td>2,791.65</td>
<td>8,129.61</td>
<td>2,851</td>
</tr>
<tr>
<td>Average</td>
<td>962.48</td>
<td>981</td>
<td></td>
</tr>
</tbody>
</table>

Source: Mahalir Thittam Reports.

The credit linkage in Tamil Nadu has been increasing steadily over the period under study. Till the year 2001, the credit linkage was ₹120.30 crore. For the current year 2010-2011, the data was available till December 2010 and till that date the total amount disbursed is ₹10,587.26 crore. During the period the growth in the trend per cent was 2,410. The trend is at its peak in the year 2009-2010 to the extent of 2,751 per cent. However, the average per cent of growth was 881 per cent over the years from 2001 to 2010.
3.17 INTRODUCTION TO TIRUNELVELI DISTRICT

The study area is the erstwhile Tirunelveli district of Tamil Nadu. The said area was composed of the present revenue districts of Tirunelveli and Thoothukudi. Both these districts were together till 1986. The bifurcation was made to have better administrative viability and convenience. These two districts, though physically separated, have a lot in common to share for example, topology, social situation and cultural background.

Tirunelveli, the penultimate southernmost district of Tamil Nadu, is described as a microcosm of the State, owing to its mosaic and diverse geographical and physical features such as lofty mountains and low plains, rivers and cascades, seacoast and thick inland forest, sandy soils and fertile alluvium, a variety of flora, fauna, and protected wild life. Thenpandiyanadu of the early Pandyas, Mudikonda Cholamandalam of the Imperial Cholas, Tirunelveli Seemai of the Nayaks, Tinnevely District of the East India Company and the British administration and Tirunelveli District of Independent India was bifurcated on 20th October 1986. The divide districts are called Nellai-Kattabomman District and Chidambaranar (Tuticorin) District. Subsequently the district name was christened as Tirunelveli-Kattabomman District. As per the decision of the Government of Tamil Nadu to call all the districts by the name of the headquarters town, Tirunelveli-Kattabomman District is now Tirunelveli District. Chidambaranar District is now called Thoothukudi District.

The Tirunelveli Sthalapurana prescribes a tradition for the origin of the name Tirunelveli. The puranic version goes that one Vedasarma, a staunch devotee
of Shiva, on his pilgrimage from the North to the South was invited by Lord Shiva in his dream to his abode on the banks of the sacred river Tamiraparani. The delighted devotee came to Sindupondhurai on the banks of the river and stayed there with his family. Once there was a famine which forced Vedasarma to collect paddy by way of begging and continuing his daily prayers. One day he spread out the paddy to dry under the sun before the Lord, and went for his ablutions in Tamiraparani. He prayed to the Lord for rain which he thought could be a remedy for the famine. His prayer was answered and when he was bathing, a thunder storm broke-out and it rained heavily. Vedasarma rushed to the place where he had spread the paddy. He witnessed a miracle. Despite rain around the area, the paddy that he had spread did not get even a single drop of rain and did not get soaked. Since then according to the purana the town is called as “Tiru-nel-veli” (Sacred hedged paddy).

3.18 PROFILE OF TIRUNELVELI DISTRICT

In this study area, there are two important cities, where the district headquarters are situated. They are Tirunelveli and Thoothukudi. Tirunelveli has been a city corporation for a long time and Thoothukudi has been declared as a corporation. Historical importance, details relating to the location, geographical extent, climatic conditions, demographic features, details of the several sectors of the economy, details of the working class and the places of importance are presented. The study area is described as the Tirunelveli District.

Tirunelveli is a historically popular southern district of Tamil Nadu. This district is popular educationally, socially, economically, literally and culturally in Tamil Nadu.
The leaders and people of this district have played a remarkable role in the freedom struggle. The darkness of British rule was dispelled by the selfless sacrifice of many patriots. Among them, Veerapandia Kattabomman was a warrior who fought till the end against the British rule. Subramania Bharathi inspired the mass through his poems of patriotism. V.O.Chithambaranar floated the first swadeshi (native) shipping business against the British and Vanchinathan, went to the extent of assassinating the local British Collector for the sake of upholding the reputation of the country. Their contribution is cherished even today. Many administrators, academicians, industrialists and agricultural experts have come from Tirunelveli District. This soil is rich in cultural heritage also.

3.18.1 Origin of the District

The Tirunelveli District was formed in 1790 by the East India Company, later came under the direct control of the British Crown Queen Victoria. This has several distinctive features of ethnological, religious and it is little wonder that references to this little district were made in our epics.

Tirunelveli Palayamkottai is popularly known as “Oxford of South India”. All types of Colleges and Schools with historic background are functioning in this Twin city.

On acquisition from the Nawab of Arcot in 1801, the British named it as Tinnevelly District though their headquarters was first located in Palayamkottai the adjacent town, where they had their military headquarters during their operations against the Palayakars. Two reasons may be attributed for naming it after Tirunelveli. One is because, it was and is the chief town of the district and the other is that
it was already called Tirunelveli Seemai under the Nayaks and Nawabs. Both Tirunelveli and Palayamkottai grew as the twin towns of the district.

3.18.2 Location

The study area lies between 8.05° and 9.30° of the Northern latitude and 77.05° and 78.25° of Eastern longitude. It is located in the southern part of the state of Tamil Nadu which is surrounded by Virudhunagar District on the North, the Gulf of Mannar on the east, Kanyakumari District on the south and the high Western Ghats extended to Kerala on the west. This district spreads over an area of 11,444 square kilometers. Figure 3.1 shows Tirunelveli District Map.

Figure 3.1
Tirunelveli District Map
3.18.3 Demographic Details

The population of this District was 2723988 as per the 2001 Census and 30,72,880 as per the 2011 census. The Density of Population per sq.km. was 399 as per 2001 census and 455 persons as per 2011 census. Tirunelveli, Tenkasi and Ambasamudram were the most densely populated Taluks in the District as per the 2001 census. The Sex ratio was 1024 females for every 1000 males in the District as per the 2011 census. The Literacy rate is 76.09% in the District as per the 2001 census. Out of the total population, males are 1333939 and females 1390049 as per the 2001 census. Out of the total population, males were 1518595 and females 1554285 as per the 2011 census. The district had a Schedule Caste population of 481052 which represents 17.66% of the total population as per the 2001 census. Schedule Tribes were found to be very small in numbers 8358 which is 0.31% of the Total population. 4.36% of State population lived in Tirunelveli District., 1415742 lived in the rural area and 1308246 lived in the urban area forming 52.00 per cent and 48.00 per cent respectively as per 2001.

3.18.4 Religious Significance

The Nellaiappar temple at Tirunelveli, Sankaranainar temple at Sankarankoil, Kasiviswanathar temple at Tenkasi and Vanamamalai Temple at Nanguneri are the landmarks of the District signifying the Hindu Culture. Palayamkottai has many Christian missions and Athankaraipallivasal and Pottalpudur Darga are considered to be the important sacred places for Muslims.
3.18.5 Revenue Divisions

At the divisional level, the Sub Collectors/Revenue Divisional Officers assist the Collector in running the administration. In Tirunelveli District, there are three Revenue Divisions. They are namely, Tirunelveli, Cheranmahadevi and Tenkasi.

3.18.6 Taluks

Tahsildars are the officers in-charge at taluk level. In Tirunelveli, there are 11 taluks namely Tirunelveli, Palayamkottai, Sankarankovil, Ambasamudram, Nanguneri, Radhapuram, Tenkasi, Shenkottai, Alangulam, Veerakeralapudur and Sivagiri.

3.19 RADHAPURAM AND ITS HISTORICAL SIGNIFICANCE

Nineteen miles from Nanguneri situated in a dry open plain, seven miles from the sea was once a part and parcel of Nanguneri taluk is Radhapuram, now after independence a taluk headquarters. The old name of the place as evidenced both by local tradition and by copper plate inscriptions preserved in the Siva temple (Varaguna Pandeeswarar Nithya Kalyani Ambal temple was Raja-raja-puram. It is said that a Pandya king may be Varakuna Pandya, visited the place and did the construction works there. But the English historians who did field study and recorded that it is impossible to know about the king who is commemorated.

The great Tamil poetess, Avvai said that “Alayam Tholuvadhu Salavum Nandru”. As per the ancient golden words our ancestous played a great role in constructing the
temple in our places. The three great dynasties the Cheras, the Cholas, and the Pandyas had built many temples in various places of Tamilnadu.

The most important and ancient part of India is Tamilnadu. Tirunelveli District is situated in the southern region of Tamilnadu where the river Parani flows. Radhapuram is a part and parcel of Tirunelveli. It is situated at the northern side of way of Bengal ocean. Radhapuram is a taluk situated at the Tirunelveli District which is fairness for water scare city. Radhapuram is located at 62 Kim’s from Tirunelveli and 34 Kms away from Nagarcoil. Radhapuram is situated by Valliyoor in the north western side, Vadakkangulam in the West, Kudangulam and Vijayapathi in the South East Ilaiyanayinarkulam, Udhayatthur, Parameshwarapuram in the East, Samugai in the north and Kottai karungal in the East.

3.19.1 Population

According to the 2011 census, the taluk of Radhapuram had a population of 302,268 with 149,056 males and 153,212 females. There were 1028 women for every 1000 men. The taluk had a literacy rate of 79.67. Child population in the age group below 6 was 16,219 Males and 15,620 Females.

3.19.2 Community

The Vellalas, the Chettiar, the Brahmins, the Yadhavas, the Viswakarmas, the Maravas, the Nadars, the Dobbies, Barbars, Mukkuvas, Bharathavas and Parayas are the group of people living there. All religions groups are here. Though there is diversity in religion and caste, it is a centre for communal and religious harmony. Significantly the
people of this locality of course in the rural setup, they take part in all social and religions gatherings.

3.20 SUMMARY

This chapter covers the concept of SHGs and profile of the study area. It includes concept of SHGs, formation and nature of SHGs, evolution of SHGs in India, objectives of SHGs, guidelines of SHGs, functions of SHGs, SHGs and their impact, SHGs Path Way out of Poverty in India, origin of SHGs in India, effectiveness of SHGs in Indian context, entrepreneurship through SHGs, impact of SHGs movement in India, SHGs in India, SHGs in Tamil Nadu, introduction to Tirunelveli District, profile of Tirunelveli District and Radhapuram taluk and its historical significance.
CHAPTER III
CONCEPT OF SELF HELP GROUPS AND PROFILE OF THE STUDY AREA

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3.2 Concept of Self Help Groups
3.3 Formation and Nature of Self Help Groups
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