A thorough review of literature is essential for every research endeavour. It helps to acquire a broad general background in the given field. Research studies focusing attention on microfinance through women SHGs and the different aspects of the development of microfinance have been identified and presented with a view to get better insight of the research problem.

Poverty being an outcome of multiple deprivations, empowerment of poor in general and women in particular is considered a critical factor in accelerating poverty reduction. Poverty is created because we built our theoretical framework on assumptions which underestimates human capacity. A human being is born into this world fully equipped not only to take care of him or herself but also to contribute to the enlarging wellbeing of the world as a whole. Some get chance to explore their potential to some degree but many others never gets any opportunity during their lifetime to unwrap the wonderful gift they were born with. They die unexplored and the world remains deprived of their creativity and contribution.

Eradication of poverty is no doubt an indispensable requirement for sustainable development. In order to decrease the disparities in standards of living and better meet the needs of the majority of people of the world, all should co-operate. In contemporary development economics, people’s participation is the central theme for poverty reduction initiatives. This paradigm shift calls for considerable efforts to mobilize human energies and building up community based economic leadership at grass roots. Since, Independence, number of poverty alleviation programmes were introduced by the central as well as various State Governments. But these were based on doles of governments. There was a need to have such a programme which will help poor to stand on their own without disturbing their self respect.

With this background in mind, if microfinance is seen as a tool of empowerment of women through eradication of poverty with the help of entrepreneurial income generating activities, it becomes easy to realize its importance. Providing women with various financial services and helping them to set up small enterprises which would result in sustainable income generating activity is considered
a means of poverty reduction and thereby economic empowerment. Many NGOs have initiated the empowerment process of women by organizing them into groups and building their capacity to improve their lives through microfinance programmes. Evaluation is undertaken to know how the programme is being implemented and what can be done to remove the constraints, if any. Evaluation is thus a kind of achievement audit and mostly takes place after the programme has run for a period.

It is desirable to review the relevant literature handling a research problem. As preliminary and preparatory part of the present research work, the researcher to ascertain the contribution made by various experts and scholar in this field and identifies promising virgin fields awaiting fresh initiatives. As a part of research work, extensive literatures have been searched. These literatures include books written on the subject by experts and also journals manuals etc. In fact there are very few literatures available which have studied socio-economic, political and entrepreneurial development of women together with the help of mf services. The researcher has also gone through philanthropic views and ideas of great people.

Traditionally, the formal banking institutions have been serving only the needs of the commercial sector and providing loans for middle and upper income groups. These banks failed to extend their services to the informal sector and low income earners due to non-availability of collateral for the banks to use in case of default. It is against this background that micro-finance was introduced as a way of providing uncollateralized loans to borrowers who have no constant income. Micro-finance is a scheme designed to improve the well-being of the poor through better access to saving services and loans. It is considered as a vital issue in the development agenda relating to the provision and delivery of credit and other services to the poor in general and women in particular. In many developing countries, microfinance has become an increasingly important component of strategies for promoting micro enterprises and empowerment of women through it. However empirical evidence of their impact has been inconclusive and controversial. There are three strands of evidences. The first strand, considered to be extreme, argues that microfinance has beneficial economic and social impacts. The second strand which is also considered extreme on the opposite side cautions against too much optimism by focusing more on negative impacts brought about by microfinance. The third strand is associated with the study of those who takes middle-road by acknowledging beneficial impacts,
but stating at the same time that microfinance is not a magic wand which will help us to keep poverty in museum.

In no society do women enjoy the same opportunities as men; it is still an unequal world. “Human Development, if not engendered, is endangered.” (UNDP 1995) Women’s empowerment is therefore a critical part of sustainable development. Microfinance intervention, targeting women has been a welcome corrective to previous neglect of women’s productive role. Women have been historically disadvantaged of access not only to material resources like credit and property but have also been excluded from social resources like education, health and knowledge about and exposure to the general environment wherein they live. In order for women to be empowered they need access to the material, human and social resources necessary to make strategic choices in their life.

When the researcher reviewed the studies carried out by various researchers about the impact of microfinance she found that some of the studies were general in nature and very few were scientific in nature in the sense multidimensional impact was studied for a longer period of time which can comment really on sustainability of the project.

Microfinance which is in simple words the provision of financial services like thrift, credit and insurance of very small amounts to the poor especially women, who are unorganized neglected and perceived to be unbankable to help them raise their income levels. Microfinance has become one of the most discussed subjects in the last two decades all over the world. Today, microfinance programmes and institutions have become increasingly important components of strategies to reduce poverty or promote micro and small enterprises and their development. It can be said that microfinance is a participative model that can address the needs of the poor especially women members. It envisages the empowerment of the members by promoting their saving habits and extending bank loans to them. The government and policymakers have recently evolved the 8th Bank Linkage Programme to eradicate poverty and increase the income of the people. While reviewing the available empirical studies on the subject microfinance and women empowerment, researcher found that the concept of microfinance was misunderstood as microcredit. This has restricted the studies to the provision of microloans and its impact on its client’s. Provision of loan by the formal financial institutions like banks to the needy people is no doubt very important particularly in emergencies. It helps to solve the immediate problem. But empirical
evidences have shown that sometimes these borrowers are trapped in vicious circles of poverty by availing these loans. Thus use of loan is more important if policymakers want that the loan should result in sustainable income generating activity.

The microcredit is a global concept and was discussed first time in the Micro Credit Summit hosted by the Government of Bangladesh, sponsored by the World Bank and other organizations in February 1977. The summit formally launched a global campaign for micro credit with lofty aims like credit for self-employment and business to reach 100 million of the world’s poor families, especially women by the year 2005 (www.microcreditsummit.org) However, in India the issue was addressed at the government level as late as in 1982. Although launched as a global campaign its success entirely depends on the delivery according to the local needs. Among the range of possible micro financial services, microcredit has predominated at least in the initial periods of various programmes. Microcredit programmes were projected on the assumption that it will deliver higher incomes and increased assets to the poor through microenterprise. But the results were not very positive all the time. No one has succeeded in establishing the positive co-relation between micro-credit and poverty reduction. Availability of money cannot increase income if not supported by other essential requisites. In such a case, some micro-credit clients may become worse off after accessing micro-loans. Credit is thus associated with risk – a risk of entering into indebtedness, which perpetuate poverty and exploitation and developing and strengthening relationships of dependency. Lack of access to and control over resources is a critical component of poverty. In this context, credit means an opportunity for betterment, an access to new resources; it can play a key role in generating new livelihood options, strengthening existing livelihoods and enhancing confidence status for marginalized groups. Therefore, in an atmosphere, where micro-credit is the buzzword, it is important to acknowledge the risk associated with credit. Every microcredit client should understand that credit is only an input in the economy and development. Credit cannot merely be created by an increase in the money supply. Moreover there is a very thin line between the consumptions and production needs of the poor. Credit in a vacuum of a support system is severely counterproductive as it imposes the burden of loan on the poor who have no repaying capacity.

In development discourse, there is an argument that women’s improvement is the product of successful income generating programmes run by women. It is often
believed that social and political empowerment would automatically follow economic empowerment. Most of the poverty alleviating programmes carries an implied agenda of women empowerment, which starts with access to credit and involvement in income generation. Although there is a debate among scholars on the relation between microcredit, poverty alleviation and women empowerment still the importance of credit and income generation cannot be underestimated in the context of economic betterment. In the initial period of ‘Microfinance Development’ the focus was on microcredit as both these terms were used synonymously. But with the development in the field all other micro financial services also started gaining importance and it has now been accepted that sustainability of micro enterprise is the issue which academicians, practitioneres and micro finance clients should give preference to. The researcher therefore has studied thoroughly Micro Enterprise Development and its Impact.

2.2 Microfinance through SHGs:

The most popular delivery model of microfinance in our country is SHG model. Various studies have shown that this model has helped women to use their innovation and creativity not only for the battement of their family but also for the sustainability of the group. This has helped to make positive impact on economic, social and political life of local people. These studies have proved that women are more efficient than men; sometimes they contribute a lot to the economic development. SHGs also facilitated to achieve independence in their lives. Further SHGs helped to improve their mental ability through proper education. The SHGs of Grameen Bank of Bangladesh and SEWA Bank of Ahmadabad are the examples of the most successful SHGs in Bangaldesh and India respectively. The Nobel scholar and Indian economist Dr. Amartya Sen expressed in his words, “Unless Women are empowered with issues like literacy and health, and population explosion will remain unresolved problems of developing countries”.

Sen, Mahab, “Self-Help Groups and Micro-Finance: An Alternative Socio Economic Option for the poor” in Kamta Prasad (eds.) NGO’s and Socio-Economic Development Opportunities, New Delhi, Deep and Deep Publications Pvt. Ltd., 2000, pp. 77-89, has attempted a study to find out the development of SHGs and its impact on women members. The findings of the study revealed that the individual loans were mostly, used for productive purposes, the rate of recovery was very high compared to
the rate of recovery of the formal institutional system and group dynamics was an instrument for change in the quality of life of the poor people. The study concluded that group cohesion, group action, needs based credit, timely repayments are essential elements for sustainability of the groups. This study has also revealed that other than economic activities, the group worked towards primary education, basic health care of family, safe drinking water and environment protection. In this connection the study of SEWA Bank was very important Jain, Suman, “Empowerment of women through NGOs – The SEWA Bank Experience” In: Kamata Prasad (eds.) NGO’s and Socio-Economic Development Opportunities, New Delhi, Deep and Deep Publications Pvt. Ltd., 2000, pp. 112-119 carried out a case study revealing positive impact on poor, illiterate, self-employed women of banking services they opted for. The conclusion of this study was that from women’s point of view their involvement in and ownership of a successful institution enhanced their collective strength and empowerment that came with organization. From a wider perspective member – owned or controlled microcredit institution could help to strengthen the country’s democratic system.

The role of NGO’s in bringing out change in the economic life of poor particularly women is also assessed by many researcher. Kallur, M. S. and Biradar, A. A. (2000) “The New Paradigm of Microfinance and the role of Non-Governmental Voluntary Agencies in its Promotion : A Few Reflections” In : Kamta Prasad (eds.), NGO’s and Socio-Economic Development Opportunities, New Delhi, Deep and Deep Publications Pvt. Ltd., 2000, pp. 67-75, in their micro level study aimed to examine the role of non-governmental voluntary organization in promoting the microcredit institutions and to comment on their sustainability in the years of come. The study has thrown light on the origin and the nature of microcredit organizations and its superiority over macro ones in catering to the need of farmers. The study also discussed the role of microcredit organizations and their sustainability and concluded that the NGO’s have succeeded in promoting SHGs. As poor do not have any resources they cannot make use of any financial services. And if poor are to be brought out of their poverty then there is only solution of providing them subsidies and grants based on this presumption, central and state Governments developed various poverty alleviation programmes and as the end result of any of these programme was not an income generation activity which will help poor to save, invest and insure for their bright future. But review of different literature on microfinance has proved that they are creditworthy.
Karmaker, K. G. (199-2000) ‘Rural Credit and Self-Help-Groups’, Journal of Social and Management Sciences, Vol. XXIX, No. 1, April-June 2000, remarks that the London-based Bames Institute carried out a study (May 1990) in 11 countries, including India, proving that the poor are creditworthy if credit can be channelled to enterprising individuals and small groups through non-banking organizations. These credit schemes are founded on the basis of solidarity and loans are given to individuals in a group, who are also borrowers and act as co-guarantors for loans. NGOs besides facilitating the creation of SHGs also discuss a whole range of rural problems including social, political and personal.

It was experienced and observed in various parts of the world that poor are bankable and they need options of livelihood which can prove to be sustainable in times to come. Naturally for this they require micro-financial services at their doorstep. In this connection, SHG model introduced through SBLP by NABARD Played significant role in mf movement in our country. In this connection, study by Lalitha. N is of use.

Lalitha, N. B. S. Nagarajan (2002) “Functioning of the SHGs in selected Districts of Tamilnadu’ (eds.), Self-Help Groups in Rural Development, New Delhi: Dominant Publishers and Distributors, 2002, conducted a critical study on functioning of SHGs in selected districts of Tamilnadu. This study highlighted the fact that SHGs were peoples institutions and with their support, the women could march towards empowerment and that the groups could promote individual and group ventures of income generating activities under the effective guidance of NGOs. The study also revealed that effective leadership, group cohesiveness, savings, regular meetings, peer group pressure, linkage with other institutions and effective supervision by NGOs were the factors which contributed to the success of the groups. It has been observed that the results of each SHG are different. To find out the reasons of such variations Malcolm Harper with his colleagues carried out research on various aspects of SHGs, microcredit, microfinance and sustainability of MFIs. In one of his study he mentioned few things which should be given due weight age to get the best results of microfinance movement. Harper, Malcolm and Dr. Manoj Nath, ‘Inequity in the Self-Help Group Movement – ‘A view from India’s Centre, Shelter, Human Settlement Management Institute, Vol. VII, No. 1, January 2004, p. 22, have commented in their study that the microfinance sector in India has grown no doubt significantly in the last decade with participation of NGOs, MFIs and private sector, as the formal financial institutions have reduced their outreach after reforms in the
1990s. But at the same time inequality in performance of SHG exists. This inequality persists, within the nation, the states, the districts, the villages and even within the few SHGs which are in each village. Harper and Nath have proved in their study that this inequality should not be attributed to the members in each SHG. They support their conclusions by adding views of Marx. “Inequality is not because of any evil genius of the Indian people, not the people in specific district or city, but is the result of the tendency that Marx observed, the rich get richer and the poor get poorer. We must search for the constraints to equity at every level, and try in every way possible to reverse the trend. If the solutions to various problems of SHGs are tailor made according to local requirements and environment then we get definitely better results.

Basu, Aparna, “Women’s Empowerment and Self-Help Groups”, Shelter, Human Settlement Management Institute, Vol. VII, No. 1, January 2004, p. 66, states that the women’s SHG is a movement in itself. Women who have never stepped out from within the four walls of their homes coverage to form small bands of savings groups in an effort to confront the looming problem of access to credit for taking minimal care of their family needs. In micro financing schemes women form SHGs, define their priorities as a collective and obtain access to credit and information for self employed opportunities. SHGs are accepted as critical actors in helping women to achieve economic independence and stability. Microcredit substantially paves the way for women’s empowerment. Self reliance, Self confidence and Self esteem are strengthened by SHGs.

Banerjee G. D., “Financing Agriculture – In house Journal of Agricultural Finance corporation Ltd., Evaluation Study on self-Help group, April-June 2002, observed that the participation of women in SHGs made a significant impact on their empowerment both in social and economic aspects. The study shows that the group dynamism helped the women to pressurize the authorities in lying of roads, getting electric connections and providing drainage, bore well and constructing community halls. It also proved that women are coming out in the open to discuss their common problems, which would not have been possible in the absence of such group activities. This type of social impact would definitely go a long way in improving the quality of life of members. Likewise, Dasgupta, Rajaram, ‘An Informal Journey through self-Help Groups’, Indian Journal of Agriculture Economics, volume 56, No. 3, July-Sept, 2001, pp. 370-386, explains that the government instead is required to create an environment where genuine NGOs can perform effectively as SHPIs and banks
conduct business with SHGs on their own. He adds in his suggestions that the amount of subsidy which SHG members get should be used for infrastructure, training, backward and forward linkages and other requirements of poor. All these are likely to improve the opportunity for investment by the poor. Simultaneously the poor will improve their saving potentials credit-handling capacity and access to financial institutions, inculcate entrepreneurial skill and develop an urge for investment through credit facility. He further added that SHGs should be considered as one of the best means to counter social and financial exclusion and enhance economic, political and social citizenship.

Seibel, D.H. and Dave, R.H. (2002), in their study ‘Commercial Aspects of SHG Banking in India’ made a profitability analysis at the level of Ladwanthi Primary Agricultural Co-operative Society, Bhosga branch and for the Bank as a whole. It was observed that the profitability of the SHG banking product to be positive at all levels.

Patel, A. (2005), explained about credit linked SHGs in the country. He observed that the Southern India continues to maintain its lead and more than half of the credit linked total micro credit has gone to two southern states of Andhra Pradesh and Tamil Nadu.

Loganathan, et al, (2006), in their study on “Inter-regional Development of Self Help Groups in India”, observed that, Karnataka has 1, 63,198 cumulative number of Bank loans by SHGs up to 31st March 2005. Totally in southern region there were 16, 00,658 cumulative number of bank loan up to 31st March, 2005.

Yadav, S.S. (2006) in his study on, “Self Help Group Movement in Rajasthan, Bright prospects”, highlighted that, over 98,500 groups have been credit linked, thereby providing access to financial services to over 12.91 lakh rural poor families till February 2006 with a cumulative bank disbursement of Rs. 210.00 crores in the state. Observations made by various authors on bank linkage of the groups are almost similar in the present study except amongst the SHGs sponsored by the Shri Kshetra Rural Development Trust as the “Trust” deals with the bank’s functions as one of the approved “models” of SHG funding. Harper’s findings on the DCCB, Bidar throws light on the changes those have taken place at the Bank’s level consequent with the SHG movement. The present study has not touched this issue as the same was not included in the objective.
2.3 Micro Enterprise Development through SHG:

For better results of microfinance activities, borrower should have some sort of entrepreneurship skills. Various microfinance programmes implemented have found out the positive correlation between entrepreneurship skills and sustainable income generating activities. Lalitha, N. (2003) “Mainstreaming Microfinance” Mohit Publication, New Delhi, pp. 149-209 and Lalitha, N. (1998) Women Entrepreneurship Development through Self-Help Groups in Anganna, Pand Ramchandran, S. (eds) “Entrepreneurship Promotion and Development.” Gandhigram, Gandhigram Rural Institute observed that the role of women, as producers had been largely neglected in the design, formulation and implementation of development programmes till recently. The need of the hour is to develop talents, Skills of entrepreneurship in women who holds the key for sustainable development. Against this backdrop the paper analyses the possibility of promoting entrepreneurship development among women through SHGs. The article concludes that the SHGs have got the built in potential to inculcate the spirit of initiative, enterprise among rural women and motivate the group to take up entrepreneurial ventures under the able guidance of NGOs.

Choudhary R.C. (Ed.), “Micro Credit for Micro Enterprises”, NIRD, Hyderabad, 2001. has compiled views of different authors. Rao “Emancipation of Women through Entrepreneurship” Man and Development, Vol. 15(2), has examined the successful characteristics of rural entrepreneurship and highlighted that to develop women entrepreneurship in rural area need proper education and training facilities along with conductive environment and better rapport and communications with government and non government agencies. He analyses that NGOs play an important role for the development of entrepreneurship so he proposed that better contact with NGOs and social organization can also be helpful to a great extent.

Kumar Anil, “Enterprise Location: Choice of Women Entrepreneurs”, Sedeme Journal Vol. 33(3), 2004. has examined perceptions of women entrepreneurs managing small enterprises towards the support agencies. The study reveals the need to increase the level of awareness of various sources of finance to women entrepreneurs. According to him workshops and seminars should be organized at local level by financial institutions and NGOs free of cost to increase the level of awareness regarding various schemes and facilities available to women entrepreneurs. He also emphasized the need to increase the level of awareness regarding various programmes and policies initiated for the growth of women entrepreneurship.
Rao Pulla, ‘Women Entrepreneurs and Socio-Economic Development,’ Serials Publication, New Delhi, 2011. is outcome of various research papers contributed by different researchers who have studied the current problems of women entrepreneurs and the progress achieved by them in different parts of the country. Prof. R.Rama Krishna, D. Tata Rao in their paper on “Poverty Alleviation and women Empowerment through self help groups” observed that the primary aims of the SHG-bank linkage programme is to integrate informal savings and credit groups with mainstream banking by providing them with credit to enhance their fund base. The authors have discussed the two dimensions of the impact of SHGs and three important external catalysts that facilitated the positive change in the case of Andhra Pradesh.

Pangannavar Y. Arjun, “Self-help Groups and Rural Poverty”, Kurukshetra, Ministry of Rural Development, New Delhi, December, 2008. gives the brief review of all antipoverty programmes of India and emphasized that SHGs programme is the right approach to create self employment opportunities in the rural areas for creation of income and asset of the rural people. According to the author, women are the main component of rural poor and poverty has taken the shape of ‘feminization of poverty’. The SHGs programme provides the rural poor women access to micro-credit. It encourages rural women entrepreneurship and rural empowerment. So it is the right participatory approach for eradication of rural poverty and a paradigm of rural development.


Asian Development Bank (1997) observed that women enterprises concentrated in sector with particular ease of entry and low returns. So, new starts and closures tend to be higher. Poverty reducing micro enterprises program make an impact by increasing income rather than generating new jobs. As a best practice, NGO can take up skill, capital and management intensive functions and leave the production function to the micro-entrepreneurs. Micro enterprises/micro-entrepreneurs have
major constraints which inhibit their access beyond local markets. The constraints being market information, inability to scale up production and services due to inadequate capital, inability to adopt technological transformation to meet the quality standard required by the market, lack of standardization, lack of adequate infrastructural support, absence of what is called “Brand Equity” to enter niche markets and tendency to remain small.

Lidgerwood Joanna(1998) Microfinance Handbook: An Institutional and Financial Perspective (Sustainable Banking with the Poor) found that the access to continuous financial services, including loans for capital purchases and savings services to build up reserves, allows micro enterprises to increase their asset base and improve their ability to generate revenue. The tendency for the willingness to take risk and to invest in new technology increases with people having increased income and poor are more risk averse.

Manimekalai N. and Rajeshwari G. in 2000 investigated the problems of women entrepreneurs of SHGs in rural Tiruchirappilly district of Tamil Nadu and found that majority (33 percent) of women entrepreneurs face the problems of shortage of capital. This is due to the fact that the members get the loan only from their SHGs and their own microfinance institution –“Vizuthugal”. The study revealed that 21 percent of the women entrepreneurs face the raw material related problem like non availability of quality raw materials. About 31 percent of women entrepreneurs faced the marketing problem. They also found that the SHG members suffered from lack of motivation, lack of backward and forward linkages, inadequacy of infrastructures, insufficient loan and inadequate provision for marketing availability. They reported that there is need to evaluate the SHGs annually to assess the progress of different income and employment generating schemes under SHG and concluded that there exists no symbiotic relationship between SHG-led microcredit movement and microenterprise development. However, there are evidences, which indicated that the flow of micro credit did trigger growth impulses among small entrepreneurs. The study observed that group enterprise on a big scale would involve greater risk but would yield better results to the entrepreneurs. The study reported that the active intervention by NGOs is a pre-condition for the successful conception of micro enterprises in terms of skill training, designing products, providing new technology and access to market.
Burjorjee M. Deena et al. (2002) ‘Supporting Women’s Livelihoods: Microfinance that Works for the Majority’. New York: United Nations Capital Development Fund- Special Unit for Microfinance, 2002. The book explains the rationale for taking gender considerations into account in microfinance programmes, examine women’s productive role and how microfinance can support it, discusses the ways in which microfinance can enhance women effectiveness on household risk management, highlights the methods that have proven successful in enabling microfinance institutions to reach women client and discusses the best practices in outreach and service delivery, reviews non financial services that complement the benefits of microfinance lending and considers the role donors can play in supporting expansion, innovation and research in this field. While documenting the best practices in micro finance reported that the gender based obstacles are related and can be mutually reinforcing together, they work to limit the profitability of women’s enterprises by building constraints to information, markets and capital into the very structure of women’s businesses. They also noted that the entrepreneurship training for girls provides them with education, self-confidence and role models during their youth.

Puhazhendhi V. and B. Jayaraman (1999) ‘Increasing Women’s Participation and Employment Generation among Rural Poor: An Approach through Informal Groups’ Indian Journal of Agricultural Economics, Vol. 54(3), pp. 287-295. evaluated the impact of micro credit on micro enterprise performance in Mibanco, Peru and found that micro credit had an beneficial impact on the enterprise promotion as it resulted in an additional 1000 US dollars in annual enterprise profits, an additional 500 US dollars in the value of the enterprise fixed assets and an additional nine days per month of enterprise employment. They analyzed the impact of the rural entrepreneurship training to women SHG members and found that 60 percent of the trainees are active and utilizing their learned training skills. About 20 percent of women are not taking any initiative.

The studies reviewed above deal with organizational and financials aspects of micro enterprises and also the financial aspects of micro enterprises and their impact. They deal more with outcome variables like increase in income, assets and employment level than the process variables like the extent to which the women have improved their entrepreneurial traits, management of micro enterprises and so on. The present study fills this gap. To have a clear understanding of the research
problem taken up for the present study, the problem has been investigated against the backdrop of available theories related to the study.

Asymmetric information Theory was evolved by George Arthur Akerlof (1970) in his article “The Market for Lemons: Quality Uncertainty and The Market Mechanism”. He used the used car sales people as an example to illustrate his theory.

In a transaction between two parties, if any difference exists in processing the information regarding an issue between the two parties, then that information imperfection is said to be the asymmetrical information. In a formal rural credit market, banker has incomplete information on borrower. Banker does not know whether the borrower would repay as per the repayment schedule prescribed or would default and also lender does not know whether the borrower would use the loan for the purpose for which it is leant or would misuse the loan. The theory of asymmetric information states that formal financial sector has failed in the lending operations despite various subsidy schemes in the rural areas and the informal sector thrives despite the high rate of interest because it has more information about the prospective clients and does continuous monitoring, which the formal sector can never hope to have. Adverse selection and moral hazards are the problem of asymmetric information. Lender is not able to differentiate between high risk and low risk borrowers and the lender charges a higher interest rate, low risk borrower avoids borrowing and high risk borrower only takes the loan, which leads to adverse selection. Even if a borrower misuses the loan amount by not using it for the purpose for which it was lent, the lender may not be in a position to enforce the sanctions against the borrower. Hence, some intermediary has to come in between the banker and the borrower for facilitating screening and for enforcing the sanctions to overcome the adverse selection and moral hazards problems. SHGs have emerged as effective intermediaries to overcome the problems of asymmetric information.

2.4 SBLP and SHG Movement:

NABARD in 1995 defined SHG as a homogenous group of rural poor 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 to members for productive and emergent credit needs.

Medha Dubhashi (2004) Expert committee on rural credit – findings and recommendations; Kurukshetra, pp 29-31, made a study covering the SHGs promoted
by GOs and NGOs in Maharashtra state. The title of the study was ‘Mobilising women SHGs through GOs and NGOs’ which attempted to focus that how various governmental and non-governmental organizations stepped forward to empower women through SHGs. The study identified two major obstacles in the development of SHGs i.e. enterprise training and marketing. Various government and non-government organisations were helping these women groups to become sustainable and viable. Study concluded that the SHG movement holds the key to sustainable banking with poor. The good performance in loan repayment had motivated banks to facilitate the formation of SHGs. Study suggested that the field staff should be well equipped in nurturing the development of the SHGs and should not succumb to pressure and hurry to meet targets to attract subsidy.

Pati Prasad Ambika, “Financial Sustainability of Micro Financing”, Gyan Publishing House, New Delhi, 2010. precisely delves into the aspect of sustainability of SHGs and the SHG Bank Linkage Programme (SBLP) launched by NABARD in the early nineties. The study is based on primary data collected from districts in Meghalaya where more than 80 percent of the population lives in rural areas and more than one-third live below the poverty line. The low penetration of bank branches in this region is a formidable handicap for the growth of the SBLP. Despite the cost effective model and more than 95 percent recovery rate bankers in the region are yet to take the SBLP business seriously. The absence of strong SHG federations and promoting agencies coupled with low penetration of bank branches are some of the important reasons. Luck of awareness among the masses is another contributing factor. Most of the banks are pursuing micro financing because of the target oriented approach by the government. The linkage of SHGs although started in 2001 with a great pace is yet to catch up with its neighbour i.e. Assam. Out of seven districts only three have SHG linkages and they are in the nascent stage. There is a dominance of women group. The introduction of the Swarna Jayanthi Gram Swarojgar Yojana (SGSY) schemes has helped many people to form SHGs and get credit. But in last two years non SGSY categories of SHGs have come in a big way. This indicates that poor people are gaining more confidence in handling finance without subsidy component. The authors suggest intervention of NGOs and specialized MFIs to intervene at grassroots levels to make efforts to popularize the programme and make it more economical for the lender. Bankers need to make extra efforts in ensuring better performance by involving the promoter of the group. This will help in bringing
more discipline in loan repayments. NGOs and other agencies need to address the book keeping skills of SHGs because it is abysmally in a bad shape. Monitoring of SHG activities is increasingly necessary because groups are formed only to avail of the subsidy component in SGSY schemes. This can have a contagious effect on others. It will not help in sustainability of the movement. These recommendations can improve the outreach of the programme

The report of Ghate Prabhu in the State of the Sector report 2007 on SHG Federations: Financiers or Nurturers in stating a preference for the non-financial over the financial role of federations, it is not the intention of the report to be prescriptive. Despite the expansion of the SBLP there are circumstances and areas where financial federations are called for, and not just because the SHG women themselves want their own bank as are often claimed by promoters. Such areas will generally have a higher demand for credit than the SBLP can satisfy, unlike areas where the carrying capacity of the community is low, as in tribal belts, dry and rain fed farming areas. They could also be areas where the demand for credit is high but bank branches are sparsely distributed, as in the northern hill states. Also, in using a threefold classification of functions (namely financial, non financial and developmental) for analytical reasons it is not being implied that federations must choose between one and the other. Thus non-financial support services aimed at enhancing SHG quality can, and usually are, combined with activities from the third category from very inception, such as addressing gender and other social issues, accessing and seeking convergence for members of ongoing government programmes, and perhaps providing what are referred to in the jargon as “business development services” or BDS. Federation building needs to be carefully sequenced, with each phase responding to a real need, and carefully monitored. The first stage is social mobilization of groups followed by providing non financial services and lastly institutionalizing the fee-for services concept. After 3 or 4 year the federation could intensify the provision of BDS in order to improve credit absorption capacity, as well as introduce specialized bulk loans for housing, etc. which are not catered to by SBLP. It will become all the more important for the states to energize their state registrars, and ensure they carry out their supervisory obligations towards cooperative thrift societies, whether primary or higher level, much more diligently. Based on an extensive Sa-Dhan study of 27 federations, suggestions offered for formation of Federation are (i) promotion of
federations should be process rather than blue-print oriented, (ii) it should be undertaken only after strong primaries are in place and (iii) should add value without competing with the primaries (Sa-Dhan 2004). The study categorized federations into four quadrants depending on the whether they were member of promoter controlled, and whether they offered only microfinance or microfinance “plus”, that is, also social and livelihood interventions. The consensus was that federations with an internal focus on control and microfinance plus had the best chance of developing into true institutions of the poor. A financial analysis of 7 out of the 27 federations in the study by Ramesh Arunachalam found that from the point of view of financial sustainability however, federations with high member control but offering microfinance only had the highest sustainability because they relied primarily on member savings, a low cost source capital, had lean organizational structures, good asset quality, and minimal idle cash. Unfortunately this was the last nationwide empirical study based on extensive field work. Thus IFAD, IMDP and the World Bank have all promoted federations, as have bilateral donors such as DFID though the CASHE projector. The World is reported to be preparing further projects containing federations for Bihar, Jharkhand and the Northeast.

Kropp W. Erhard and B.S. Suran (2002) in the paper ‘Study of Linking Banks and Self Help Groups in India’, NABARD, 2002 views SBLP as a new dimension of quality portfolio with very low risks and with marginal increase in operating costs. SBLP is the first step towards feminisation of the micro banking portfolio of Indian banks. It has reported that using the total volume of SHG money to start a joint enterprise like food processing, food catering, running a village shop jointly, auctioning the right to organize the village market, manufacturing of milestones, etc. with all group members involved, is an indicator for the entrepreneurial enthusiasm created at the beginning; but joint micro enterprises may not last long.

Kumaran K.P. in 2002 evaluated the role of self help groups in promoting micro enterprises through micro credit in Pune District of Maharashtra and found that 37.93 percent of total entrepreneurs were in the age group of 25 to 30 years and 20.69 percent were in the age group of 31 to 35 years. The most common enterprises were tailoring and dairy. About 45.23 percent of the capital was raised from the SHGs and 29.39 percent of the capital came from banks as loans. The promotion of technical
and back up services helped the micro enterprises to achieve sustainability to a great extent. And also found that majority of women (59 percent) take up petty business units like milk vending, petty shop, vegetable vending, cloth merchant and Tiffin centre, because the rural women find it easy to manage the petty business with their inherent skills and little education. The study also found that as a result of group formation, women were able to diversify their activities through undertaking non-farm and animal husbandry activities. Members taking up more than one activity increased from about 30 percent during pre-group formation to about 53 percent during post-group formation situation. The study concluded that despite the fact that the target micro enterprise is not growing, the welfare of household may be improving. Therefore, the target micro enterprise is insufficient as the unit of analysis for impact assessment and must be expanded to include the household economic portfolio.

Purushothamma ‘Marketing Support to the Self Help Groups’, Kurukshetra, Vol. 52(4), 2004, pp. 23-28 through his study records that for want of innovative marketing support, the savings of the groups are underutilized or unutilized for building viable and sustainable self help employment avenues. In the present study, this situation differed a bit at least with SHGs promoted by the Sri Kshetra Dharmasthala Rural Development Trust, where certain innovative marketing strategies have been tried. Findings of Serajul Haque’s study in Bangladesh are almost similar to that of the present research with regard to the empowerment of women through micro-credit. The percentage group members repaying loan on time as observed by Panda Govinda Chandra is much higher in the present study thereby presenting a brighter picture with regard to loan repayment by the group members.

2.5 SHG Movement and Women Empowerment:

It has been seen worldwide that women SHGs have changed the lives of women particularly women entrepreneur. Evidences from world over have proved that SHG movement has brought positive impact on economic development of women. Gaonkar, R. in his paper ‘Role of self-help groups in empowerment of women’ paper presented at the ISTR Sixth International Conference, Toronto, Canada in 2004 conceptualized the empowerment of women as multidimensional and she opines that although the concept covers social, political and economic aspects of
women development, however, economic empowerment is of utmost significance in order to achieve a lasting and sustainable development of the Society.

Further academicians have commented that formal credit institutions treat farmers, poor in urban areas, micro entrepreneurs particularly carrying out business activities which cannot be distinguished from household activities, as high risk clients. Though microfinance programmes helped in getting collateral free loans as they are based on the concept of peer-pressure, it is very important to see the use of it. In this connection numbers of studies have shown the positive correlation between contribution to the household and women’s income. Join R. K. (1994) ‘Economic Self-Reliance for Women’ Social Welfare, Feb-March, is of the opinion that women have last been recognized as a target group for the promotion of economic self-reliance. For assuring equality, dignity, justice, prosperity and stability, the contribution of women has to be viewed in a wider perspective. Various studies have indicated that money is actually safe in the hands of women. It has rightly been said that the slogan for economic upliftment of women has to be ‘Doing things with them’ and not ‘Doing things for them’. Empirical evidences in this regard are always in favour of women. Micro-finance and women empowerment is a subject that has received growing research attention in recent years. Several organizations have promoted SHGs taking up the philosophy and approach of successful experiments of extending credit to poor women. Since the early 1980s, a large number of studies have examined various dimensions of micro-finance programmes and women empowerment. Several international organizations such as Action-Aid, U.K., CGAP (Consultative Group to Assist the Poorest) and Overseas Development Authority have conducted case studies and organized workshops in various countries. The workshops had looked mainly into the experiences of different countries and the impact of the micro-finance programme in a cross-cultural perspective.

Neera Burra, Joy Deshmukh and Ranjani Murthi. (Ed.). (2005) Micro-Credit, Poverty and Empowerment-Linking the Triad, Sage Publication, Mahura Road, New Delhi, 110044 This book aims at providing insights into the impacts of six NGO and quasi-government interventions in micro-credit, upon poverty alleviation and women’s empowerment. The six case studies on social mobilization, micro-credit and women’s empowerment are fairly diverse in nature, organizational context, perspective, micro-credit operation and intentional functioning. The book seeks to draw lessons for policy-makers, planners and researchers from the rich diversity in the
experiences. Some lessons emerging from the case studies are conceptual in nature, pertaining to women’s empowerment and poverty reduction. Others relate to the potential and limitations of micro-credit for women’s empowerment and poverty reduction. In addition, the case studies offer useful lessons on what institutional structures and processes facilitate women’s empowerment and poverty reduction, and what do not. The first chapter provides the context in which micro-credit has assumed importance within development programmes as a tool of poverty alleviation and women’s empowerment. It suggested frameworks for poverty alleviation and empowerment, knitting them together to draw their links with micro-credit. These frameworks and their use in analysis can serve as a basis for designing micro-credit programmes that are more sensitive to the poor and to women. They also facilitate the drawing up of indicators for impact evaluation exercises that are better equipped to capture processes of poverty alleviation and empowerment. The rest of the book demonstrates the impacts of micro-credit projects undertaken in various parts of the country by quasi-and non-governmental organizations.

Sudha Rani, K. D., Umadevi and G. Surendra, “SHGs, Microcredit and Empowerment” “Social Welfare”, February, 2002, pp. 20-22, had undertaken a study to evaluate the social status of women in house management, leadership qualities, health and sanitation and economic status after participation in the SHGs. The findings of the study revealed that there is a positive correlation between the women’s education status and empowerment. During the period of participation, self confidence among women and their decision making power increased. Many other researchers also drew the same conclusion. Institute of Social and Economic Change made a study on ‘Microfinance poverty alleviation and Empowerment of women: A study of two NGOs from Andhra Pradesh and Karnataka’. The study attempts to find out the economic and social benefits of microfinance programmes on members of microfinance groups. The study showed that the microfinance programmes do provide economic benefits to the people for whom the programmes were initiated. These economic benefits were mostly continued to availability of savings and credit facility, access to credit for consumption and production and use of credit for undertaking income generation activities. There is availability of larger funds for income generation mostly due to NABARD’s SBLP and donor funds. The study concluded that microfinance programme do provide access to credit for the poor enable them to
undertake income generation programmes and contribute to higher recovery rates. The responsibilities such as development of economic infrastructure and providing additional funds to microfinance groups must be undertaken by the government as the microfinance programmes can not alone alleviate the poverty.

Studies were also carried out where correlation between Self Help Groups and Community Development was focused. No doubt women SHGs have contributed to the social empowerment of women members. This dimension of empowerment is also very important for studying financial implications of microfinance as it helps one way or the other to the economic empowerment of these women. Therefore researcher reviewed such studies as well.

Murugan and Dharmalingam (2000) ‘Empowering holistic social development ‘observed that the empowerment of women through self help groups would lead to benefits, not only to the individual women and women’s groups but also for the family and community as a whole through collective action for development. A Study by Doshi, S.C. (2002) stressed the importance of micro credit for rural poor. The poor have been dependent on money lenders for their financial need, either marriage in the family, illness or any other emergency need. Moneylenders always exploit the situations. The formal credit system of banks is beyond the reach of the poor. The author made it clear that the activities of SHGs have emerged as a sustainable approach to the poor, at their door step in a simple and flexible manner.

Harper, M. (2002), in the book ‘Role of SHPIs in promotion of SHGs, NABARD has examined and compared the different ways in which SHPIs promote SHGs in order to enhance the efficiency and quality of the SHG promotion process. The findings of the study would be of great help to NABARD and development partners to fine tune their strategy and approach for the next few years, making SHGs the potential instruments for alleviation of poverty. This study on the SHGs financed by Bidar BCCB revealed the following:

1. Micro finance has helped the households. This is reflected in higher acquisition of productive assets by member households in comparison with non-members.
2. In early half of the sample, in the member households (in comparison with 16 percent of non-member households), an increase in household income has been more.

3. SHG membership has played a protective role—especially through group loans to meet emergency needs for cash (mainly household / food expenses during the lean labour season or to cover medical costs).

4. Majority (86%) of members’ children in the age group of 6-15 years was going to school, but the proportion drops to just over one-third at higher secondary and college level.

5. There was improvement in DCC Bank’s work culture and the image of the bank has improved in the community and the general level of recoveries had increased.

Senapati Tilottama (2006), in his study on, “Education and Knowledge of Banking for the Development of Women SHGs”, observed that all the members interviewed were aware of the “Integrated Child Development Scheme” which was working in their villages and said that they were helped by the workers of the above scheme. Robinson Marguerite, The Microfinance Revolution, The World Bank, Washington D.C., and Open Society Institute, New York 2001 in her book The Microfinance Revolution has presented a new model of institutional commercial microfinance. In this model, profitable MFIs that are publicly regulated and supervised hold a sizeable share of micro saving market. Organizational structures are streamlined for efficiency. Loan size is limited but savings are collected from the public providing ample funding for loans. It also brings down savings mobilization cost. The model emphasizes on horizontal links between formal and informal sectors in the same locality, as well as vertical links between local financial markets and actors in regional, national and international arena. The book reflects her longstanding experience in MF and her involvement in transformation of Bank Rakyat Indonesia (BRI) which is now the world’s largest MFI with more than 20 million clients. The book is an extensive analysis of BRI’s unprecedented success, credit policies and creative mode of operations through incentives for clients and staff and training programs for employees. The MF revolution refers to the delivery of financial services to the economically active poor on a large scale through competing, financially self sufficient institution. In essence through the case study of the BRI,
she demonstrates that the application of commercial principles to MF ensure the long lasting capacity of institution to reach the poor.

Rath B.N., “Investing into microfinance Investment funds”, Navyug Book International, New Delhi, 2010, in his book largely focuses on how microfinance has contributed to transitioning to market economy by providing more opportunity for the country. MFI provides marginalized clients with start-up money which would have never been obtained from conventional banking. At the same time the author also believes that MF on its own cannot function to lift up a billion people from below the poverty line. Increased cooperation between governments, international institutions, NGO’s and MFIs is vital. Additionally, it is important to understand that what works in an areas or country cannot necessarily be implemented in another. The author concludes that more research in the coming years will expose the true long-term effects and benefit, both economically and socially, of microfinance.

Karmakar, Rural Credit and Self Help Groups: Micro-finance Needs and Concepts in India, Sage Publications, New Delhi, 1999. seeks to examine the state of the rural credit system and study the microfinance needs of the rural poor. It offers the solutions, of SHGs to enable the rural poor to aims for economic empowerment and a right to live with dignity. Various factors have lead to the poor performance of the rural credit system such as poor resource base, low business and outreach levels, poor loan recovery performance, poor income margins due to increasing management costs and inadequate lending margins. Rural credit agencies are constrained by inadequate managerial and operational skills, and weak human resources due to poor training. Credit flow has been uneven and in spite of existing potential, it has been directed to the richer talukas or blocks rather than the poorer ones. Bankers are trying to reduce their volume of NPAs due to resource crunch and poor recoveries. Thus the author feels that credit targeting has succeeded but credit planning has failed. He draws attention to the classic features of the rural non-institutional credit sector namely low transaction cost due to lack of extensive documentation, restriction of number of loans to manageable limits and negligible monitoring cost due to cheap information system that serve as an eye opener for the formal rural credit agencies. Efforts have been made from 1951 to win rural borrowers from the money lenders who could be a farmer, trader, commission agent, friends, relatives or landlord. Clients are attracted to this source due to flexibility in loan size, purpose for which it
is granted, the timing and quick decision taken by money lender to lend or not. Flexible repayment terms and repayment in kind makes informal borrowings more acceptable. And a tendency to pay-off the costlier loans and thereby maintain good relations with the moneylender who can be relied upon during emergencies has resulted in low default rates for the money-lenders. Thus he concludes that the only viable rural credit delivery system for lending to the poor could be through SHGs. He envisages two sources of credit for an SHG, the savings of its members and the seed funds of banks or rural credit agencies. The transaction cost could be reduced by NGO intermediation both for deposits and loan disbursements / recovery.

Udgirkar Trushna and Sriram, “Changing colour of money lending”, The Economic Times, Mumbai Edition, 27th Oct. 2008 in their article refute the changes on MFIs of profiteering and greed for quick growth at the cost of the poor. They are facing public glare and governmental anger in the form of stringent laws related to registration, curb rates, recovery and lending practices and stiff penalties for non compliance like any other financial firms. Microfinance has evolved as a bustling business drawing sophisticated investors like from Sequoia Capital to Infosys Technologies. Companies are advertising growth to attract private equity funds. This all according to critics adds to the fact that MFI is no longer an industry working for the poor but make money out of misery. However the authors feel that many of the charges are over exaggerated. Change was forced upon the industry. A private society led approach would be unsuitable as liabilities are unlimited and outside talent will not work under such rules. Private equity money was required to grow. The mistake microfinance companies made was to allow perception that they are into social service and not business. Forty one years of bank nationalization and thousands of corers of investment in rural banking have failed to promote financial inclusion. Microfinance is plugging this gap. The crux of the issue is not about finer points of law. The future of the 30,000 crores MFI industry is at stake and any precipitate move will clip the wings of the fledgling industry. The authors feel that a more critical role of the government lies in increasing the financial literacy of small borrowers who are usual victims of malpractices. A more balanced approach of financial inclusion and private equity friendly policies will work. The controversies have already taken toll with shrinking private equity and venture capital. Thus it is necessary to take immediate measures to revive the image of MFIs with more sound
Policies and allowing them to grow with private equity money rather than financial exclusion.

Patel Vibhuti, “Women Leadership in Micro-finance: Issues and Challenges, Empowering Women Worldwide Series: 4, Women Press, Delhi, 2009. In her paper provide an impact analysis of various women’s agencies in the micro finance movement. The author shares her personal interactions while visiting the SHGs at Karnataka, Bihar, Himachal Pradesh and Maharashtra. The SHG movements in these places have made praiseworthy efforts at combating social evils like caste conflicts, dowry harassments, sex selection and two-child norm, child marriages, alcoholism, male hostility with regards to women moving out of the house. The approach adopted by most of the SHGs were found to be sustainable as it imparts the beneficiaries with the knowledge and skills, advocates for their rights and helps them to be organized. It combines economy, empowerment and environment protection. Due to training programmes women were aware of their legal rights especially of marriage registration so that they do not lose their title to property. The paper also brings to light some disturbing trends in the SHG movement. The author shows concern for the speed at which SHGs are formed and funds are given without caring about their quality of activity. This process has resulted in the increased volume of credit at exorbitant rates of interest. Thus clients are in even worse conditions after accessing loans. MFIs are worried more about monetary rewards and not women’s concern of socio-cultural empowerment. Stringent regulations are required for curbing borrower harassment. An ugly development is politicization of the micro-finance movement. In many of the states banks are advised to provide credit linkage to SHGs supported by the ruling party. Such directions will break the financial discipline of MFIs. It will scuttle the growth of micro finance system put in place by successful SHGs. The author concludes that SHGs and MFIs at national, district and state levels are required for sharing experiences and advocating on policy related issues. Such organizations should be need based, evolving and emerging from out of the movement itself and not super imposed by the governmental authorities.

Sinha Archana, “Microfinance for women’s Empowerment–A perspective”, Kurukshetra, Ministry of Rural Development, New Delhi, April-2004 has rightly stated that viability of micro finance needs to be understood from a dimension that is far broader in looking its long term aspects too. Very little attention has been given to
empowerment questions or ways in which both empowerment and sustainability aims may be accommodated. The challenges lie in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrowers without imposing unbearably high cost of monitoring its end use upon the lenders. A promising solution is to provide multipurpose loans for income generation, housing improvement and consumption support.

Sreerengarajan R., “Self Help Groups: A Viable Alternative for Sustainable Development”, Empowerment of Women through Entrepreneurship, Gyan Publishing House, New Delhi, is of the opinion that for micro enterprises to be sustainable, it should be based on the resources like occupational skill of people and availability of market. They recommended that development of livestock enterprises in rural areas on a commercial scale can change the employment and income scenario of Indian villages.

Rath B.N., “Investing into microfinance Investment funds”, Navyug books international, New Delhi, 2010. in his book lists out challenges that have gender dimensions that need to be taken into account in the current process of microfinance innovation and expansion. Most microfinance is overwhelmingly concentrated in urban areas. Effective and sustainable models for delivery of micro finance Institution to extremely poor rural people are still being developed. The financial services must be linked to wider sustainable development process. It should contribute to the development of markets, value chains and the strengthening of local and national economies. Thus if rural microfinance has to contribute to pro-poor development and economic growth, empowering poor rural women and men, gender mainstreaming and women’s empowerment must be integral to rural finance interventions. Women comprise half the population in rural areas and they are poorer than men, women are more like to invest in the health and nutritional status of the household and in children’s schooling. Thus targeting women has a greater positive impact on poverty reduction measured in terms of nutrition providers because women are not only better in repayment of loans but also better savers than men.

Rath has also shared his research findings on SHG’s contribution to inclusive growth in Kolhapur district. The SHG benefited the poorest of the poor without imposing heavy burden on the government finance. The average income of SHG members increased by 105%, savings increased by more than nine times, preference
to borrowing through SHG rather than informal sources reduced indebtedness and the women enjoyed better status in family and participated in social life. Thus the author proposes that linkage between SHG and the corporate world can prove fruitful and strengthen bank linkages. Along with financial tie-up it is necessary to establish linkage with industrial sector as well as service sector. Similarly training programmes tailored to meet the need of SHG entrepreneur is equally essential.

Micro finance and Women’s Empowerment edited by Surendra K. Kaushik and Regarajan V., Serial Publications, New Delhi, 2 is an attempt to explore the current status of micro finance based on research papers presented on national and international seminar. All the papers presenters agree that SHG at micro level has become an important social capital for enhancing the social status of women besides economic empowerment. However the negative impact appears to outweigh the positive ones under the micro finance-SHG program. Commoditization of micro credit, making poor as lucrative market for financing, multiple financing by multiple agencies leading to unhealthy competition among suppliers of credit, frequent drop-outs in SHG’s etc. are bottlenecks that dilute micro finance-SHG programs. Therefore seminar recommends inclusion of poor/poorest in micro finance-SHG using participatory identification methods at village level. The editors recommend preparation of Micro Financial plan (MPP) by SHG members indicating their actual demand for financial and non-financial services. The Micro Finance Plan has to be implemented by SHG/Microfinance institution/Bank at block or district level. Further the program has to be monitored closely for its impact on empowerment of women. While the financial aspects such as micro saving, micro credit, micro insurance and transfer service are to be looked after by the financial institutions as (Banks, MFI and insurance companies) as a package functioning in the respective areas, the non-financial aspects such as capacity building marketing, roads and transportation, health, are to ensured by the government authorities to the same target clients.

Chandra Devaki, “Micro Finance in India: Finding a model that is successful”, Edited by Surendra K. Kaushik and V. Rengarajan, Micro Finance and Women’s Empowerment, Serial publications, New Delhi, 2010. in her paper suggests that the SHG is a model that has better results than others. However she feels that obstacles like lack of flexible products high transaction costs, long processing time of 33 weeks and corruption can hamper the success of micro finance an important concern she
share is the extent of sustainability of SHGs. Banks need to monitor SHG risk to ensure minimum defaults. Right now, SHGs reach less than 10 percent of the rural population in India. To scale up the process, the obstacles have to be removed. This is because SHG is proving successful as it links the existing rural bank structure to the rural areas through groups of women pooling their savings. The repayment rate is good and it has been found to be positively associated with better education, nutrition and increased ability to mitigate family conflicts.

Sharma Sameer in his article “Mobile phones, social capital and SHGs” Editorial – The Economic Times, 13th March, 2010, explains how mobile phones could be used by SHGs to broaden and deepen social networks to transmute bonding and bridging of social capital. The joint liability notion which requires a level of trust and knowledge hinders expansion beyond social bonding network and thus loosing trading opportunities. Additionally, SHGs are encouraged to start micro-enterprises which require innovative approaches to empower poor women and realize their growth potential. Social capital leads to effective collective actions which benefits individual and the group. SHGs have high levels of social capital resulting in improved financial outcomes for borrowers and the MFIs. SHGs have abundant bonding social capital that helps them to cope with challenges. However they lack in the second form of social capital namely bridging which could change their opportunity set and help in getting ahead in life. Mobile phones provide an opportunity to distant people to learn about the reputations of SHGs, their informal norms and instil confidence in business partners that SHGs will complete their business obligations. It can connect SHGs to formal organizations like banks, government authority etc. It helps in money transfer and thus leads to real financial inclusion. Given the outreach of mobile phones and their ease of use, SHG members need not walk to distant branches or interact with government intermediaries as mobile cards can now be used as debit cards. In short policy design has to focus on mainstreaming the social capital possessed by SHGs to access resource rich bridging ties to accomplish economic goals. This is likely to lead to inclusive growth because a non monetized resource possessed by the poor and the disadvantaged can be transformed to profits which is turn are likely to lead to comprehensive social and economic development.
2.6 SHG Movement and Poverty alleviation:

Dadhich, C. L., (2001), Microfinance – A Panacea for Poverty Alleviation: A Case Study of Oriental Grameen Project in India”, Indian Journal of Agricultural Economics, Vol. 56, No. 3, July-Sept 2001, pp. 419-420, revealed that a large number of women from Oriental Bank Grameen Project at Dehradun District in Uttarpradesh had taken up subsidiary occupations and consequently their family incomes had substantially increased. This study also revealed that the borrowers under this project had both the advantages of the rate of interest as well as hassle-free credit, whereas their counterparts elsewhere were paying exorbitant rates of interest.

In chapter two Murthy et al. study in United Nations Development Programme (UNDP) assisted South Asia Poverty Alleviation programme (SAPAP) pilot project conducted in three districts of Andhra Pradesh. The Government of Andhra Pradesh (GoAP) decided to emulate the social mobilization approach nurtured in this programme in its major poverty reduction project, namely the World Bank- supported Andhra Pradesh District Poverty Initiatives Project (APDPIP). The GoAP established an independent support organization called the society for Elimination of Rural Poverty (SERP) to nurture the social mobilization processes demonstrated in SAPAP and to oversee the implementation of the APDPIP the authors evaluate the impact of this intervention through an examination of SAPAP project in Mahbubnagar, Kurnool and Anandthapur districts.

In the following chapter, Anuradha Rajivan presents the interventions of SHARE Micro-finance Limited (SML), a ‘for-profit’ micro-finance organization currently operating in Andhra Pradesh, with plans to expand to other states as well. The broad objective of the study was to explore the extent to which women’s empowerment takes place through the process of formation of women’s groups among poor households. These groups have developed as units of micro-credit. Two out of the 13 districts under the SML project were taken up for study.

The fourth chapter by Veena Padia looks at the work of the Development of Humane Action (DHAN) Foundation, which operates its micro-finance programme, the Kalanjiam Community Banking programme, in Tamil Nadu, Pondicherry, Andhra Pradesh and Karnataka. The Kalnjiams or SHGs at the village level have been federated at the cluster and block levels. Of the 20 registered block-level federations,
three are urban, one is semi-urban and 16 are rural. Three of these federations – all in Tamil Nadu – have been selected for the study.

In Chapter five, Soma Kishore Parthasarthy presents a case study of Swayam Shikshan Prayog (SSP) and NGO working in partnership with women’s savings and credit groups through a two pronged approach. It seeks to improve livelihoods for women and their families through savings and credit activity and also creates women-centred institutional spaces to address women’s strategic needs for agency and negotiation on the other.

Shashi Rajagopalan (Chapter 6) looks at Lokadrusti, an organization based in one of the poorest regions in the country; Khariar in Orissa’s Nuapada district. It explores the space available to and used by women in their individual capacities, and as groups engaged in savings and credit.

The penultimate chapter by Kalpana Sankar presents the work of Activists for Social Action (ASA), based at Tiruchiralli in Tamil Nadu. This study examines what the ASA experience has to say about the role of social mobilization and micro-finance for poverty reduction and women’s empowerment. It also seeks to throw light on the role of economic empowerment for the overall empowerment of women borrowers. ASA is an MFI based on the BangladeshGrammen model of forming SHGs of five members, and federating them into centres (Comprising four SHGs), clusters (Comprising 20 centres ) branches (comprising five clusters), and franchises (comprising six branches). The micro-finance programme has been named Grama Vidiyal, meaning ‘Dawn of the Rural Poor’, and is currently operational in five districts of ‘Tamil Nadu: Tiruchairapalli, Pudurkottai, Sivagangai, Madurai and Dindigul.

In the conclusion (Chapter 8), we situate the six studies within the frameworks given in the Introduction. The chapter analyses whether micro-credit has proven successful in alleviating poverty, addressing gender-related poverty and empowering women. It also highlights strategies that need to be followed by intervening organizations if the potential of micro-credit is to be realized. Institutional mechanisms favourable to poverty alleviation and empowerment are identified.
Thorat Y.S., Microfinance in India: “Sectoral Issues and challenges, towards a sustainable Microfinance Outreach in India- Experience and perspectives”, NABARD, GTZ, SDC, May-2006. has given a brief historical perspective on micro finance in India. He has further elaborated on the impact of SGSY and stated that; ‘Imitation is the best of form of flattery but not always’. The success of SHG-bank linked programme has been motivated the Government to borrow its design and incorporate them in their poverty alleviation programme but to inbuilt subsidy system in the programme members are coming together not for self help but for subsidy. To rectify the previous anti-poverty programmes, government had decided to restructure the self employment programme.

GOI Guidelines on SGSY A new programme known as “Swarnajayanti Gram Swarojgar Yojana” has launched from April-1999. The Union ministry of rural development had launched SGSY by restricting the then existing schemes – Integrated Rural Development Programme (IRDP); Training of Rural Youth for Self Employment (TRYSEM); Development of women and Children in Rural Areas (DWCRA); Supply of Improved Toolkits to Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY); and Million Wells Scheme (MWS). This is holistic programme covering all aspects of self employment such as organization of the poor into self help groups, training, credit, technology, infrastructure and marketing. Das, et al, (2006), in their study on, “Some Issues and Aspects of SHG Formation in India” mentioned that credit alone is useless unless packaged with training, marketing, transportation facilities, technology, education etc. The author also highlighted the importance of organizing poor in a group by which they get the benefit of collective perception, collective decision making and collective implementation of programme of common benefits. Organization is power, organization is strength. Thus, formation of group leads to ensure the best participation of the poor in a credit programme, observed the author Murugan, Taarabai, Senapati Tilottama, Das and others in the present study.

Satish (2005) in a paper titled “Mainstreaming of Indian Microfinance” classified the microfinance methodologies into five groups

i) Grameen and Solidarity Model

ii) The group approach

iii) Individual credit

iv) Community banking and
v) Credit Unions and Co-operatives.

He stated that the significant feature of the major part of the microfinance in India is that it is built upon the existing banking infrastructure. He concluded that the growth of microfinance has to necessarily be accompanied by the overall growth in mainstream and rural finance. If empowerment of poor in general and of poor women in particular is being attempted through microfinance at a time when all aspects of social banking are being jettisoned, it is unlikely that the goals of such an empowerment would be achieved and sustained in an enduring way. If the absolute number of rural branches is being reduced on considerations of immediate viability the scope for promoting SHGs and institutionalizing SHG bank linkages gets narrowed.

Sahu and Tripathy (2005) in their edited volume stated that 70 percent of world’s poor are women. Access to poor to banking services is important not only for poverty alleviation but also for optimizing their contribution to the growth of regional as well as the national economy. Self Help Groups (SHGs) have emerged as the most vital instrument in the process of participatory development and women empowerment. The rural women are the marginalized groups in the society because of socio-economic constraints. They remain backward and lower position of the social hierarchical ladder. They can lift themselves from the morass of poverty and stagnation through micro finance and formation of Self Help Group.

Sinha (2005) in a study titled “Access, Use and Contribution of Micro-finance in India: Findings from a National Study”, observed that micro-finance is making a significant contribution to both the savings and borrowing of the poor in the country. According to the author the main use of micro-credit is for direct investment. There are of course requirements at the time of loan disbursement. Some studies reveal that micro-finance programmes have had positive as well as negative impacts on women. Some researchers have questioned how far micro-finance benefits women.

In a study titled “Entrepreneurship Qualities of Members of Self-Help Groups in Dharwad District of Karnataka State” Hasalkar, Rao and Badiger (2005) focused on the various enterprises taken up by the self-help groups in the selected area and the identification of entrepreneurial qualities of women members of these groups organized in the rural areas of Dharwad District. The study revealed that out of the 15 self-help groups, three were registered and all groups had the bank account with joint
signatories and conducted regular meetings. As high as 85.97 percent members participated in the wholesale purchase and sale of consumer goods with marginal profit to the society or self-help group. The traditional enterprises of leaf plate production and marketing was taken up by maximum percentage of women (31.7 percent). About 40.2 percent members were identified to have the quality “co-operation” followed by the qualities “contribution of new ideas in meeting” (17.95 percent and ‘purchasing abilities (17.56 percent). Qualities like ‘innovative ideas’ and ‘self confidence’ were indentified in the least percentage of members of the selected self-help groups.

Anbalagan, Amudha and Selvam(2005) in a paper titled “Micro Credit to Self-Help Groups: A boon for Economic Empowerment of Rural Women” highlighted few illustrative critical incidents to support the authors’ claim that micro credit to SHGs enables the rural poor women to convert their entrepreneurial dram into reality and attain economic sustenance. The critical incidents or success stories are quite interesting and unfold hitherto unseen dimension of SHGs. Some SHGs in Vellore town rehabilitated sex workers by providing them loans to the tune of Rs. 50,000/- borrowed from Indian Bank. Several SHGs at Kachipuram made paper bags as alternative to polythene bags. At Usilampatti, Madurai District, some SHGs counselled some families, who were about to indulge in female infanticide. These incidents prove that the SHGs apart from enhancing the financial capabilities can also play the role of sensitizers. The following conclusions are deducted from the paper.

The impact of micro finance to micro enterprises owned by SHGs is quiet significant in terms of socio-economic transformation. The incidents highlighted in this paper are a clear evidence to prove that women SHGs in Tamil Nadu are playing a positive and synergetic role in empowering rural women in terms of their economic sustenance and independence. The need of the hour is not only to make them better bankable with financial institutions, but also to increase the level of flexibility in credit instruments that would match their multiple credit requirements.

Jessica and Sireesha (2005) in a study titled “Role of Nationalized Banks in Promoting Self-Help Groups for Self Employment” sought to discuss the strategies of SHGs, with context to SWOT analysis, explore the nationalized banks as a facilitator for Providing Urban Amenities in Rural Areas (PURA) enterprises by creating the partnership of Government, non-governmental organizations (NGO) and SHGs and suggest that nationalized banks can act as a one shop for all managerial services for
SHGs, under the umbrella of PURA enterprise. The authors made the following recommendations:

Nationalized banks should see micro finance-micro enterprise linkage as an entry point for SHGs

1. Nationalized banks, SSIs, government and business organization should encourage formation of SHGs so as to provide local employment (economic security) and nutritional security by household consumption (women-food security) so that PURA model can be achieved.

2. Nationalized banks should encourage strategic partnership SHGs with specific micro finance projects just like Velugu project in A.P. Mission Shakti in Tamil Nadu, Rural Finance Project in Maharashtra.

3. Nationalized banks could take cue from the good experience of HLL in Project Shakti experiment in Nalgonda District of A.P. to use micro finance clients or SHG leaders as agents for marketing the bank products in rural areas.

4. Nationalized banks should act as facilitator for integrating NGOs, government and different private entrepreneurs (in this case SHGs) to bring them under one umbrella.

5. Nationalized banks can act as a one-stop shop for all managerial services of SHGs.

Jayasheela and Palanna (2005) in a paper titled “Role of Self-Help Groups in Enhancing Sericulture Productivity: A Case Study in Karnataka” focused on how an NGO facilitated the emergence of organizations which played a key role in improving the capabilities of the individuals, and also the quality of life of vulnerable rural communities living in degraded and drought prone regions of Karnataka State. The main thrust of the approach of the NGO under reference is the development of local initiatives in the form of Self-Help Groups (SHGs), comprising primarily of women, enabling them to restore and manage the natural resources in their habitats and stabilize their livelihood systems. The paper framed the following objectives:

1. To study the cropping pattern of SHG member Seri-culturists and non-SHG member Seri-culturists before and after the project interventions.
2. To examine the provision of facilities provided by the NGO under the project (i.e. provision of training and technology working capital and marketing inputs).

3. To study the impact of the project on the productivity of both SHG member Seri-culturists and non-SHG member Seri-culturists, before and after the intervention.

4. Policy measures and conclusions.
   For microfinance to succeed and produce sustainable results, financial intermediation should be accompanied by social intermediation, micro enterprise development services and social services. Social intermediation includes group formation, leadership training and cooperative learning. Enterprise development services include marketing, business training, production training etc. And social services include issues related to health, education and literacy. Most of the SHGs have credit plus approach. A group provides mutual support which results in increase in collective strength. The group gives voice, value and support to individual and a sense of power develops in the course of collective action. MFIs are supposed to provide enterprise development services. The minimalist approach of microfinance states that by its very definition MFIs are mandated to provide credit to the unserved section of the society.

   World Bank study in 1998 found that a 10 percent increase in female borrowing had led to an increase in women’s non-land assets by 2 percent for loans from grameen bank and 1.2 percent for loans from Bangladesh Rural Advancement Committee (BRAC). It was observed that 80 percent of women borrowers of grameen bank had no productive occupations earlier and later they found to devote 28 hours per week for income earning activities financed by the bank compared to 44 hours per week for the male workers. It has been observed that active women borrowers had higher consumption standards and a role in household decision making either on their own or jointly with their husbands, than passive female borrowers.

   The study was carried out in Gouribidanur taluka of Kolar district in Karnataka, in the area of operation of the NGO. For the purpose of this study, about 50 SHG Seri-members were interviewed. The respondents were collected by using structured
questionnaire. Along with the SHG members, 25 non-SHG member Seri-culturists from the project area were also interviewed in order to elicit their perceptions with regard to the project undertaken by the NGO. Major findings of the study are as follows:

1. Change of mulberry variety from local to improved variety has resulted in higher leaf production.
2. With higher leaf production, the number of dfi reared per batch has gone up.
3. Working capital loan facility has helped the sericulture farmers to acquire adequate number of trays. Availability of chandrikas during silkworm rearing has contributed to higher yield levels.
4. Better disinfection practices improved the yields.
5. Precautionary measures have reduced the incidence of diseases to silkworms.
6. Reduction in Uzi fly menace was helpful.
7. Field exposure to seri members has motivated them to take up better practices in mulberry cultivation and silkworm rearing.

Kabeer (2006) in a paper title “Targeting Women or Transforming Institutions? – Policy from NGO and Poverty Efforts” highlights several examples of women taking part in the process of needs identification. She emphasizes on the participatory approach of the Grameen Bank in identifying the needs, the Self-employed Women’s Association’s (SEWA) entry into rural areas and uncovering the hitherto hidden health needs and the example of Society for the Promotion of Area Resources Centres (SPARC) working with urban poor, who live in hovels on the pavements of Mumbai. The author finds that research has helped to identify the mismatch between banking norms and procedures and women’s needs and constraints. She lists the following constraints:

(a) Inflexible procedures, formidable paperwork, and literacy requirements. The study of the Uganda Bank scheme found that the number of visits required getting loans applications processed and money released was a major reason given by women farmers for not participating in the scheme.
(b) The costs of transactions, such as the expense incurred in acquiring information about a group that is generally more isolated and less mobile, and the relatively high costs of administering small loans.

(c) Ambiguous goals for employees in commercially run banking organizations, which are required to pursue conventional profit-oriented aims in the administration of most of the Bank’s loans, but to adopt a different attitude when dealing with the Bank’s poverty alleviation projects. This is clearly a problem, when there are no internal incentives to reward achievements in leading to the poor.

Ghate (2007) in a study titled “Consumer Protection in Indian Microfinance: Lessons from Andhra Pradesh and the Microfinance Bill” outlines a case study of the episode in 2006 in Krishna district of Andhra Pradesh when the state government temporarily closed down all the branches of microfinance institutions there. The case study helps provide insights into the kind of consumer protection issues of relevance to Indian microfinance. The article examines two developments – a code of conduct promulgated by Sa-Dhan, the main network of Indian MFIs, and the draft microfinance bill. The first entails self-regulation, while the second introduces for the first time external regulation of the sector. Among other things, the bill seeks to enable MFIs to offer savings and not just credit. The article looks at the savings promotion objectives of the bill, including two important aspects in which the bill might be improved.

Mayoux in ‘The Magic Ingredient? Microfinance and Women’s Empowerment’ briefing paper for Micro Credit Summit, 1997 identified three paradigms that broadly describe the rationale of those development interventions aimed at the empowerment of women.

1. An economic paradigm that promotes development interventions to improve women’s capacity for increasing their income either through employment or micro-enterprises. This paradigm assumes ‘reinforcing spirals’ which occur as a result of increased income and economic independence, which in turn lead to social and political change and greater personal empowerment.

2. A poverty alleviation paradigm, which focuses on decreased vulnerability and looks at ‘mutually synergistic interests’ at the household level. It takes the view
that addressing practical needs, such as health or education, is the best way of addressing gender inequality and as a consequence women are empowered; and

3. A feminist paradigm, which sees empowerment as an ‘end’. It addresses gender subordination at the individual, organisational and macro levels. Economic programmes are seen only as an entry point for wider social, political and legal empowerment.

These three paradigms exist to varying extents in most development programmes and women’s empowerment as an assumed outcome in all three. However, SHGs is one approach in which all the three paradigms co-exist and this programme has the potential to achieve all the three objectives. On the other hand, the SHG also provides confidence and mutual support for women striving for social change. It serves as a forum in which women can critically analyse their situations and devise collective strategies to overcome their difficulties. Through a group, women get a framework for awareness raising, confidence building, dissemination of information and delivery of services and for developing communal self-reliance and collective action.

Basu et al. made a study on empowerment of women titled ‘Empowerment of women in the context of development; some issues and suggestions’ in 2002. The study examines the impact of development programmes on women in terms of their access and control over resources along with their standard of living so also the necessity for empowerment in the context of development and group awareness both at the individual as well as group level. The study observed that the concept of post-natal check up was almost absent among women of the village particularly among the low income and less educated section of the society. The one-dimensional development programme for improving maternal healthcare of pregnant and lactating women had so far failed to achieve desired results.

The negative impacts of microfinance cited by International Labour Organisation are:

1. Increased workloads
2. Higher social pressure to ensure loan repayments.
3. Women often employ daughters and daughters-in-laws as unpaid employees thereby increasing their workload.
4. Participation in credit schemes can lead to indebtedness that is unmanageable, simply because there are no sufficiently profitable income-
earning activities in which to invest. In this situation women may end up being even more dependent than before.

5. Some argue that microfinance programmes divert the attention of women from other more effective strategies for empowerment. Evidences suggest that even in financially successful microfinance programmes, actual contribution to empowerment is often limited.

6. Most women remain confined to a narrow range of female oriented low income generating activities.

7. Many women have limited control over income.

8. Women often have greater workloads combining both production and reproductive tasks.

9. Women’s expenditure decisions may continue to prioritise men while female members in the family bear the brunt of unpaid domestic work.

10. Where women actively press for a change this may increase tensions in the household and the incidence of domestic violence.

11. Women remain marginalised in local and national level political process.

12. This is not just a question of lack of impact, but may also be a process of disempowerment.

13. Credit is also a debt. Savings, insurance payment, loan and interest payment divert resources which might otherwise go towards necessary consumption or investment.

14. Putting the responsibility for saving and credit on women may absolve men of the responsibility for the household.

15. Where group meetings focus only on savings and credit, this uses up women’s precious work and leisure time ultimately not resulting in any benefits to women.

Action AID Credit Worthy – A study of the savings and credit programmes of Six Action Aid India Supported Non-Governmental Organizations. Bangalore: Action Aid: March, 1998. This study attempts to draw lessons from the experiences of Six Action Aid India partner organizations that provide savings and credit services to the rural poor in diverse locations in India. The study examines the approach, design management growth, impact and sustainability of financial services provided by Six Non-Governmental Organizations, two each in Maharashtra and West Bengal and one
each in Andhra Pradesh and Karnataka. These Non-Governmental Organisations – ASHA (AP) VACHAN-JANARTH (Maharashtra) SAMUHA (Karnataka) TSRD and BSWI (West Bengal) were chosen as they have all achieved significant client coverage, have a minimum of five years experience with savings and credit and represent a variety of approaches.


Beatriz Armendariz de Aghion and Jonathan Morduch. ‘The Economics of Microfinance.’ The MIT Press, Cambridge, 2005. The authors move beyond the usual theoretical focus in the microfinance literature and draw on new developments in theories of contracts and incentives. They challenge the conventional assumptions about how poor households save and build assets and how institutions can overcome market failures. The book provides an overview of microfinance by addressing a range of issues including lessons from informal markets, savings and insurance, the role of women, place of subsidies, impact measurement and management incentives. It integrates theory with empirical data citing studies from Asia, Africa and Latin America and introducing ideas about asymmetric information, principal-agent theory and household decision making in the context of microfinance.

Burjorjee, Deena M, Rani Deshpande and Gean Weide Mann C. Supporting Women’s Livelihoods: Microfinance that Works for the Majority, New York: United Nations Capital Development Fund – Special Unit for Microfinance, 2002. The book explains the rationale for taking gender considerations into account in Microfinance programmes, examines women’s productive role and how Microfinance can support it, discusses the ways in which Microfinance can enhance women effectiveness on household risk management, highlights the methods that have proven successful in enabling Microfinance Institutions to reach women client and discusses best practices
in outreach and service delivery, reviews non-financial services that complement the benefits of Microfinance lending and considers the role the donors can play in supporting expansion, innovation and research in this field. This work will help the donors and practitioners alike to reinforce their knowledge and expand their vision of this kind of innovative Microfinance, one that works better for the majority.

Carr, Marilyn, Martha Chen and Ranana Jhabvala. ‘Speaking out – Women’s Economic Empowerment in South Asia.’ Vistaar Publications, 1996. The book documents the experiences of seven Non-Governmental Organizations in India, Pakistan, Bangladesh and Sri Lanka who have been successfully working with rural and urban poor women to evolve strategies for bringing about women’s empowerment. The case-studies provide a wealth of new insights on how the changes are occurring at the grassroots level. The contributors draw lessons from the vivid first hand experiences to show how women are gaining better access to and control over economic resources and how this, in turn, has led to far reaching socio-cultural and political changes at the level of the individual, family, community and the market place. They also show how women are building organizations, which are becoming even more autonomous and self-reliant. This book provides ample evidence that women’s empowerment is actually taking place on a significant scale in South Asia and that this is having a noticeable impact on levels of poverty and well-being. The book constitutes an invaluable resource for students of development and women’s studies, development planners, grass root workers and women’s organizations.

Chen, Martha Alter (Ed), ‘Beyond Credit: A sub Sector Approach to Promoting Women’s Enterprises, Canada’: Agha Khan Foundation, 1996. As the title suggests, the book explores the interventions to promote the enterprises of low-income women in the third-world, which go beyond providing credit or financial services. Part I of the book outline conceptual frameworks and guidelines for understanding and applying the incremental and participatory sub sector analysis including ways to characterize and classify women’s enterprises, how to identify and address the constraints, needs and opportunities faced by women in their work, how to map a sub sector and decide what interventions will have the greatest impact, how to look at women’s work in the context of their lives, how to approach the issues of sustainability, and a holistic framework for assessing the impact of the programmes
on women over a period of time. The book also contains cases drawn from a variety of organizations from Africa, Asia, Latin America and North America which illustrate that principles of a participatory sub sector approach are being successful applied in a wide variety of different context, although the strategy adopted to address the obstacles facing low income vary. The studies look critically as to why the sub sector was chosen, who are the main actors, what are the key issues and priorities for action, and points of leverage. The case studies also document the exciting range of actions which sub-sector analysis can lead to from technological innovation, better supply of inputs to organizing women to take legal action.

Chinnasamy, Bharathi. Mahalir Suya UdHAVI KUZHU KKALIN Ezhuchiyyum Thaaralamayathin Veezhchiyyum. Coimbatore, Ezhilmathi Padippagam, 2004. This book point out irrefutable fact of great economic crisis and puts before the Self Help Groups the possibility of creating their market for their own products, as well as ensuring a healthy competition in the existing market by enhancing the quality of their products. When done as a joint effort of thousands of Self Help Groups this are a real possibility and not just a dream. The author opines that when the Self Help Groups create this possibility several spread effects can be spawned. A few of these could be, the end of male domination, promotion of group effort among women, when the group will automatically take care of the personal needs of the members and their families such as health care, education, employment and marriage. This book is an eye-opener not only for women, those already organized as Self Help Groups as well as those who are still watching from the side-lines, but also for banks, government and academic institutions.

De Silva, Donatus and Naella Penby. Banking The Unbankable – Bringing Credit to the Poor. New Delhi: Horizon India Books, 1992. Third world rural development is an urgent item on the world agenda. ‘Banking the Unbankable’ is a valuable contribution to the development planning as it presents an alternative way of development way of development. The book examines eleven small scale credit schemes created by the community groups in the third world, which shatter the myth that the poor are not credit worthy. The case-studies on management of credit by the community groups in Pakistan, Columbia, Kenya, Senegal, Sri Lanka, Tanzania, Bangladesh, Zambia, Chile, Indonesia and India are dealt with in the book. The
eleven powerful cases illustrate that how the credit empowers the poor to take
decisions about their own well being. While each of the schemes treated is different –
in scope, structure and procedure – they all have certain elements in common which
serve as guides for those involved in planning and implementation of credit projects
for rural poor.

The poverty alleviation, women empowerment and micro-entrepreneurship are
basically inter-related issues. And micro-finance has been seen as a tool to achieve
these three objectives all over the world. In India SBLS is one of the important
programme for availing mf. Naturally in nearly all literatures searched micro-finance,
SHG, poverty alleviation, women empowerment and micro-entrepreneurship are
studied together keeping focus on one or two issues. This has compelled the
researcher to review multidimensional aspects of mf and SHGs. If the focus of impact
evaluation is on ‘micro-entrepreneurship’ then it has been categorised under that
heading.

Thus, all these references from various books, magazines, various working
papers, internet sites and journals helped the researcher to develop her own
perspective about the achievements of microfinance as an innovative tool of
livelihood. Microfinance has no doubt played a great role in empowerment of women,
poverty alleviation, financial inclusion, sustainable entrepreneurship and employment
generation. During the course of time, SHGs have established as viable alternative to
achieve inclusive development through microfinance. But empirical studies have also
concluded that picture is not so rosy everywhere. The empirical evidences carry both
kinds of stories regarding the impacts and outcome of SHGs and micro credit. It has
been observed that there are evidences ranging from simple economic betterment on
one hand to economic, social, psychological and political empowerment of SHG
members and micro credit users especially women on the other end. But at the same
time some studies have not only questions micro credit as a source of empowerment
but have also tried to establish that it has even worsened the status of stakeholders.
Thus, on one hand, there are tall claims about the role of SHGs and micro-credit in the
empowerment and holistic development while on the other hand, there are equal
number of evidences to prove otherwise. The philosophy of self-help approach
underlines the fact that SHGs focus on mobilising women to pool their funds, build
their capacities and empower them to leverage external credit for promotion of sustainable livelihood. Hence, SHGs are not just micro credit institutions meant for financial intermediation but have been evolved with broader aims of human development. But in practice, SHGs particularly government sponsored SHGs under S.J.S.R.Y. are promoted without any conceptual understandings and clarity. Without any orientation, people enter the field of microfinance with the only intension of availing subsidy for economic activity under the cluster approach. Naturally such groups disintegrate once the purpose of getting subsidy gets served. Much of the reviewed literature also raises doubts about the advocacy of SHGs being promoted as change agents. The claims of women empowerment, poverty alleviation have also been belied in some studies.

Therefore, a strong need for micro level researching arises from the gaps projected between the theoretical advocacy and field realities of SHGs as well as from the two extremes that emerge through the literature survey of empirical studies.

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