CHAPTER – 2

REVIEW OF LITERATURE

If a free society cannot help the many who are Poor, it cannot save the few who are Rich.

- J.F.Kennedy.
REVIEW OF LITERATURE

Most of the studies in the field of Micro Finance have made an attempt to understand the concept of Micro Finance and its relevance and enterprise activities. Some studies have also been analysed on government policies, schemes and their socio-economic impact.

In this Chapter of Review of Literature, an attempt has been made to analyse the studies that have been conducted in this field. The Review of these studies has been classified into four groups. Based on these reviews, an attempt has been finally made to find the gaps and these gaps are very useful in setting objectives of the present study. The nature of the literature review was based on theme-wise, as follows:

1) The concept of Micro Finance;
2) Enterprise choice and lending;
3) Socio-economic impact; and
4) Policies on Micro Finance.

The Concept of Micro Finance:

Sarkar (2001) gives clear pictures on an innovative scheme viz., about the definition of Micro finance in the banking sector, and how the other welfare or the development programmes are linked to it. According to him, micro finance, by definition, refers to the entire range of financial and non-financial services, including skill up-gradation and entrepreneurship development, rendered to the poor for enabling them to overcome poverty. In the context of designing programmes for the poor, micro finance is recognized
and accepted as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor, with special emphasis on empowering women. The operational framework of micro-finance, therefore, essentially rests on the premises that: (a) formation of a self employment enterprise is a viable alternate means of alleviating poverty (b) lack of access to credit acts as a constraint on the existing and potential micro-enterprise; and (c) the poor are capable of saving despite their poor income level. In essence, therefore, micro-finance could be referred to as an institutional mechanism of providing credit support in small amount and usually linked with small groups along with other complementary support such as training and other related services to the people with poor resources and skills for enabling them to take up economic activities.

Chatterjee (2003) had taken up a study related to implementation and networking of SGSY Programme, which was carried out in Jaunpur in Uttar Pradesh in November 2002. The secondary data used by the author relates to financial and physical progress that was collected from DRDA, Jaunpur. The finding reveals that due to banking rules and regulations poor were suffering. Therefore the author suggests that there must be flexibility in banking rules and staff must be strengthened with adequate manpower.

Singh (2003) tries to highlight the role of MYRADA in fostering Self Help Groups since 1987 to till today. The rural poor, with the intermediation of voluntary organization join together for Self Help Groups to secure better economic growth. One such NGO was MYRADA whose mission was building of people’s institutions rather than on delivery of goods.
**Dasgupta (2001)** Highlighting a brief overview about the need of Micro-Finance it's functioning through various government organizations and NGOs' institutions. Dasgupta (2001) brings out the benefits and limitations of Micro-Finance through his ironical observations. He points out that by introducing the SGSY- government has unfortunately brought the usual ingredients of subsidy, which involves both bureaucratic and political interventions in the credit delivery process. He suggests that subsidy amount may be used for infrastructure, training, backward and forward linkages and other requirement of the poor and not the poor-borrowers alone.

**Mayoux, L. (2001)** Looks at the links between micro-finance and women's empowerment within the context of the debate about gender mainstreaming. The paper is based on research by the author and secondary source material. Fifteen case studies form the main basis of the arguments. The paper concludes that women's empowerment needs to be an integral part of policies. Empowerment cannot be assumed to be an automatic outcome of micro-finance programmes, whether designed for financial sustainability or poverty targeting. More research and innovation on conditions of micro-finance delivery is needed to encourage Income Generating Activities.

The paper also finds that cost-effective ways of integrating micro-finance with other empowerment interventions, including group development and complementary services are still lacking. Unless empowerment is an integral part of the planning process, the rapid expansion of micro-finance is unlikely to make more than a limited contribution to empowerment.

**Richardson, D. C. (2000)** Argues for a radical reform of the orthodox approach of using financial services to achieve poverty alleviation. Prospect of a
competitive market with different institutional players. Many credit unions are skeptical of conventional micro finance alone. Many are now focusing on commercial viability rather than on outreach.

Author offers seven doctrines for achieving poverty alleviation targets: a) Open Door Mystification: serving a wider range of economic groups leads to better outreach, b) Micro-savings: MFI is less dependent on external funding and has higher liquidity for on-lending, c) Portfolio diversification: diversifying into work, housing, health, education, transport and security products. The MFI avoids risk of economic downturns in a single sector, d) Efficiency: better productivity helps MFIs compete with downsizing commercial banks. Larger loans should contribute more to payment of fixed costs. Salary and incentive structures for staff should be re-evaluated, e) Financial discipline: better management of delinquency, loan-loss reserves, loan charge-offs, and reserves of capital and liquidity, f) Self governance: empowerment, matched by checks and balances of economic incentives, financial discipline and systematic vigilance, and g) Assimilation: poor people should be assimilated into the mainstream economy by providing them with access to comparable financial products and services.

Mohanan (2000) says, the micro credit system has particular relevance to women and their empowerment, especially the economic empowerment, says the author, considering the historical perspective of the involvement of women in the thrift and credit activity. He also emphasizes the role of NGOs as more significant and pronounced in the sphere of micro credit. The rich experience of NGOs in the sphere of credit union and their grassroots level involvement with the poor and their
problems is a potential factor that affirms their elevated role in the sphere of micro credit.

**Laxmi and Archana (2002)** opines that, NGOs are building social capital in the form of groups that can generate a sound base for their members to develop their credibility as borrowers and encourage financial institutions to develop confidence in establishing a lending relationship with the groups. Thus NGOs transform the beneficiaries' into 'borrowers' leading to establishment of systems and structures in which a sustainable process of linking the poor borrowers to sources of capital and other financial services with formal financial institutions is achieved.

**Hulme, David. (1999)** Micro finance programs and institutions are increasingly important in development strategies but knowledge about their impacts is partial and contested. This paper reviews the methodological options for the impact assessment (IA) of micro finance. Following a discussion of the varying objectives of IA it examines the choice of conceptual frameworks and presents three paradigms of impact assessment: the scientific method, the humanities tradition and participatory learning and action (PLA). Key issues and lessons in the practice of micro finance. IAs are then explored and it is argued that the central issue in IA design is how to combine different methodological approaches so that a 'fit' is achieved between IA objectives, program context and the constraints of IA costs, human resources and timing. The conclusion argues for a greater focus on internal impact monitoring by micro finance institutions.

**Dadhich (2001)** has selected two districts from two states viz., Hanumangarh district of Rajasthan and Dehradun of Uttaranchal in 1999 to study the successful experience of Oriental Bank of Commerce (OBC) a public sector bank, without the involvement of either the government or any NGO.
According to his findings women beneficiaries who had taken up Income Generating Activities, their family income had increased and they had developed a firm empowerment by involving in family decisions etc.

CGAP, and GTZ. (1998) Around the world, poor households save in various forms and for various purposes. Although empirical evidence suggests that the poor would deposit if appropriate financial institutions and savings facilities were available, little progress has been made to establish MFIs as full-fledged financial intermediaries. In fact, today most micro-finance institutions (MFIs) offer only credit, and savings mobilization remains the forgotten half of micro-finance. The Consultative Group to Assist the Poorest (CGAP) Working Group on Savings, formed in 1996 and chaired by GTZ (representing Gesellschaft für Technische Zusammenarbeit, Germany), has recently completed case studies of four deposit-taking MFIs and a related comparative paper.

People tend to save to compensate for uneven income streams. Poor households save for various purposes, such as insurance against bad health, disability and other emergencies, investments, social and religious obligations, and future consumption. Poor households save in-cash, in-kind (animals, gold, grain, land, raw material and the like), and use rotating savings and credit associations and other forms of financial and non-financial savings and loan associations because of limited access to appropriate deposit facilities.

Evidence shows that the poor will hold financial savings in savings accounts with financial institutions, if appropriate facilities are available.

GTZ carried out case studies of four banks: the Bank for Agriculture and Agricultural Cooperatives in Thailand (BAAC), the Banco Caja Social in Colombia
(BCS), the Bank Rakyat Indonesia (BRI) and the Rural Bank of Panabo in the Philippines (RBP). These institutions were selected because (i) the average amount on deposit is far below the average GNP per capita, (ii) the number of savers exceeds the number of borrowers, (iii) the actual number of savers represents a large share of the potential market, and (iv) savings are the most important funding source, contributing more than 50 percent to total liabilities. BAAC and BRI are both government-owned banks. BCS is owned by the Catholic Church in Colombia, and RBP by private investors. While the BAAC exclusively provides financial services to agricultural producers and their respective organizations, clients of the other institutions are comprised of low-income and middle-income household-enterprises from all sectors. BCS is the only bank of the sample that exclusively operates in urban areas. All four institutions show impressive outreach. They serve between 10 (BCS) and 85 (BAAC) percent of the households that compose the potential market for these institutions. The number of savers exceeds borrowers one to four.

Factors for successful mobilization of small and micro savings are - economic reform and financial sector liberalization, institutional type and governance, risk and liquidity management, organizational structure, savings products and technologies, regulatory framework and internal control and lowering the cost of savings mobilization.

Gaiha, Raghav, (2002) An attempt is made to review Maharashtra Rural Credit Project (MRCP)-a micro credit scheme-by focusing on the process of implementation and implications of targeting, empowerment of women, and trade off between the coverage of the poorest and sustainability of the scheme. Attention is drawn to the deficiencies in the design and implementation of the scheme that limits
the participation of the poorest and the benefits accruing them. Moreover, it is argued that there is a risk of overstating the trade-off between the coverage of the poorest and sustainability of the MRCP if these deficiencies are over-looked.

**Goetz, A., and R. Gupta, (1996)** Explores special credit programmes in Bangladesh from a gender perspective. States that credit institutions have dramatically increased the credit available to poor rural women since the mid-1980s. However, though they are intended to contribute to women’s empowerment, few evaluations of loan use investigate whether women actually control this credit. Considers whether women’s continued high demand for loans and their manifest high propensity to repay is often taken as a proxy indicator for control and empowerment. This assumption is challenged by exploring variations in the degree to which women borrowers control their loans directly, using recent research findings, which reveals that a significant proportion of women’s loans are controlled by male relatives. Concludes that a preoccupation with “credit performance” (measured primarily in terms of high repayment rate) affects the incentives of fieldworkers dispensing and recovering credit and may out-weigh concerns to ensure that women develop meaningful control over their investment activities.

**Goodland, Andrew, (2000)** Increasing access to financial services still has a role in combating rural poverty. In the past, the narrow focus on subsidized credit for agricultural production proved unsustainable. However, recent experiences have been more positive. By understanding the breadth of financial needs of the poor, and modifying approaches to providing savings and credit services, financial institutions have begun to realize the potential of the rural market. Further expansion into this market is possible, through collaboration between the formal and informal sectors,
reducing the 'distance' between institutions and their clientele, and adapting and innovating service delivery mechanisms to local conditions

**Meyer (2002),** This paper examines literature that shows the decline in horizontal expansion of micro finance in Bangladesh. Dropouts, overlaps and delinquencies appear to be rising, many of the poor refuse to use micro finance institution products and informal sources continue to be important for poor households. In order to combat these challenges, MFIs need to re-engineer their products and policies, based on careful market research and pilot testing, and focus on quality of service rather than quantity of outreach. Possible changes in policy and products include: a) adjustment of repayment schedules, b) adjustment of loan sizes, c) differential loan pricing and d) expansion of product line. Impediments to these changes may result from any of the following: commitment to the status quo, cost and complexity of change and innovation, competition and the financial system. While the MFIs in Bangladesh has enjoyed a reputation as leaders in the micro finance industry, they now need to move into the next phase of supplying demand-driven financial services.

**Huppi, Monika, and Gershon Feder (1990)** The article indicates that successful group lending schemes work well with groups that are homogeneous and jointly liable for defaults. The practice of denying credit to all group members in case of default is the most effective and least costly way of enforcing joint liability. Another way to encourage members to repay is to require mandatory deposits that are reimbursed only when all borrowers repay their loans. The article points out that credit cooperatives that mobilize savings deposits are less dependent on external sources and increase the borrowers' incentive to repay. The success of credit
cooperatives requires training of members as well as management. Experience suggests that credit cooperative should not expand their activities beyond financial intermediation until they develop strong institutional and managerial capabilities.

**Sinha, S, and Imran Matin. (1998)** Based on detailed study of informal credit transactions in a village in Northern Bangladesh, empirical research establishes that: a) even with increased outreach, MFI credit is unable to substitute for the informal sector; b) informal lenders are preferred for their local and timely access, speedy disbursement and flexible repayment; c) MFI-member households borrow as much from informal sources as non-members of comparable groups; d) target-group households resort to extensive cross-financing of their loans, using both informal loans and MFI loans for their current consumption needs and debt-servicing; e) initiation of a virtuous cycle depends on the household's human and physical resources, the MFI lending technology, economic opportunities within and around the village and the macro-economic policy environment.

**David Hulme and Paul Mosley (1996)** More than one billion people around the world live in poverty; most of them live in developing countries. The idea that these people might improve their living standards by becoming micro-entrepreneurs — and that financial institutions should support their initiative with small loans — has found many supporters over the last decade.

Finance against Poverty examines this theory and reviews the practical results in seven countries. Volume 1 offers an in-depth analysis of the theory and practice of micro finance, as well as policy recommendations for practitioners in the field. Volume 2 presents the empirical evidence from seven developing countries: Bangladesh, Bolivia, India, Indonesia, Kenya, Malawi and Sri Lanka.
Both volumes provide a wealth of information and research on the impacts of savings and credit on productivity, employment, poverty levels and sociopolitical relations. With its detailed assessment of both the benefits and the limitations of financial intervention, Finance against Poverty is the most comprehensive study of micro finance to date. It is the essential reading for all those interested in development, poverty-reduction, social welfare and finance.

Muhammad Yunus (1994), Finance for the poor: Improving incomes- the primary process by which financial services are envisaged as reducing poverty is by the provision of income-generating loans. According to Muhammad Yunus of the Grameen Bank a virtuous circle can be established: 'low income, credit, investment, more income, more credit, more investment, more income,' This notion of sustained growth in income, production, credit and investment captures a part of the experience of poor households that borrow, but only a part. The differing abilities of borrowers, their initial economic and social positions and the wider economic environment ensure that no simple model can explain the complex empirical findings of the research.

Karmakar, K G. (1999), the book reviews the existing rural credit system in India, analyses its strengths and weaknesses, and prescribes various strategies and innovations that will enable the existing credit delivery system to emerge stronger and more viable. In the first section the book reviews the problems and prospects for rural credit in the context of its ascribed role in rural development; traces the evolution and growth of the rural credit delivery system; analyses the problems associated with credit recycling and over dues; and discusses the recommendations of various committees. In part II, the book discusses the micro finance needs of various groups
including tribes, the rural non-farm sector, rural women and micro-finance entrepreneurs. The third part focuses on the concept and functions of self-help groups with special reference to the BAAC system in Thailand and the Grameen Bank in Bangladesh. It is argued that these initiatives need to be replicated far and wide in order to ensure that the rural poor do not remain marginalized forever. The concluding section outlines strategies for developing a sustainable rural credit delivery system in developing countries.

**Fisher and Sriram's (2002)** Micro-Finance is fast growing as a major development strategy and international industry. It seems to provide a practical and workable tool to address the deep-seated challenges of poverty. All too often the development goals of Micro-Finance are lost, either behind technical and managerial solutions in pursuit of financial sustainability, or behind a narrow focus on the poorest.

The book tries to analyse Indian Micro-Finance in depth to explore how development could be put back into Micro-Finance. It sets out how on Micro-Finance can be designed in practice, to contribute to a wide range of developmental objectives including providing social and economic security, promoting livelihoods, building democratic people’s organization, empowering women and changing wider systems within society.

The analysis covers the great diversity of Micro-Finance practice in India, and many of its innovative products and organizational features. It looks in detail at the extending movement of savings and credit or Self Help Groups in India, and also makes an attempt to compare and study the contrasts with groups promoted by the Grameena Bank in Bangladesh.
The book challenges much conventional wisdom in Micro-Finance, especially the dominant framework of financial sustainability and outreach to the poor. It demonstrates how current analysis of efficiency in Micro-Finance is simplistic, ignoring a range of real economic costs. It breaks new ground by drawing on the disciplines of organizational development and entrepreneurship to focus on many organizational challenges and dilemmas that confront Micro-Finance practitioners and how these can be managed in practice.

Puhazhendhi (2000), the study was first in its series on evaluation studies being conducted in-house on Self Help Groups by the National Bank, has brought out heartening fact that the SHG – Bank Linkage Programme has been successful in triggering off a virtuous cycle of growth and development of the rural poor, though on a modest scale, by shifting the loaning pattern from predominantly consumption to production purposes, leading to generation of income, savings and also empowerment of women. In the process, the intermediation of NGOs and Self Help Groups have also helped the banks to reduce their transaction cost, initially to the extent of 40 percent and subsequently upto 59 percent as the bank personnel gained experience over a period of time. The most notable feature was the on-time recovery of the banks at 92 percent.

Enterprise choice and Lending:

Purushotham (2003) Street food vendors or selling food on streets is illegal and they became the object of censure, as it is providing food to millions of people at moderate price terms and in the process earn self-employment, hence its significance is increasing in these days.
Street food vendors, an informal sector of the food industry is that micro enterprise whose resources are highly productive and cost effective. As such the author intends to suggest the economic planners for the formulation of national employment strategy in the Tenth Five Year Plan as put forward by the ‘Special Group on Ten Million Employment Opportunities per year’ (Chairman: Dr. S.P.Gupta) in the unorganized sector. This study supports the researcher’s objective.

Choudhary (2003) The transport system especially the trains provide an opportunity to women hawkers to sell small items to the passengers. Commenting on women’s entry into service sector, Choudhary explains the increasing trend of poor women entrepreneurs’ vendors in trains and platforms. They sell chips, chikkies (a nutty sweetmeats made of peanuts), bangles, earrings, hairpins, mirrors, hair bands and combs etc.

Thus women entrepreneurs are finding better alternatives to escape destitution and oppression by men and to raise household incomes by taking up vending and hawking as a lucrative profession.

Rao (2003) has conducted a study in Kolhapur Dairy Union of Maharastra and Jaipur Dairy Union (Rajasthan) where majority of women engaged in co-operatives and were able to manage successfully both household and dairy activities.

As such this particular activity has helped rural entrepreneurs to become empowered. The author made use of empowerment scale that includes a set of indices in nine key areas that formed the basis of assessment of her empowerment.

Dashora and Sharma (2003), Insufficient production in agriculture has lead tribal women to migrate and to take up non-farm activities with the help of various voluntary agencies who are now establishing themselves as entrepreneurs in different
fields. Although their percent in entrepreneurship is low, their contribution to household income is significant as these small changes bring about bigger changes. His empirical findings in three major districts from Rajasthan, reveals that positive change in the level of participation in non-farm occupation and poor women entering the entrepreneurial sector was significant.

Simkhada, Sushila, Mishra, Ishwari Acharya, and Namrata (2000), looks at the primary risks faced by rural women, establish how these women are currently coping with risks, and to ascertain products that might prove most useful to them. Nepal maintains a rich mix of micro-finance institutions. Among the different models, the community based Savings and Credit Organization (SCO) has proven to be extremely effective in serving women clients. The authors interview members of two leading women run SCOs; one from the terai (plain) and one from the hill region of Nepal. These two regions represent the primary geographical areas of Nepal and give good indications of the economic conditions and income generating activities with which women are involved.

Kalyani Kulshreshta, (1999) says that, all progress, originates with the entrepreneur. This would seem to be especially true in the modern commercial and business world where buying and selling of goods and services constitute the very foundations of civilization, as it is conceived. The classical theory of the four components of industry, viz., land, labour, capital and enterprise, has been modified over the decades with the advent and development of a truly and essentially material culture based on much more than needs, necessities and wants. The five senses are sought to be pampered to the fullest and ‘vulnerable sections’ such as wives and children of the affluent, are persuaded in various ways. The modern entrepreneur
needs to be imaginative, innovative and 'global' in approach to command any growing, flourishing and satisfying business.

Nanda Y.C, (2004) says that apart from the SHG linkage programme, NABARD also operates a Bulk Lending Scheme for supporting NGO initiatives involving alternative credit delivery mechanisms. As on 31 March 1999, 21 institutions had been supported under the scheme by way of Revolving Fund Assistance aggregating Rs.10.72 crore and Corpus Assistance of Rs.3 crore. The support covers Grameen adaptations, NGO networking, and SHGs' federations. Over ninety five percent of the revolving fund assistance provided has gone to rural poor women covering about 1,10,000 families.

SIDBI was established in 1990 to serve as the principal financial institution for promotion, financing and development of industry in the small-scale sector, and to coordinate the functions of the institutions engaged in promoting, financing and development of industry in the small-scale sector. As part of the increasing national efforts to cater to the credit needs of the poor, especially in rural areas, SIDBI has recognised SHGs "as a promising tool for job creation and income generation" for the poor. Under its microcredit scheme (MCS) launched in February 1994, SIDBI has been providing financial support to well managed NGOs for on-lending to the poor individuals or their groups (with emphasis on women) for setting up micro-enterprises.

With a view to enhancing the flow of credit to the women and supporting promotional measures, particularly for those in the unorganised sector, the Government of India established Rashtriya Mahila Kosh in March 1993, as a Society under the Societies Registration Act, 1860. Since its inception in 1993, RMK has been
supporting NGOs for providing financial services to the poor women all over the country. It provides interest-bearing loans to NGOs, Cooperative Societies and Women Development Corporations (WDCs) and in a small measure, interest-free loans convertible into grants to NGOs for promotion of SHGs. It promotes SHG approach to encourage empowerment of women. RMK gives both short and medium term loans up to Rs.7,500 per individual at 8 percent rate of interest, which the NGO can on-lend to either individuals or SHGs at an interest rate not exceeding 12 percent. In case the loans are given to SHGs, they can charge the individual borrowers up to 17.85 percent rate of interest.

**Socio-Economic Impact:**

**Kabeer, Naila (1998)** has made an evaluation study on the success of Micro Credit Programme in meeting the needs of the poor. She interrogates on whether NGOs such as aid charities or private credit unions were better than governments at reducing poverty by bankrolling grassroots enterprise? Though poor people tend to trust official schemes less, both types of credit programmes in India have shown a tendency to overlook poor people’s needs by failing to recognize how complex and variable a handicap poverty can be, especially for women. Analyzing how these schemes are designed and delivered, with a spotlight on how they define poverty - can learn a wealth of policy lessons.

**Archana (2004)** discusses to a length on by focusing on Micro Credit as a solution to the poor, has led to be neglected by the state and public institution in addressing employment and assessing the livelihood of the poor. The author brings about the concept and features of Micro Finance and illustrates the reasons for exclusive focus of Micro-Credit on poor women in South Asia. She tries to explain
how Micro-Finance assists and acts as a powerful instrument in achieving women's empowerment and alleviating poverty. She has used secondary data, international reports to support her study.

According to her, there were two schools of thought on women empowerment potential of MFP; one emphasizing *negative aspects*, arguing that men in the households tend to appropriate the loans and benefits from the loans. The other school emphasis the *positive aspects*, given the evidence that households with loans generally have higher incomes and levels of consumption, regardless of the gender dynamics within the household.

*Sarangi (2003)* was of the opinion that, women led Self Help Groups in many parts of the country have achieved success in bringing women to the mainstream of decision-making. The author has made a micro level study of 62 women led Self Help Groups in villages of Purushothampur block of Ganjam district of Orrisa state in 1998. In his study he has observed how these SHGs have successfully mobilised and managed thrift, appraise credit needs maintain linkage with the banks and enforce financial self-discipline. Secondary data was collected for the variables like savings, credit and recovery structure from government documents for the study purpose.

According to this finding woman Self Help Groups were extending a helping hand to the district administration in different rural development projects like - from construction of roads to sanitation programmes. Further social responsibilities have been discharged with great interest. The Self Help Groups for theirs’ sacred thread ceremony also assisted the poorest of the poor belonging to Brahmin families in some villages.
Puyalvannam (2003), tries to say that role played by the NGO called Center for Rural Systems and Development (CRUSADE) an women’s participatory development and empowerment in Minjur block of Thiruvalluvar district in Tamil Nadu and chose to work with women and children as they were considered most vulnerable sections of the community. The NGO supports poor, landless women to organize themselves into Self Help Groups focusing on savings, healthcare and their children’s education.

Suguna (2001), has made an attempt on how to plan for achieving economic empowerment of women. She briefly highlights on the concept, meaning of economic empowerment and elaborates on the issues and concerns recognizing and valuing women’s contribution to the economy in various fields like – her access and control over resources; through strengthening and safeguarding women’s existing employment and developing new areas for intensive employment. This ensures to develop an appropriate policy framework for promoting, preserving and strengthening women’s economic empowerment.

The author further developed strategies for economic empowerment that which once achieved would have major implications on the overall empowerment of women.

The article has helped the researcher to develop the variables to measure women’s economic empowerment regarding access to credit and control over resources.

Maheshwari (2001) intends to share the success story of the Dhoblai village coming under Chomu Tehsil of Jaipur district in Rajasthan poor women, which became famous by the visit of former President of US Bill Clinton.
The village got a provident place across 176 countries on the TV channels when President Clinton made his appreciation for the enthusiastic participation of the village women in the economic advancement and empowerment of the local economy.

The post 1994 situation was better off than the Pre 1994 situation according to the findings. The post 1994 situation a sustainable and positive a change in life pattern of the village along with relational gender roles and goals with the advent of women’s dairy cooperative in the year 1994.

**Dhananjay (2003)** tries to explain the role of Center for Community Development (CCD), a voluntary organization that emerged as a Third Sector of development in social scenario in 1992-93, dedicated its relentless service for the holistic development of the tribal communities of Gajapathi district – one of the most backward districts in Orissa. It has come forward to strengthen the women empowerment process by means of educating, organizing and agitating the tribal women communities into a concrete cohesive group to put forth their vociferous demands and strengthening their identity by means of Capacity building initiatives like leadership trainings, village meetings, exposures, skill development trainings, encouraging their Gram Sabhas of Palli Sabhas as well as to fight against social injustice, social taboos, stigmas, predictions of the unjust structure of the society.

**Rao (2003)**, The ‘before’ and ‘after’ study attempted by Vasudeva (2003) was to identify the areas where women of Self Help Groups had become empowered. Around total 655 DWCRA groups from Khammam District of Andhra Pradesh was selected for the study purpose. It was found that the exposure of women to Micro-Credit and the group activities has engendered a greater sense of self-esteem and has
encouraged more participation in household decision-making. It was found that rotation of group leadership was necessary for equitable exposure to the banking process.

**Policies on Micro Finance:**

**Timothy and Servon (1998)** The objective of this study is to shed light on whether and how micro enterprise programs can be used as an economic development strategy to enable low-income people to achieve self-sufficiency through self-employment. Our findings provide little support for the notion that hard work and a small loan are sufficient ingredients for business success. Well-educated owners and/or those possessing specific skills do serve as a basis for successful business creation and operation that usually head viable small firms. Potential entrepreneurs lacking assets, skills, and support networks are unlikely to support themselves through self-employment earnings alone. As a poverty alleviation strategy, micro enterprise is not a panacea. Nevertheless, programs targeting the poor who do have skills, resources, and support networks can be useful vehicles for helping some to escape poverty.

**Sood (2004)** makes an attempt to highlight on the role played by the Ministry of Rural Development since Independence and illustrating success stories in various sectors.

The focuses that enhancement of funds allocation alone, with the absence of necessary requisite changes in the policy and programme implementation will not effectively achieve the demand objective of sustainable development in line with people’s wishes and aspirations in the spheres of employment generation, self-
employment opportunities, women empowerment etc., through various socio-economic interventions and social development activities.

Over the last two years there has been a significant shift in policies and strategies from bureaucratic 'top center' to 'ground up' interactive schemes and initiatives where the target groups of women themselves have a more pro-active role like Swarnajayanthi Gram Swarojgar Yojana (SGSY), and other schemes having women's component like Indira Awas Programme (IAY), National Social Assistance Programme (NSAP) the Restructured Rural Sanitation Programmes, the Accelerated Rural Water Supply Programme (ARWSP), erstwhile IRDP, DWCRA and JRY.

Sood illustrates the two-success story of Rural Entrepreneurship Development, SARAS- 2003 (exhibition organized by CAPART) of Maharastra. And another success story of DWCRA groups in Mavbatoor village of Anantapur district of Andhra Pradesh. Sood tries to say that concern over the status of women has thus permeated both thinking and rhetoric. Role of women and their increased involvement for solving basic problems of poverty, illiteracy, environmental degradation and violence is being felt increasingly and at different levels. It is high time to challenge this concern and this increased awareness to break the stereotypes and old doctrines of the past.

Center For Global Studies (CFGS) Policy Brief (2002) As one element of a strategy to eradicate poverty, the international community should act to increase the availability of basic financial services in developing countries through the establishment of a Global Micro finance Facility. The Facility would aim to substantially increase the scale, outreach, and financial sustainability of micro finance institutions (MFIs). Through an aggressive program of marketing and capacity
development, the Facility would leverage new private sector investment and ODA commitments to the MFI sector. An innovative governance structure emphasizing strong civil society and private sector representation would facilitate linkages to the commercial banking sector, while ensuring a high standard of institutional transparency and accountability.

Susan Johnson and Ben Rogaly (1997) Small-scale financial services, such as savings and credit facilities, are increasingly seen as effective means of poverty reduction. Micro finance and Poverty Reduction, a new book published by Oxfam in conjunction with ACTIONAID, examines the successes and pitfalls of such schemes across the globe and the lessons learnt, promoting debate around the issue.

Although micro finance can increase incomes and contribute to household and individual security, the authors emphasize that credit is not a panacea for eradicating poverty. The continuing debate about the issue and different approaches are highlighted in case studies from the UK, Mexico, Pakistan, Ecuador and The Gambia. The book recommends an overall approach to deciding whether, and in what ways, small-scale financial interventions can be useful and relevant to poor people in different contexts.

The available literature and a thorough review of these literature has helped the researcher to arrive at the following research gaps:

1. So far no research or micro -level study was conducted regarding the level of investment and terms of repayment procedures followed, for different micro enterprises across the three regions namely urban, rural and tribal areas during the pre and post credit-linkage period in Mysore district of the study area.
2. No attempt has been made so far to bring about a research study that is applicable to all regions. Differential performance identified with regard to the entry of women into entrepreneurial activity during the pre and post credit-linkage period helps the researchers and financial institutions to identify and protect the infant Income Generating Activities from the giant enterprises and markets.

3. Further the study helps to identify whether the economic level of women entrepreneurs play an important role in determining their better off or worse off or no change situation - by comparing the two periods and also observes the period in which the respondent has reached the level of sufficiency and efficiency.

Based on review of literature the above research gaps have been found. These gaps have been very useful in setting the objectives in the present study. Thus this will be a very comprehensive one covering both micro and macro approach in understanding the impact of Micro finance on women through their income generating activities and also a comparative study examining this issue by attempting to study different Micro –Enterprises of women in the study area like, urban, rural and tribal in Mysore district of Karnataka state. Therefore this study will fill vacuum that exist in the field of Micro Finance. Research will help researchers and policy makers in further understanding of Micro Finance.