CHAPTER-I

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Credit needs of the rural poor are determined in a complex socio-economic milieu where the dividing line between credit for 'consumption' and 'productive' purposes is rather blurred making it difficult to adopt the traditional banking approach to lending. The result is that financial service of the banking system has become remained inaccessible even today to majority of the poorer sections of the rural population, in most developing countries and their reliance for credit is mainly on the informal credit channels. Informal credit channels include money lenders who operate outside the legal and the policy frame work of the banks, market vendors, shopkeepers and others including friends and relatives. Credit in the informal channels is characterised by quick availability, collateral free and absence of the lengthy documentation formalities. However, loans from informal channel bear high interest cost with rigid conditions, which are heavily loaded in favour of the lender and detrimental to the interest of the borrower.

POLICY FRAME WORK EVOLVED TO COUNTER THE EVILS OF INFORMAL CREDIT SECTOR

The policy framework that emerged included:

➢ Setting up of credit-oriented development banks
➢ Special credit programmes
➢ Generous credit guarantee schemes to induce banks to enlarge their lending operations
Fixation of sectoral targets for credit dispensation

Loans to rural borrowers on subsidised interest rates

Easy loan terms including very low or nil down payment

Long loan maturities

Long grace periods

Relegation of savings as a source of funds and

Reliance of the rural credit on concessionary refinance from financial institutions and international donors.

FAILURE OF THE POLICY FRAMEWORK

The consequences of the policy framework did not contribute to self-sustained growth of the rural credit system and it also did not adequately serve the rural poor. The failure of the policy framework is specifically related to the following aspects:

- Part of the subsidies and concessions involved in rural credit were captured by people who were not the poor
- Substantial number of very poor could not be reached under this dispensation
- The rural credit delivery system was weakened by poor credit discipline among the borrowers resulting in low recovery of dues
- High operating costs
- Border of subsidised interest rates
- Non-viability of operations and
- Heavy dependence a concessionary outside funding or refinance support.

The erosion in credit discipline has been a fall out of the system of ‘targeted credit’. Here the loans were made in a rush and it carried a certain
political aura. The lending institutions were identified by borrowers through the
government. The relation-ship between the lender and the borrowers are rarely
developed. In such a system prospective borrowers were often identified in
sanction of grants from the state and escorted them to bank that sanctioned the
loan. The involvement of the extension agents up to-this stage was visible.
However, their involvement in the recovery of loans so granted was most
uncommon.

INADEQUACY OF CO-OPERATIVES AS AN ALTERNATIVE

Co-operatives have been developed by bringing together people of small
means for fostering thrift and mutual help for their economic betterment.
However co-operatives have achieved only a limited success in selected
pockets. Co-operatives are of large size and their members of heterogeneous
economic status. Hence the decision-making gets invariably delegated to a
small number of usually well off and influential members. Such influential
members are often able to corner benefits at the cost of those who are poor and
do not command ownerships of productive asset or influence. Further resource
base of the cooperatives are often weak. Hence they depend on resources
handed down vertically from higher financing agencies. Its dependence for
financial assistance and the role which most governments play in their
development growth and monitoring co-operatives are seen by people as ‘a
government agency’ not as their own institution.

SELF-HELP GROUPS: THE EMERGING MICRO CREDIT
INSTITUTION

Self-Help Groups have become significant institutions for rural
development. The genesis of SHGs could be traced to mutual aid in Indian
village community where self-help takes various forms activities like housing,
farm operations, which need to be completed within the stipulated period, depended upon such arrangements. Sharing of farm equipment irrigation, water, bullock etc, are the examples of mutual and self-help among the rural masses. The concept of self-help groups are traced back to Gandhi and Gram Swaraj Movement, which is mainly concerned with the poor and it is of the poor and for the poor.

The origin of Self-Help Group in its present form is attributed as the brain child of ‘Grameen Bank of Bangladesh’ founded by Prof. Mohammed Yunus of Chittagong University in 1975. The Grameen Bank has 1042 branch Offices, serving member groups in 34243 villages with an excellent recovery performance of 99 percent. SHGs have been functioning in 52 countries including Bangladesh, Malaysia, Korea, Philippines and Indonesia for a long time. The SHG approach has stabilised into a national programme in Bangladesh and has shown remarkable results in poverty alleviation.

In India the SHG approach has been extensively used by the voluntary agencies for a long time but incorporated in the conventional development programmes during the nineties.

SELF-HELP GROUPS: CONCEPTUAL DIMENSIONS

Self-help groups are small informal associations created for the purpose enabling members to reap economic benefits. These benefits are accrued to the members through;

- Mutual help
- Solidarity
- Joint responsibility
These benefits through membership of SHGs include;

- Mobilization of savings
- Credit facilities and
- Pursuit or group enterprise activities

The group based approach enables the poor to accumulate capital by way of small savings. The SHG members can also get access to formal credit facilities. The SHGs by way of joint liability enable the poor to overcome the problems of collateral security and thus extricate them from the clutches of money lenders. Joint liability of the SHG is helpful in improving group member’s accessibility to credit. It also creates better loan recoveries.

SHGs exhibit cohesiveness due to some inherent and basic characteristics like small size of membership and homogeneity of composition. These enable the SHGs members to participate effectively in the functioning of the groups.

**IMPORTANT REQUISITES FOR SUCCESS OF SHGs**

Certain elements become crucial or critical for the successful formation and functioning of the SHGs. They are;

- voluntary nature of the SHGs
- small size of the group
- homogeneity of membership
transparent and participative decision making

brisk use of funds for micro enterprise creation

Studies have been confirmed that regular meeting of members fosters meaningful relationship among them and issues apart from thrift, credit issues on gender and social problems also get a platform for discussion.

FUNCTIONING OF SHGs: THE MODUS OPERENDI

SHG exhibit some common features in their functioning viz;

> SHGs usually create a Common Fund by contributing their small savings on a regular basis

> Most of the SHGs themselves evolve flexible systems of working and managing their pooled resources in a democratic way with participation of every member on decision making

> Request for loans are considered by the SHGs in their periodic meetings and competing claims on limited resources are settled by consensus

> Loaning is done mainly on trust with a bare minimum documentation and without any security

> The amount loaned are small, frequent and for short duration

> The loans cover a variety of purposes some of which are non-traditional and rather un-conventional

> Rate of interest differ from group to group and even with purpose

> Interest charged is generally higher than that charged by banks and lower than that charged by money lenders
Periodic meetings of members also serve as forum for collecting loans from members.

Defaults are rare mainly due to group pressure and intimate knowledge of enduses of credits.

SHGs-BANK LINKAGES: A MICRO FINANCE ACTIVITY

The micro finance activity is the result of a pilot project started by NABARD in 1992. The project aimed at promoting 500 self-help groups (SHGs). The banking system in the country accepted the idea and the results were promising. The RBI encouraged this positive initiative and issued instruction to banks in 1996 to cover SHG financing as a mainstream activity under their priority sector-lending portfolio. The government of India made linking SHGs with banks a national priority from 1999 onwards through its periodic policy and budget announcements. NABARD is providing an umbrella support to stakeholders. Today, the programme is growing at a pace of about 2.5 million households annually. The following table provides some details.
Table-1.1

**SHGs Bank Linkage Position**

<table>
<thead>
<tr>
<th>Model Type</th>
<th>As on 31 March 2005 Number of SHGs (in 000)</th>
<th>Bank Loans (Rs. Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHGs Promoted, Guided And Financed By Banks</td>
<td>34,337 (21.00)</td>
<td>1013 (15.00)</td>
</tr>
<tr>
<td>SHGs Promoted, NGOs/Govt. Agencies and Financed by Banks</td>
<td>1,15,827 (72.00)</td>
<td>5529 (80.00)</td>
</tr>
<tr>
<td>SHGs Promoted by NGOs and Financed by Banks using NsGos/Formal Agencies as Financial Intermediaries</td>
<td>11684 (7.00)</td>
<td>356 (5.00)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,61,848 (100)</td>
<td>6,898 (100)</td>
</tr>
</tbody>
</table>


**SHG-BANK LINKAGE MODELS**

There could be different models for the SHG-Bank linkages.

**Model-1** In this model banks deal directly with the individual SHGs providing financial assistance for a lending to the individual members. This is the simplest and most direct model.

**Model-2** Second model is one where the bank gives direct assistance to the SHG and the SHG promoting institution (SHGI); usually an NGO provides training and guidance to the SHG and generally keeps a watching to ensure its satisfactory functioning.

**Model-3** This model places the NGO or SHGI as a financial intermediary between the bank and SHGs. In this case, the NGO indirectly accepts contractual responsibility for repayment of loan to the bank.
Model-4 The fourth model envisages bank loans directly to individually members of SHGs upon recommendation of the NGO. In this case, the NGO assists the bank in monitoring, supervising and recovery of loans.

The SHGs bank linkage may follow an evolutionary process and move from model three to model two and to model one and finally to model four where individuals get direct access to the bank. However the acceptance of a particular model would depend on the perception of the bank and the strength of the SHGs and NGO.

NEED FOR THE RESEARCH STUDY

Self-Help Groups have been evolved as a mechanism for meeting the economic aspirations and credit needs of the rural poor. Involvement of SHGs with banks could help in overcoming the problem of high transaction costs in providing credit to the poor. The character of SHGs and their relations with the members offered ways of overcoming the problem of collateral excessive documentation and physical access which reduced the capacity of formal institutions to serve the poor.

There has been a phenomenal growth of SHGs in the country since the early nineties. The SHGs credit rate has been growing at the rate of 120 percent per annum. However, the functioning of the SHGs has been faced with a good number of constraints right from the formation stage itself. Some of the deficiencies associated with the SHGs have led to their unsuccessful functioning viz:
Wrong approach about the composition of the team of the groups

Misconception about the SHGs goal among the members and lack of clarity about the concept of the SHGs.

Non cooperation of individual members with group activities as well as personality clash between office bearer and group members

Absence of training of office bearers about the procedures in conducting meetings maintenance of records and familiarisation with banking operation etc

Charging of high interest rate by the SHGs on the loans to members (16 to 36 per cent per annum)

Non-utilizations of loans by the borrowers

Poor repayment and recovery of loans.

The present study was selected to analyse and evaluate the function and performance of the SHGs study units keeping in view that some of the major problem areas and inadequacies mentioned above. The researcher also found that very little work was done on these aspects relating to the SHGs in the study area. Hence an intensive research study was found necessary and relevant.

The present study is therefore stated as under,

"The Role of Self-Help Groups in Rural Credit: a Case Study of Malaprabha Grameen Bank in Haveri District".
REVIEW OF LITERATURE

Literature on Self-Help Groups is found in varied forms viz., books research articles and reports of institutions like NABARD and NGOs etc. A few research publications relevant for the present research have been reviewed here.

Lalitha N. (1997) has perceived the basic principle of the SHGs as group approach mutant tract, organization of small and managerial groups group cohesiveness, spirit of thrift, demand based lending, collateral free and women friendly loan, peer group preserve in repayment, still training capacity building and empowerment.

Jha A.K. (2000) has observed that SHG is a small economically homogeneous family group of the rural poor voluntarily coming together to save small amounts regularly, which are deposited in a common found to meet members emergent needs and to provide collateral free loan decided by the group.

Rao V.M. (2002) has described SHGs as a useful tool to help the poor and as an alternative mechanism to meet the urgent credit needs of poor through thrift.

Das S. (2003) has defined SHG as a tool to remove poverty and improve the rural development.

Kashyap A. (2001) has observed that SHG is a group of 10-20 women, who come together voluntarily around a common objective. These groups form
part of the micro-level financing which primarily focuses on providing access to bank credit to neglected under privileged and the deprived section of the society.

**Dwarakanath (2002)** has found through his study that SHG movement in Ranga Reddy district had greater vision of empowerment of rural women for overall human development. The author has concluded that the movement has developed thrift as a habit among the rural poor women and paved the way for decision-making power for women in the family.

**Dwarakanath**'s study has revealed that the commercial banks in collaboration with District Rural Development Agency played a key role in advancing loans to the women SHGs in improving their economic status.

**Rimjhim Mousami Das (2004)** has observed that micro finance through SHGs has become a modern economic weapon for the poor to fight against poverty. The author has commented that organization like MYRADA and NABARD made micro finance and SHG an inseparable part of the total process of Indian rural development.

**Amrit Patel (2004)** has revealed from his study that performance of rural finance institutions in supporting SHGs with credit has been abysmally poor.

**Mahaendra Varman P (2005)** has generalized on the basis of various studies that increased availability of micro-credit to poor through micro financing SHGs will enable rural households to take up larger productive
activities, empower the poor women, decrease dependence on exploitative local moneylenders and increase savings.

Ritu Jain et al (2003) have opined that SHGs enhance the equality of status of women as participants decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The authors have highlighted some significant benefits of SHGs viz.

- Cost effective credit delivery system
- Generating forum for collective learning with rural people
- Promoting democratic culture. Providing a form base for dialogue and co-operation in programmes with other institution
- Fostering an entrepreneurial culture
- Possessing credibility and power to ensure participation and
- Helping to assess an individual member’s management capacity

Darling Selvi (2005). The author or has brought out some significant

Feature of SHGs

➢ A simple but effective method for poor to help each other
➢ A voluntary group of rural poor who face similar situations and problems
➢ Encourages small savings (thrift) among members
➢ Provides a forum for the members to solve their problems collectively
Navin Bhatia and Anju Bhatia (2002) have maintained that group (SHG) finance provides a sense of security and self-reliance among borrowers. Group financing helps the borrowers in improving their participation and financial responsibility and encourages group's activities in areas other than credit. Further development of savings habit among group members gets strengthened.

Raghu Prasad et al (2004) found through a study conducted in Shimoga district that groups (SHGs) were socially active as they voluntarily involved in general cleaning of the village, eradication of alcohol centers, encouraging primary education, celebration of festivals etc. But these groups have not yet taken up any profitable enterprises however, the author has found as an exception that three of the SHGs have taken up dairy, preparation of area leaf plates and preparation of home made products as income generating activities.

Tripathy (2004) has maintained in his study that the SHGs formed and developed under various programmes provide a great opportunity for convergence of programmes/activities of various Ministries and organizations. The author opines that the groups while aiming at promotion of savings and credit should work as pressure groups to address social issues such as education, health access to natural resources etc. Necessary training could be provided to the SHG members to create awareness on community health, traditional and modern agricultural practices, micro credit, veterinary practices, water resource management, Panchayat Raj anil and other relevant issues that may be applicable to the area concerned.
Stephen (2005) has expressed the view that the concept of micro financing through SHGs has been designed to provide the poor with alternative means for obtaining economic and social entitlement to resources through their active participation. It provides a paradigm shift in the strategy for resolving the socio economic deprivation of the poor.

Abdual Raheem and A Raman have contended that self help group model peope of self-employment generation seems to be a workable model.

Anupama (2005) has advocated that the policy of SHGs Bank linkage should rapidly convert itself into a micro credit micro enterprise linkage. The author has point out that SHGs work more successfully when they engage themselves is manufacturing activities.

Francis Sinha (2005) has observed in his study that the performance of SHG model of microfinance is exceptional in providing a saving based mechanism for internal group credit to meet household needs. This mechanism also serves (though not always) to facilitate access to creditby poorer client who are more likely so need small amounts of credit for immediate household purpose but appear less credit worthy for larger MGI loans.

Giriyati and S.K. Vettivel (2004) have advocated for training for the animators of the SHGs. The authors feel that they should be trained further so that in the future they can under take the training of animators and members of the existing weak SHGs and the new SHGs under formation. The authors have recommended that to encourage the SHGs the banks should give an amount
equal to 1: 4 deposit loans as an overdraft soon after it completes six months of successful existence. This fund can be used by the SHG as a Revolving Fund to increase its capacity for internal lending to its members.

**Bharat Dogra** (2002) in his article on “Women Self Help Groups....” Has provided some findings of his study on SHGs organized by ‘Disha’ a voluntary organization in Uttar Pradesh. Mr. Bharat Dogra has observed that most of Dishais SHGs consist of women members. The author says that women’s groups are much more numerous in the area compared to men’s groups. Almost all these women are from poor families, mostly from dalits and backward classes. The author maintains that while the increase in income is important, this is not the only aspect of these SHGs. Social concern and awakening of women is considered important. Members discuss several existing problems of villages and ways of over coming them. Several SHGs have reached a stage when women are borrowing money to start successful small-scale business ventures.

**Tara S Nair** (2005) in her paper “The Transforming of world of Indian Micro finance” has made some observations about the limited impact of SHG bank credit. Based on the RBI study (2003) the author has observed, “At the macro level, however, the micro finance sector has not been able to make much impact. The commulative disbursement of bank loans to SHGs stood at Rs.2049 crore as on March 31, 2003 with an average loan of Rs.28559 per SHGs and Rs.1766 per family (RBI-2003). As on March 2002, SHGs advances formed only 0.15 percent of outstanding priority sector loans and 0.51 percent
of outstanding priority sector loans 0.51 percent of the accounts of scheduled commercial banks (RBI 2003).

Satish (2005) commenting on the graduation of SHGs into micro-enterprises has observed that age-wise analysis of a million SHGs across the country reveals the fact that there are nearly 300000 SHGs that have been in existence for over three years in India. The author says perhaps it is an indication of the sustainability of the SHGs system itself. Further or Mr. Satish has stated that studies have revealed that a large number of members of SHGs are availing loans for income generating activities once their consumption needs are addressed.

Ramana Reddy and N. Nataraja Gupta (2006) have maintained that SHG based micro finance is the main form of micro finance programme in India. With the launching of NABARD’s pilot scheme- SHG Bank linkage micro finance gained visibility in the Indian development landscape. The rationale of promoting and developing microfinance in India rests on the apparent failure of state owned credit institutions including the co-operatives to reach out to the poor and disappointing performance of government antipoverty programmes to eradicate poverty.

Aloysius Prakash Fernandez: The author in his book “The MYRADA Experience - Alternative management system for savings and credit of the Rural Poor” has examined the details of formation of SHGs and their different phases of. He has examined the Common Fund of the SHGs and how it is built and managed-the process, the composition and the control over cash etc. The
author has made a detailed analysis of the linking of SHGs with banks. He has studied the rationale of the linkage and the guidelines for banks, NGOs and the SHGs. He has described the incentives to bankers about the SHG-Bank credit linkages and also the main obstacles in the implementation of the programme. He has analysed the role of apex bodies as financial intermediaries.

The author’s discussion on ‘women SHGs’ is quite revealing and informative. The author’s analysis is based on field survey of two places viz; Holalkere and Kamasamudram. He has made a comparison of men and women SHGs in terms of membership loans, recovery and purpose wise utilization of loans etc. The study carried out under MYRADA is quite useful for the present study.

Naik: The author has affirmed in his study on “Women Empowerment Through SHG – A success Story” that self Help Group has proved to be a major tool for women empowerment and Nagesh SHG is the best example.

The study by Mr.K.V. Naik has covered the SHG at Nagesh in Dhonsi Goa state in 2001. The SHG had 10 members hailing from farming community. The SHG aims at social economic and cultural development of its members and rural masses too. The members are involved in different enterprises, viz tea stall, laundry business, electronic repairs, agriculture, eatables business. The group accepts catering orders for parties, conference, meetings and wedding events.

The SHG availed of loans of Rs 25000 and Rs 80,000 from bank of Maharashtra under. SHG Bank linkage scheme. The amount was used for buying vehicles for catering business.
The SHG is running Anganawadi workers and is awarding scholarships to top-ranking students of SSLC from the village. The group also assists in resolving the social problems of its members.

The author says the SHG is a real tool of women empowerment. It encourages women entrepreneurship and builds self-confidence among the women members in the community.

Amrit Patel: in his paper “Micro-Credit and Role of Banks” has aptly remarked that despite the fact that the micro-credit programme as a major policy instrument of the RBI has been under implementation for more than a decade and with the share of women being 90 percent as well as repayment of around 98 percent only 71,70,00 Self-Help-Groups (SHGs) out of around 7 million have so far been credit linked with formal credit agencies, performance of RFIs in supporting SHGs with credit has been abysmally poor.

The author has referred to the contribution of Bank Rakyat Indonesia (BRI) to the growth of microfinance. The author has observed that successful operation of microfinance programme in Indonesia and other countries focus on adoption of flexible area based operating procedure devising, loan products, loan approval and disbursement system, loan collection policy and procedure loan portfolio management and designing saving instruments as a part of best practices for sustainable institutional microfinance.

The author has concluded that it has been a cause of dismay that India’s performance has been the most unsatisfactory despite the fact that India has
large number of poor people and rural financial intermediates are quite capable if they demonstrate their willingness and commitment in this area.

The inadequacies micro-credit supporting SHGs has been mentioned by the author in his article;

(1) Cumulative disbursements of Rs.20470 covering 71,70,00 SHGs work out to Rs.28,549 per SHG. As there are 32,481 rural branches in the country the disbursements work out to only Rs.6,30,214 per branch catering to only 22 SHGs

(2) The author has mentioned that not only India’s performance with regard to linking SHGs with banks has been very unsatisfactory but also there has been significant disparities when banks efforts to link SHGs are concerned in the four states of Andhra Pradesh, TamilNadu, Uttar Pradesh and Maharashatra as against those in states of Bihar, Orissa, Rajasthan, Madhya Pradesh and North Eastern region.

Misra and R.K. Thanvi: The authors in their discussion on “Indian Banking System and Micro finance” have made on appreciative comment on the emergence of micro finance in India. They maintain that micro finance has emerged as one of the most sustainable and effective tool for enabling the poor and disadvantaged sections of the Society to access institutional credit. The Indian banking system on its part has shown willingness and resilience to experiment an join the micro finance movement in a way that has no parallel any where in the world. With 504 banks providing access of credit to 116 lakh
poor families through 30942 participating branches supporting over 7 lakh Self-Help-Groups (SHGs) up to March 2003 the micro finance movement in the country has come to be recognized as the largest in terms of its outreach.

The authors have recognized the new approach of micro finance, which has engineered a new relationship between the banks and the poor. The poor now approach the banks as customers and not as beneficiaries. It is with this approach that the SHG Bank Linkage Programme was initiated in 1992 by NABARD. The authors have observed that a decade of SHG Bank Linkage has finally set at rest the question about bank ability of the poor. The banks have reported 95 percent on time repayment by SHG across the country and they have reported nil NPAS. The author has mentioned the fact that as regards the mode of delivery it is the SHG-Bank Linkage model that has emerged as the predominant micro finance model in India.

Ramjhim Mousumi Das: The author has observed in her article on “Micro Finance through SHGs” that micro finance through SHGs has now become a modern economical weapon for the poor to fight against poverty. Many big and small institutions are taking part in this revolution of micro finance vigorously. The author perceives that micro-finance through SHG has become a ladder for the poor to bring them up not only economically but also socially, mentally and attitudinally, Micro finance, says the author, provides opportunity to the poor for getting sufficient amount of credit easily to start any income generating activity. Micro finance not only deals with credit part but also deals with savings and insurance part.
The author has commented in her article that organizations like MYRADA and NABARD made micro finance and SHGs an inseparable part of the total process of Indian rural development. Rimjhim Das has referred to the first effort of NABARD in 1986-87 when it funded an action research project on “Saving and credit Management of Self Help Groups” of Mysore Resettlement and Development agency (MYRADA). Another funding agency-Asia Pacific Regional Agriculture Credit Association (ADRACA) started participative in SHG formation and credit system. NABARD launched projects to provide micro credit to SHGs by bank-linkage in 1991-92.

Ojha: In his paper on “Self Help Groups and Rural Employment” Mr.R.K. Ojha has affirmed that self help group (SHG) model of self-employment generation seems to be a workable model. However the author says there will be need for utmost care in promotion of self-help groups. Mr. Ojha has rightly observed that self help group is not a static institution, it grows on the resources and management skills of its members and their increasing confidence to get involved in the issues and programmes that require their involvement in the public and private spheres.

Self help promotion in Volved in the SHGs is a process of external/outside support for identification and development of SHGs. Self help promotion aims at generating self sustainable growth processes within the course of which the target group makes its own decisions, exercises its own rights and meets is won commitments.
The author has identified three stages in the cycle stabilization of SHGs. The first stage relates to formation of SHGs. The second stage relates to the stabilization of the SHG and the third stage relates to withdrawal of intervention.

The author has referred to SHG Bank linkages pioneered by the NABARD and has examined the SHG credit linkages and its utility for promoting employment.

Mahendra Varman P: The author has contended that the SHG programme introduced and expanded by NGOs have potential to minimize the problem of inadequate access of banking services to the poor. The author has generalized on the basis of various studies that increased availability of micro-credit to the poor through micro financing. SHGs will enable rural households to take up larger productive activities, empower the poor women, decrease the dependence on exploitative local moneylenders and increase savings. The author in his paper “Impact of Self Help Groups on Formal Banking Habits” has observed that by linking SHGs with formal banks both banks as well as SHGs will be benefited. The banks are benefited by overcoming the problem of high transaction costs in providing credit to the poor by passing on some banking responsibilities regarding loan appraisal, follow up, recovery etc to the poor themselves. It also helps the banks to overcome collateral, excessive documentation and physical access. The banks thus gain from the new risk-free-credit market and a potential surplus sector (SHGs) and at the same time SHGs enjoy the advantage of larger and cheaper resources. Marshalling the needed data the author has established a positive co-relationship between the number of SHGs and the number of bank accounts per 1000 families.
Ritu Jain R.K. Kushawana and A.K Srivastava: The authors in their article “Socio-Economic Impact Through Self Help Groups” have opined that SHGs enhance the equality of status of women as participants, decision makers and beneficiaries in the democratic economic, social and cultural spheres of life. The authors have highlighted some significant benefits of SHGs viz cost effective credit delivery system, generating a forum for collective learning with rural people, promoting democratic culture, fostering of an entrepreneurial culture, providing a firm base for dialogues and co-operation in programmes with other institutions, possessing credibility and power to ensure participation and helping to assess an individual member’s management capacity.

The authors have observed that SHGs evince the equality of status of women as participants, decision makers, and beneficiaries in the democratic, economic social and cultural spheres of life. The authors have covered District Kampurrehat with a view to study the operational mechanism of SHGs and to study the impact of SHGs on Socio-Economic status. The study has revealed that the SHGs had raised the status of members in education, housing facilities, exposure to mass media etc compared to non-members. The study also revealed that there was improvement in income, size of holdings, material possession etc of those who were members of SHGs compared to those were not members.

Rao: in his article “Women Self Help Groups-profiles from Andhra Pradesh and Karnatak” has observed that the origin of SHGs could be traced to mutual aid in Indian village community. He tries to distinguish SHGs form co-operatives by stating that co-operatives are formal bodies where as SHGs are
informal. SHGs, says Mr. Rao, encourage savings and promote income generative activities through small loans. He further opines that the experiences available in the country and elsewhere suggest that SHGs are sustainable, have replicability, stimulate savings, and in the process help borrowers to come out of vicious circle of poverty. The author has mentioned that the great merit of SHGs has been their ability to inculcate among members sound habits of thrift, savings and banking. He says that there is an inbuilt conflict resolution mechanism in SHGs and cent percent repayment is ensured through peer pressure.

The authors study covering 23 SHGs organized by women in Andhra Pradesh and Karnataka. The study has revealed the women members of these SHGs joined the organization mainly for nine reasons viz to avail credit, developing saving habit, to meet unexpected demand for cash peer pressure, motivated by NGOs/Officials, solidarity exchange of ideas/experiences, attend adult education classes and empowerment. The impact of SHGs on members has been positive in promoting savings, credit facilities for members, developing of banking habits, improving form operations, spread of literacy, awareness about aids, dowry, nutrition sanitation etc.

Dwarakanath: The study on “Rural Credit and Women Self Help Groups-A profile of Ranga Reddy District in Andhra Pradesh” by Dr. Dwarakanath has revealed that Self-Help Groups movement in Ranga Reddy district had a greater vision of empowerment of rural women for overall human development. The author has concluded that the movement developed thrift as
a habit among the rural poor women and paved the way for division making power for women in the family. Further the findings of the study have indicated that the movement has created greater awareness among the women groups about socio-economic and political conditions prevailing in and around the district.

The study has revealed that the commercial banks in collaboration with District Rural Development Agency played a key role in advancing loans to the women SHGs in improving their economic statues. It is mentioned by the author that 36 banks in the district advanced loans to 75 per cent of the SHGs thus securing second place in the state. The SHGs in the district have also achieved good progress in raising the literacy level among their members.

Gopal Singh and Ms. Asmita Singh: The authors in their article 'Economic Participation of Rural Women in informal Sector through Self Help Groups (A Case study of Empowerment of Women) have provided a compressive presentation of the different dimensions of Self Help Groups viz the concept of SHGs, process of forming the SHGs. SHGs bank likages and different models of the Linkages, Criteria for selection of SHGs, district advantages of SHGs for the members as well as the banks, loan and financing procedures involved and the problems encountered by the SHGs etc.

The authors have very optly described the distinct advantages of SHGs. They have mentioned the most important advantage of reduction of NPAs (bad debts) of banks. This is quite obvious since the group (SHG) itself takes onus of repayment of loan on behalf of the loanee members. Then there is the
advantage of reduction of operational costs as formal paper work is minimal. Recovery of loan could be 100 per cent and banks can collect and mobilize the small savings on large scale easily through the SHGs. The SHGs have the advantage of accessing large resources through various loan plans of banking sector. The access to bank credit is made easy without many formalities. SHGs can help their members in obtaining consumption loan too.

The authors have rightly mentioned that if the SHGs understood and implement in right spirit the triple role of women (reproductive work, productive work, and community work) can easily be translated into practice.

Manab Sen: The Study on “Self Help Groups and Micro-finance. An Alternative Socio-Economic option for the poor” by Dr. Sen attempts to bring about the features of the self-help groups prompted by NGO-namely Sree Ma Mahila Samity in Nadia district of West Bengal on the basis of micro-studies.

The study has elaborated the micro finance delivery through the formal banking system in its first part. The second part of the study is devoted to analyse the new model of SHG. The third part of the study has focussed on the self-help group promoting institution namely Sree Ma Mahila Samity. The fourth part of the study is devoted to a detailed discussion of the financial sector reforms. The fifth part of the study provides analytical results of the SHGs studied and the cast part of the study mentions the policy implication of the findings.

The author has suggested that the Government should devise the next stage of reforms by considering measure enunciated in the principle of
institutional economics by integrating informal sector and changing internal procedures to suit local environment. This policy has to be devised after studying the transaction cost of lending by the bank and transaction cost of borrowing for the SHGs and the poor. Social and economic impact of SHG movement, risk of funds and guarantee of repayment etc are the other aspects which need to be studied.

Manimekalai: The author has made study on the role of Self Help Groups-SEVAI in empowering women and the rural poor through micro credit. The micro credit institution namely Viluthukal has been studied in its working and the strategies adopted to mobilize, women to form self help group. The author has examined the performance of Viluthukal of extending micro credit to women to run economically gainful activities.

SEVAI has a set of strategies for rural self-help women group development programme. It develops need based programmes and awareness building among women members of the SHG. It identifies and selects the potential women for assistance through the SHGs. It provides enterprise management and technical training to women members of the SHGs. It also provides post training support and monitoring. SEVAI helps in SH Groups formation conducting group meetings. It helps in-group savings and in forming Group common Fund and Group Reserve Fund.

On the basis of the study the author has concluded that women in rural areas are really longing for supplementary income and the intervention through micro credit by both government and non-government organizations would be
a boost to them. He has also mentioned that due to micro credit and intervention of SEVAI the education of children has been better cared of, Labour household could acquire some land and cultivate on their own. Expenditure on food and non-food has increased.

Arti Dhar (2007) has observed in her article entitled SHGs Not Empowering Women Fully “that SHGs have failed to empower women alleviate poverty Based on the study conducted by ‘Nirantar A Centre for wonder and Education” the author has mentioned that there was little evidence to suggest that SHGs have improved livelihood of the members. Although they may provide women with access to money, they certainly do not ensure her entitlement to the use of the resources or assets that the money provides worse the primary burden of repayment is also on women. The author has observed that the study found no evidence to suggest that participation in SHGs had led to a substantive increase in incomes this participation has increased women’s burden of work. The SHG phenomenon, say the author, has added new dimensions to the idea of a ‘good women’, who saves, repays regularly and pressures other women to repay not for her own benefit but for the welfare of the family.

Arti Dhar has considered that the agenda of the SHG group is dominated by the requirements of ensuring regular savings and repayments. There is also a failure to recognize that SHGs are exclusionary. They exclude the poorest including Dalits, Muslims and Tribals, because they are not able to save regularly pay according to schedule or under take the risks involved in micro enterprises.
The author has referred to the finding of the study that educational and literacy inputs provided to SHGs are minimum as the promoters seem unable or unwilling to recognize and respond to this reality primarily because there is an assumption that access to in source is equal to economic empowerment of women and that it will automatically lead to their social empowerment.

Reddy and Sandeep Manak (2005) have presumably observed that the rise of SHGs and more formal SHGs federations couples now with SHG Bank Linkage have made this a dominant form of micro finance in addition to micro finance institutions. The authors in their article "Self Help Groups-A Key tone of Micro finance in India- Women Empowerment and Social Security", have mentioned that SHGs have spread rapidly due to their case of replication SHG Bank Linkage has provided the capacity for SHGs to increase their capital base to found more members and bigger projects. In many Indian states SHGs are networking themselves into federations to achieve institutional and financial sustainability.

The authors have referred to some key areas of weaknesses of SHGs undermining their sustainability namely are such as financial agreement, governance, and human resources range from weak to average quality for a majority of SHGs.

The impact of SHGs on women empowerment and social security has been invariably an improvement form the status quo but there is need support in several. The status of women has generally improved as they have developed stronger confidence, which has changed gender dynamics and their role in the
household. Women are able to fight for their rights and entitlement and have emerged as a force to be reckoned with.

SHGs are becoming more than just financial intermediaries instead they have emerged into a more political and social unit of society.

Bandhyopadhyay et al (2002) in their article ‘Convergence of Programmes by Empowering SHGs and PRIs have perceived that the effectiveness of self help groups would be considerably enhanced if a symbiosis could be worked between them and panchayati raj institutions (PRIs). The authors have suggested that the key to this is the integration of SHGs with the democratically elected and empowered panchayats when the requisite devolution of powers, function and authority to the latter takes place.

Establishing a system through which the SHGs and the PRIs interface efficiently is eminently possible because by nature and mandate both these institutions have the same objective viz of ushering people centered development and through it to empower the disemboweled to enhance the responsiveness, accountability and transparency of PRIs there should be an institutional and functional linkage with the SHGs. There is an urgent need to work out mechanisms/systems that will allow the SHGs and the PRIs to work in tandem and establish a system of reinforcing each other’s work.

Srinivas Rao (2007) in their article “Micro Finance, A Tool for poverty Alleviation And Women Empowerment” has argued that micro financing programme through SHGs introduced and expanded by non-governmental
organizations (NGOs) in several parts of India have the potential to minimise the problem of inadequate access of banking services to the poor. These can also influence savings. The author has observed that various studies have revealed that increased availability of micro-credit to the poor through micro financing SHGs will enable rural house holds to take up larger productive activities empower the poor women decrease the dependence on exploitative local money lenders and increase savings.

Vasanthakumari and Vani J Sharma in their article entitle “Micro Finance, Theoretical Frame work and Empirical Evidence- an Indian Experience” have observed that many SHGs have come into existence in India spontaneously and have exhibited tremendous democratic functioning and group dynamism. The authors feel that their adroitness in assessing and appraising the credit needs of members, their business like functioning and efficiency in recycling the funds often with repayment rates nearing cent percent are additions positive features.

Archana Sinha (2004) in her article entitled “Micro Finance For Women’s Empowerment” has pointed out that one of the major limitations of women ShGs is the time consuming meetings, particularly in programmes based on group lending and time consuming income generating activities. Coupled with no reduction in traditional responsibilities, they only in crease their work and time burden.

The potential of SHGs to develop as local financial intermediaries to react the poor has gained recognition due to their community based
participatory approach and sustainability- recovery rates have been significantly higher than those achieved by commercial banks inspite of loans going to poor unorganised individuals without security or collateral. The author has cited the success stores of in neighbouring countries like Grameen Bank in Bangladesh, Bank Rakiat in Indonesia and Commercial Industrial Bank in Phillpines etc. In India micro finance scene is dominated by Self-Help Groups- Bank Linkage Programme aimed at providing a cost effective mechanism for providing financial services to the unreached poor. The author has observed that based on the philosophy of peer pressure and group savings as collateral substitute, the SHG programme has been successful in not only meeting peculiar needs of the rural poor but in strengthening collective self help capacities of the poor at the local level leading to their empowerment.

Rangarajan (2005) in his keynote address on “Micro finance and Its Future Directions” has traced the evolution of the present level of functioning of self Help Group as under;

- At the first level households use micro finance to meet ‘survival’ requirements where small savings and loans serve as buffer in the event of an emergency or to smoothen consumption or even service previous debt to give itself more liquidity during lean times.

- At the second level ‘substance’ needs are not through micro finance, where household begins to utilize micro finance to diversify its basket of income generating activities or to meet working capital requirements in traditional activities.
• At the third level as households reach a stage where they can assume a higher degree of risk micro finance would be used to invest in setting up enterprise or facilitating entry into employment in one way or the other in order that the household becomes 'sustainable'.

Exhorting the dual role to be played by SHPIs (Self Help Promoting Institutions) Dr. Rangarajan has indicated that not only should SHPIs facilitate the availability of credit from the formal sector to the self help groups, they should also assist the self help groups to identify suitable products which they can manufactures and sell. They need to import the necessary skills. These institutions, says Dr. Rangarajan are in a very real sense friends philosophers and guides. The provision of effective marketing outlets is another requirement for the success of SHGs.

Referring to important issues needed to be addressed Dr. Rangarajan has referred to the following;

• There is need to be clear about the legal status of Self Help Groups. At the moment they are not registered as any form of organisation.

• The second relates to the issue of how to combine different SHGs into a much larger organisation, which can command greater credibility, and therefore greater credit Dr. Rangarajan has made the following suggestions for widening the scope of micro-finance viz.

• As micro finance expands, as it must, banks need to introduce appropriate organisational changes in the various branches in order to pay a pro-active
role in bringing more and more SHGs under the bank linkage programme
NABARD in consultation with RBI must also play a part in initiating this
change.

- Self Help Groups must transform themselves from pure thrift institutions
into groups promoting micro-enterprises success in this direction will
depend upon the choice of products to be produced and the markets to be
served and the creation of an appropriate marketing mechanism.

has indicated some factors impending the promotion and linkage of SHGs to
the banks.

- Concept of promotion, development, and capacity building of SHGs is yet
to be understood by all implementing agencies.

- There is considerable time lag in the formation of the groups.

- Some of the NGOs which are involved in the formation of SHGs are also
extending credit facilities to such SHGs and since the system is working
well and the members are comfortable with the arrangement, the probability
of such groups getting linked with the banks remains low unless there is
better relationship and service orientation including terms of credit evolved
by the banks.

- There is lack co-ordination among various agencies involved in promotion
of SHGs.
Suriakanthi (2000) has found from her survey of 120 SHGs in Dindigul district of Tamil Nadu that 95 per cent of the members and 75 per cent of the office bearers were illiterate as they were not from the economically affluent families. Further in 50 per cent of the groups (SHGs) surveyed literate members write the minutes and accounts if the office bearers are illiterate. The 10 percent illiterate members of the groups (SHGs) expressed their ignorance about the savings of their groups.

Hema Bansal in her article entitled “SHG Bank Linkage Programme in India” has contended that micro finance has emerged as a vital approach to meet the heterogeneous needs of the poor. In India micro finance in the formal sector has assumed the form of SHG bank linkage program. Through this program the RBI and NABARD have tried to promote relationship banking i.e. improving the existing relationship between the poor and the bankers with the social inter mediation of the NGOs. The SHG Bank linkage program in India is rapidly expanding its outreach under the pioneering initiative of NABARD the monitoring and supervision of RBI, and the promotional policies of the Government of India. The author has mentioned that at the grass root level the program is being implemented by the commercial banks, cooperatives and regional rural banks with government agencies like DRDA/DUDA acting as facilitators.

The author has brought out the significant fact that with coverage of two thirds of SHG credit linkages, the linkage programme was predominant in the Andhra Pradesh, Tamil Nadu, Karnataka and Uttar Pradesh States of India.
Further the programme was concentrated in Andhra Pradesh where 40 per cent of credit linkages were established. The acceptability of the programme was relatively higher in Southern India, because the savings and the credit movement was launched here. The author has identified other contributory factors as large coverage of DWACRA group and the operation of Swarna Jayanti Swarjgar Yojana Program and the presence of leading MFIs. The author’s study has revealed that Kerala, Maharashtra, Orissa, West Bengal, Gujarat, Madhya Pradesh, Rajasthan, and Bihar together had 23.6 per cent SHG linkages while the remaining States and union territories had only 1.47 per cent SHG credit linkages.

Sudhirendar Sharma in his article entitled “Rural Credit-Over to Private Sector” has expressed the view the SHG model of rural credit has been considered as the solution for uplifting rural economies. The Government and donors alike to bring credit within the reach of the poor have vigorously pursued the model. The National Bank for Agriculture and Rural Development (NABARD) has been the front-runner in self-help group promotion in rural areas. At the national level Rashtriya Mahila Kosh is another apex outfit that has joined the race. The author feels that with no letdown in support of the micro credit institutions increase in the number of groups (SHGs) availing rural credit is bound to please the industry.

The author has further apprehended that to start with it might please the rural poor too. However in the long run they will have several reasons to regret raising rural consumerism is just one part of the story. Several Serious
dimensions of micro-credit are only beginning to unfold. The author has pointed out that over indebtedness and western consumption style is an important risk of micro-credit. This is dangerous for sustained livelihood.

The author has cited the experience of micro credit in Bangladesh. He has referred to recent studies on the impact of micro credit sector in Bangladesh, which indicate several negative impacts of the micro finance programmes. These include stories of households getting into heavy debts, compulsory disposition by lending organisations, an unreasonable increase in women’s workloads and their husbands misappropriating loans. There are conditions attached to the utilisation of soft credit. Hence the poor invest in activities not necessarily productive. With this appropriation of loans by dominant male members of the family, the poor find it hard to repay the loan on time. Left with little option they seek another credit to repay the previous loan. In the process the poor get trapped in debt cycle.

Harischandra Sukdeva has examined the working the ‘Money Lender-Free Villages’ (MLFV) scheme introduced as a pilot project of the Marathwada Grameen Bank (MGB) in the Nanded district of Maharashtra State. Under the MLFV, SHGs act as an extension of the MGB to reach out to villagers even in remotest locations Banks have not been able to reach such villages due to physical limitations and the high cost of operations to maintain small accounts. The author opines that the SHGs offer a most powerful, cost effective and yet democratic and transparent model rural finance by serving as intermediaries between banks and farmers to extend rural credit and replace the private money lender.
The author has suggested that MLFV project can be extended to make
villages self reliant in terms of employment, the economy and infrastructure by

- Establishing forward and backward linkages for the production and
  marketing of products, which do not require high-end technology and heavy
  investments. Different SHGs from the same village or clutter of villages
  can undertake a particular group activity so that they do not have to rely on
  outside agencies to supply raw material or market their finished goods.

- Encouraging collective forming through SHGs to achieve the scales of
  economy and to ensure better utilization of natural resources especially
  water and lands water management and social forestry as a collective
  village scheme.

**Puhazhendhi** (2000) in his article entitled “Evaluation Study of SHGs
in Tamil Nadu” - has observed that the federal structure of SHGs provided
effective support to the groups in several ways- co-ordination, monitoring,
linkage with banks and providing other linkage supports. The federations were
used to mobilize the excess savings available with certain groups. So that the
same could be distributed to other groups. The federation could also provide a
common forum to sort out other common issued and operational problems
NGOs recognize these federations as a process of their withdrawal strategy and
expect these federations to undertake the role of NGOs in future.

**Tejaswini A and Veerabhadraraiah.S** (1996) in their article entitled “
Knowledge Assessment of Rural Women on DWCRA and their problems”
have identified the problems faced by rural women in SHG activities. Their findings revealed that 85 percent of them faced difficulty in getting good price for their product, lack of common work place (83 per cent), lack of proper marketing facilities (75 per cent), problems in getting loan money released in time (66 per cent) and lack of training facilities (50 per cent).

The government funds earmarked for training of SHGs and capacity building are used for other purpose like organising large gatherings with political agenda or funding infrastructure of training institutions that did little work. Funds for capacity building of SHG were often used to train only SHG leaders. As such the institutional capacity of the group as a whole did not improve.

- Assessment of the performance of the SHGs is critical to the growth of an institution. However no follow up measure has been taken up to identify who should do this work.
- Some banks in some part of the country have been reluctant to adopt the linkage programme whole-heartedly. This has been coupled with poor banking infrastructure and performance.
- The SHG concept is confused with previous groups formed under government programmes on the basis of common activity or of all members being self-employed.
- Since the major drive to promote SHGs came from financial institutions, their function was largely viewed as financial provision and management. This tended to minimise the major role they have played (or have the potential to play) in empowerment of poor and marginalised sectors.
Aloysins P Fernandez (2007) in the discussion paper of IFAD “History and Spread of the Self Help Affinity Group Movement In India- The Role Played by IFAD” has traced the origin and progress of the Self Help Group (SHG) movement in India from 1985 to March 2006. The study by Mr Fernandez looks into the roles in order of their entry into the movement of NGOs, the National Bank for Agriculture and Rural Development (NABARD), other banks, IFAD and Central and State governments. The author has mentioned the beginning of SHG-Linkage Programme in 1992. The SHG movement of poor and marginalised sectors. He has referred to the many studies done on the role of SHGs in initiating change in Social, Political and Economic relations.

The author has mentioned some major aspects of weakness of the SHG movement.

- Government recognition and mainstreaming of an initiative is often pursued by NGOs as an indicator of success. However, on the one hand it provides the thrust required to expand an initiative rapidly on the other it is vulnerable to government management patterns, high targets, predetermined criteria for identifying beneficiaries and forming groups (SHGs) without assessing affinity among the members.

Nidhi Mulik (2005) in his article entitled “Micro finance Sector in India…” has maintained that Self Help Groups (SHGs) are major sources of finance for the poor. These SHGs says banks or institutions like NABARD, SIDBI etc, refinance the author. But these days SHGs are also financing micro
activities of the economy as they are transforming themselves into Micro Finance Organisations (MPOs) the author has attributed size, diversity, sustainability focus and taxation, which trigger the transformation of SHGs into MFOs.

Jayaraman (2001) in his paper entitled "Micro Finance Retrospect and Prospects" has stressed the cost effectiveness of micro credit. He says that in the Indian context under the SHG Bank Linkage Models, the cost effectiveness is a result of the synergy between the SHPIs and the Banks, which is reflected in the following aspects viz.

i) The banks are able to reach a large number of small borrowers at a lower transaction cost and with a lower risk cost due to good repayments. The cost of monitoring the endue of credit by the borrower is also reduced.

ii) It facilitates the MFIs in leveraging funds from the banks at a lower cost for financial inter mediation.

iii) For the poor borrower it reduces the cost of transacting the loan. It also ensures timely availability of credit at his doorstep. Even though the loans from the village moneylender have the latter characteristics the hidden costs are not reflected in the interest rates charged by him.

The author has suggested that while the concept of SHG is sustainable it will be untenable to expect the individual groups to be a permanent feature in the micro finance scenario. Since a group is formed with the specific objective of leveraging loans from financial intermediaries and improve the economic
and social conditions of its members the group may dissipate after these objectives are achieved.

OBJECTIVES OF THE STUDY

The research work is conducted with the following objectives;

1. To study the profile of the units of SHGs and banks and the socio-economic profile of the SHGs members covered by the study

2. To analyse the savings and credit dimensions of the SHGs and the banks providing loans to the SHGs

3. To evaluate the functional details of the SHGs covered by the study

4. To examine the loan utilization, repayment performance and the impact of SHGs loans on the members of the groups

5. To evaluate the performance of the banks in relation to their credit linkage with SHGs and the recovery of loans to SHGs etc

6. To study the problems faced by the SHGs in their credit relationship with the banks and the member borrowers

7. To examine any other aspect germane to the research study.

HYPOTHESES

The following hypotheses have been formulated for the research;

1. Members of the SHGs find the interest rate on present loans exorbitant.

2. SHG members divert the loans taken for un-productive purposes.
METHODOLOGY OF THE RESEARCH STUDY

The present study is an empirical survey. The study adopts a multistage stratified random sampling method. The data was collected from the both primary and secondary sources, questionnaires addressed to SHGs and financing banks were used separately for obtaining the responses of the units and individuals covered by the study. The study is limited to selected areas, bank offices, SHG units and members of the SHGs as per the preplanned sampling method.

SELECTION OF THE STUDY AREA

Haveri is a one of the backward districts of the state. Most of the rural men and women are engaged in agricultural laborer and allied activities. It is presumed that in these circumstances the conditions of rural people in villages of Haveri district was poor are bad and they amongst be looking for some new avenues for improving their economic status.

Since the studies on rural women are extremely limited and the position in Karnataka is also similar it was felt desirable to take a district for study purpose to start with and based on the experience of this study. In the process of selecting the district, the choice fell on Haveri district for various reasons. Further, the selection of the taluka was based on the women and child welfare departments records pertaining to the SHGs and also the official records of SHGs savings available with Malaprabha Grameen Bank in Haveri district. Based on this all the seven talukas, which are classified in to three categories, namely, high saving, moderately saving and low saving talukas. The first and third categories of talukas were chosen for an in-depth study.
SELECTION OF THE BANK

The Malaprabha Grameen Bank has been selected for the study as it is the Regional Rural Bank of the area with a large network of branches in the district and it has involved in financing the SHGs spread over the entire rural areas of the district. Subsequently now it has renamed Karnataka Vikas Grameen Bank due to amalgamation of M G Bank and three RRBs.

SELECTION OF THE SHGs AND MEMBERS

The total 60 self-help groups and 310 SHG members in the four Tahukas have been selected for an in-depth study. It has been based on availability of data from secondary sources in Malaprabha Grameen Bank, Women and Child welfare Department Haveri, Zilla Panchayat Haveri, NABARD, it's classified into high savings and low savings of the SHGs.

SOURCES OF THE DATA

The primary data have been collected from the selected members of the bank offices covered by the study. The data are collected through the pre-tested questionnaires.

The secondary data have been collected from the publications of the KVG Bank, NABARD, Women and Child Welfare Department, Haveri, Zilla Panchayat, Haveri, various other Government Departments, Periodicals and other relevant academic publications.

DATA ANALYSIS

The data collected from both primary and secondary sources have been processed and compiled in suitable tabular format to facilitate analysis and interpretation.
Simple statistical tools have been used for the analysis of the data to arrive at the appropriate inferences and conclusions.

LIMITATIONS OF THE STUDY

The research study was conducted under the following limitations

1. The study is confined to only 4 talukas in Haveri district.
2. The data is collected for a restricted period of 5 years only
3. The analysis of the data is done by using simple statistical tools only

CHAPTER SCHEME OF THE STUDY

The research work is proposed to be submitted in the following six chapters.

Chapter- I Introduction and Research Design

Chapter- II Conceptual and functional parameters of SHGs

Chapter- III Profile of the study area, SHGs, bank and the selected members of the SHGs.

Chapter- IV Functional dimensions of the SHGs. An Analysis of the Responses of the SHGs and members

Chapter- V Rural credit in India: perspectives and prospects and contribution of Malaprabha Grameena Bank for financial assistance to the SHGs

Chapter- VI Summary of findings, conclusion and suggestions.
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