CHAPTER I

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Economic and social marginalization of the poor by formal credit agencies including cooperatives has led to the emergence of self-help groups (SHG). SHG'S are an out come of the Neo-liberal paradigm of development, where the poor take charge of their lives and fashion a new improved future through self reliant and socially sustainable efforts. The distinctive aspect of SHG's relate to the fact that they are fully democratic, autonomous and thrift based organizations and are functioning in the same socio-economic and political environment in which co-operatives are functioning. However while exhibiting the basic characteristics of co-operatives in letter and spirit, SHG's continue to be functionally effective and flexible and are considered as “new wave co-operatives”.

Self-help groups (SHGs) are small informal associations of poor individuals created for the purpose of enabling them to reap economic benefits out of mutual help, solidarity and joint responsibility. The benefits of these savings and credit facilities and pursuit of group enterprise activities. The group-based approach not only helps the members to accumulate capital by the way of small savings but also help them to get access to formal credit facilities. The joint liability of these groups enables the poor members to over come the problem of collateral security. Joint liabilities also create mechanisms like peer monitoring leading to better loan recoveries. Small size of membership and homogeneity of composition bring about cohesiveness and effective participation of members in the functioning of these groups.

The effectiveness of SHGs would be enhanced if a symbiosis could be worked out between them and Panchayath Raj Institutions (PRIs) according to D Bandopadhyaya and others (2002). The key to this is the integration of SHGs with the democratically elected and empowered panchayaths when the requisite devolution of power functions and authority to the letter take place. H D Dwarakanath (2002) has
perceived that SHGs are forum for the collective voice of the poor against common oppression and exploitation to understand individual and common problems and improving their skills and capacities to manage resources. He has observed that the SHGs as viable alternative to achieve the objectives of rural development and to set community participation with economic power and potentialities proved that with help of district administration and the project officials of DRDA they could indeed bring in socio-economic development to enhance their self employment potential. N Lalitha Shivakumar (1995) has perceived that SHGs provide an opportunity for effective rural development through wide spread peoples participation. She appreciates the SHG as a voluntary group involving personal interactions and mutual aid as a means of altering or ameliorating problems perceived as alterable, pressing and personal by most of its members. Various other studies have conclusively proved that micro-financing programme through SHGs introduced and developed by NGOs in several parts of India have potential to minimize the problem of inadequate access of banking services to the poor and they have also inculcated saving habit in the poor (viz Rajashekar-2000, Hashemi-1996, Kumaran-2001, Kaladhar-1927, Mujumdar-1997 and NABARD-2002). Many studies have revealed that increased availability of micro-credit to poor through SHGs will enable rural households to take up larger productive activity, empower the poor women decrease the dependence on exploitative and exploitation of local money lenders and increase savings.

A study conducted by NABARD covering 500 SHGs member households from 223 SHGs across 11 states showed positive results on the impact of participation of rural poor in the SHGs. It indicates that there have been perceptible and wholesome changes in the living standards of members of SHGs in terms of ownership of assets, borrowing capacities, income generating activities, income levels and increase in savings. The study traced out that almost all members developed savings habit in the post SHG situation as against only 23 percent of households who had this habit earlier. It indicates that the average annual savings per household registered an increase over three fold.
The group system (SHG) has been found beneficial for the members because of minimal procedural formalities, access to institutional credit without collateral offering full autonomy in the selection of activity and the availability of thrift for meeting urgent needs. The program has been made customer friendly by the minimum skill needed for filling the application forms and absence of procedural formalities. Further repayment schedule is flexible to suit the convenience of the borrower members. The group (SHG) manages prompt repayment, as members are likely to get repeat loans. The micro-sized, supplementary income generating activities pursued by members defy the conventional standards of unit cost and unit size prescribed by banks and government departments. Small size of the unit allows women members to pursue the activities in their spare time and contribute to the family's income.

**Growth Dimensions**

SHG-bank linkage has blossomed into the fastest growing one and over 16 lakh SHGs have been linked with various financial institutions all over the country. It is the fastest growing programme in the world. The total number of SGHs linked with formal banking system was 16.18 lakhs as on 31st March 2005. The SHG bank linkage has benefited 242.5 lakhs families covering 1212.50 lakh poor people. The SHGs were provided bank loan to a tune of Rs 2994 crore during 2004-05 taking the cumulative figure up to March 2005 to Rs 6898 crore with refinance from NABARD.

The SHG-bank linkage programme has become an integral part of business for all the 127 public sector banks and 21 private sector banks. The state bank of India has the highest number of SGHs followed by Andhra Bank, Indian Bank and Canara Bank. Private sector banks, which supported SHGs by financing, were ICICI followed by ING-Vyasya Bank. Commercial banks are in the forefront in credit linking SHGs followed by RRBs and cooperatives.

State wise southern states viz Andhra Pradesh, Tamil Nadu, Karnataka had credit linked 49 percent of 539385 fresh SHGs at all India level during 2004-05. Around 90 percent of SHGs credit linked was exclusively women SHGs. The following table
provides the details of linkage programme during 2004-05 and cumulative position as on 31st March 2005.

Table 1.1 SHG-Credit Linkages

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cumulative 31-3-2004</th>
<th>During 2004-05</th>
<th>Cumulative 31-3-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of credit linked groups</td>
<td>1079091</td>
<td>2994</td>
<td>1618476</td>
</tr>
<tr>
<td>Bank loans (Rs in crore)</td>
<td>3904</td>
<td>969</td>
<td>6898</td>
</tr>
<tr>
<td>Re finance (Rs in crore)</td>
<td>2123</td>
<td>55507</td>
<td>3092</td>
</tr>
<tr>
<td>Average loan Per SHG (Rs)</td>
<td>361</td>
<td>80636</td>
<td>42620</td>
</tr>
<tr>
<td>Families covered in lakh</td>
<td>161864</td>
<td>242500</td>
<td>242500</td>
</tr>
<tr>
<td>No of poor people assisted</td>
<td>809.32</td>
<td>403.18</td>
<td>1212.500</td>
</tr>
</tbody>
</table>

Source: NABARD- SHG-Bank Linkage Programme-Karnataka 2004-05 PM

Self Help Group and Women Orientation

Women self help groups represent a form of intervention that is a radical departure from most current programmes. They are an effective strategy for poverty alleviation women development and social empowerment. They offer grass roots participatory implementation that is demand driven by beneficiaries who in other projects often find themselves recovering goods or services in a manner that is opaque and impersonal. Based on his study of women self help groups in Ranga Reddy district of Andhra Pradesh H D Dwarakanath (2002) has made the following observation.

1. Women SHGs have successfully demonstrated how to mobilize and manage thrift, appraise credit needs and enforce financial self-discipline.

2. The women SHGs have been effective with credit linkage programmes and awareness among the rural folk about the significance of women empowerment and rural credit.

3. The women SHGs have created attitudinal changes and transformed the social outlook of the members.
4. The women SHGs have emerged as a new paradigm for eradicating poverty.

5. The women SHGs have fulfilled the credit needs of rural women.

6. The women SHGs have enhanced the equality of status of women as participants’ decision makers and beneficiaries in the democratic economic social and cultural spheres of life and sensitized the women members to take active part in socio-economic progress of rural India.

Targeting women in SHG programmes has been very effective method of increased income accruing to the general welfare of the family and particularly of the children. Simultaneously women themselves benefit from the higher status they achieve when they are able to get new income.

The success of group approach in rural micro finance among women has inspired the tendency to look at all networking and essentially desirable in rural community development without acknowledging the entrenched caste class ethnic and religious hierarchies that lead to diversities among women.

Self help groups encourage women’s participation in irradication of social problems like dowry, violence against women child marriage and child labour. SHGs help women in social awareness, family welfare and health and encourage them to participate in democratic activities and panchayat system.

Scope and Need for the Research Study

Inaccessibility to formal finance and the seemingly extortionary terms of informal finance for the poor provided a strong need and ample space for innovative approaches to serve the financial needs of India’s rural poor. The decade has witnessed the emergence of many micro finance approaches pioneered by NGOs and now supported by the state to create links between banks, NGOs and self help group (SHGs). The SHG-bank linkage model has effectively targeted poorer segments of the rural population and helped to reduce the vulnerability of the clients. Surveys indicate that nearly 54% of SHG members are from the poorest groups comprising landless and marginal formers.
Access for poor households to loans under SHG-bank linkage has improved asset position, increased savings, shifted borrowing patterns and activities financed increased employment and consumption expenditure and had positive impact on income decreased poverty and had beneficial social impact.

The present study has covered different aspects of the socio-economic characteristic of the members of the SHGs covered by the study. A detailed analysis of the achievements of SHGs in social and economic aspects of the members has been made. However research study was considered relevant and expedient to focus on some of the problem areas in the achievements of socio-economic developments of the target sections involved in the SHGs in the study area. The major areas concerning the effective function of the SHGs related to i) the maintenance and promotion of high quality of governance and management structure ensuring adequate internal control and financial discipline. ii) evolving of enabling policy, legal and regulatory environment iii) clear targeting of clients. This is needed since a mission drift is a common fear as pressures mount to serve richer clients with larger amounts iv) appropriate products and services and v) to safeguard interests of poor members relating to their savings and the high interest charges on their loans from the SHGs. These aspects needed to be probed properly in this fast growing micro finance intermediaries like SHGs in the study area. Absence of adequate and comprehensive studies covering the performance and the impact of these groups (SHGs) in the study area led to the choice of this research study by the researcher.

Statement of the Problem

The study is focused on the performance of the selected self-help groups in the four districts of north Karnataka region. The performance of the SHGs is assessed in terms of the economic and social transformation of the status of members in the period after they involved themselves in the activities of the SHGs and availing the financial benefits from the SHGs and banks. Keeping in view the objectives and scope of the
study the research problem is stated as "A study on performance of women self help 
groups of northern Karnataka".

Objective of the Research Study

The study is conducted with the following objectives

1. To study the socio-economic characteristics of members of the self help group's 
   profile of the SHGs and the study area.

2. To identify the motivational factors of the members to form SHGs.

3. To examine the organizational structure, capital resources and loan financing of 
   members by the SHGs and its impact.

4. To analyze the production, marketing and social welfare activities of the SHGs 
   and to study the problems faced as a member of the SHG and by the SHG.

5. To evaluate the social, political, and economic impact of membership of SHGs on 
   the group members.

6. To assess the over all impact of SHGs on the socio-economic well being of 
   members.

Hypotheses

1. Social and economic impact of SHG activities has been limited and inadequate.

2. Purpose wise distribution of loan by SHGs to members is imbalanced.

3. Membership of SHGs has enabled the women members to face gender inequality 
   in the family.
Methodology and Research Design

The present study is based on empirical survey of the performance of SHG's by the economic and social conditions in Northern Karnataka (NK) viz., (i) Hyderabad Karnataka (ii) Bombay Karnataka. Samples are selected from both the parts by simple random sampling method.

Among the two parts

The study is an empirical survey of the selected self help groups (SHGs) and sample members of the SHGs in the four districts of north Karnataka viz Bidar, Dharawad, Gadag and Raichur.

Choice of the districts and Talukas

The choice of the four districts was made on the base of the two main regions of the north Karnataka – Bombay Karnataka and Hyderabad Karnataka. Bidar and Raichur districts belonged to Hyderabad Karnataka region. Dharawad and Gadag districts belonged to the Bombay Karnataka region. Bidar and Raichur districts are relatively backward while Dharawad and Gadag districts are economically forward districts.

Choice of the SHGs

A total number of 100 self help groups have been selected from the four districts with 25 SHGs from each district. The selection is based on convenience sample basis.

Choice of SHG members

The study covered a total number of 400 sample members of the 100 SHGs in the four districts. A total number of 100 SHG members have been selected from each of the 4 districts covered by the study.

Database is based both on primary and secondary sources. Primary data is collected from the respondent SHGs and from the respondant members of the selected SHGs. Personal inter views were held with the members and self help groups covered by the study. Information was based on the two types of questionnaires administered to
SHGs and the members separately. The two sets of questionnaires were finalized after a pilot study is selected places in the area. The questions are structured to obtain precise and relevant responses on the various aspects relating to the performance of the SHGs.

Secondary data has been obtained from the relevant publications of the government, NABARD and other authentic sources.

Data analysis

Data collected from the primary sources have been compiled and processed and the same have been presented in properly devised tables for proper analysis and interpretation.

Statistical tools like mean and standard deviation, percentages and other techniques like Chi square and ANOVA have been used for deriving precise inferences. Frequency tables have been used in some relevant contexts. Charts and graphical representations have been made in suitable contexts to highlight significant trends.
REVIEW OF LITERATURE

The concept of SHGs can be traced back to the Gandhian Grama Swaraj movement. SHG is mainly concerned with the poor and it is of the people, for the people and by the people. The origin of SHG in its present form can be claimed to be brain child of Gramina Bank of Bangladesh in the year 1975. The concept of SHGs for banking finance and developments was worked on the Reserve Bank of India from 1991 onwards; while National Bank of Agriculture and Rural Developments (NABARD) started promoting SHGs from 1992 onwards.

Reviews would help the researchers to organize the research on proper lines and bring about refinement in the study. The research work carried out in Karnataka and other states of India by various researchers as related to the problem under study has been reviewed here.

Rao (1994) defined SHG as a means of raising the claim making capacity of all the rural poor for reaching out to such agencies as they are willing to work with and which can provide them with additional production of resources. It also implies the development of their bargaining power to an extent that such agencies cannot culturally impose their conditions and regulations upon the rural poor as passive recipients.

Singh (1995) conceptualized SHG as an informal association of individuals which comes together voluntarily for promotion of economy and social objectives.

Dwaraki et al., (1996) described, a self help group as an unregistered body of people, preferably the disadvantaged who willingly contribute an agreed sum of money which would be lent at a price for a shorts period as fixed by the group itself.

Roul (1996) defined, SHGs, as a group where members come together with certain objectives to manage their own funds and affairs by themselves to achieve better control over their resources and to meet their credit needs.

Roul (1996) also defined SHG as an institutional framework for individuals or households who have agreed to co-operate on a continuing basis to pursue one or more objectives set by them.
Karmakar (1998) defined SHGs as an informal group of people where members pool their savings and re-lend within the group on informal basis.

Thomas (1998) defined SHG as a homogeneous group of rural poor voluntarily formed to save small amount out of their earnings which is convenient to all the members and agreed upon by all to form a common corpus fund for the group and to its members for meeting their productive and emergent credit needs.

NABARD (2002) defined SHG as a small economically homogeneous sand affinity group of rural poor, which voluntarily agrees to contribute to a common fund to be lent to its members as per group decision, which works for group solidarity, self and group awareness, social and economic empowerment in the way of democratic functioning.

Tandon (2001) defined SHG as a supportive, educational, usually change oriented, mutual aid group that address life problem or condition commonly shared by all members.

Sundram (2001) described a SHG as a voluntary group valuing personal interactions and mutual aid as a means of altering or ameliorating problems perceived as alterable, pressing and personal by most of its members.

Ganeshmurthy et al., (2004) conceptualized SHG as a voluntary association of the poor with a common goal of social and economic empowerment. The purpose behind the information of SHG may be to pool in the resource of members to meet their needs. Group should be homogeneous and democratically functioning. The habit of thrift and contributing to common funds mobilized to migrate the urgent needs of the members and ensuring prompt recovery are required for better functioning of SHGs.

Sinha (2004) defined SHG as a small voluntary association of poor people preferably from the same socio-economic background, which promotes small savings among its members, and they come together for the purpose of solving their common problems through self-help and mutual help.

Based on the above definitions, it can be concluded that SHGs are small homogeneous informal groups formed by rural poor to save small amount of money for
meeting resources for productive activities and also for emergent credit needs to promote better socio-economics status for its

Kumaran (1997) reported that mean age among the SHGs members varied from 22 to 41 years.

Snehalatha and Reddy (1997) conducted a study on 120 beneficiary women selected randomly from 12 thrift and credit groups in three districts of Andhra Pradesh and further reported that majority of them were middle age.

Rao and Padmaja (1998) observed that majority of the respondents belonged to the age group of 25-29 years.

Manimekalai and Rajeshwari (2001) found that maximum number of respondents belonged to younger age i.e., below 45 years.

Pappachen (2001) reported that majority of SHGs were middle aged (68.70%) followed by young (18.32%) and old age (12.98%), respectively.

Ganeshmurthy et al., (2004) found of younger age group was higher (48.98%) than that of the middle (40.82%) and old (10.20%) age grou

Kumaran (1997), Snehalatha and Reddy (1997), Prasad (1998), Pappachen (2001) reported that majority of the respondents were married.

Murgan and Dharmalingam (2000) observed that preference was given for widows, divorcees, deserted women and handicapped women.

Rao (2001) found that women involved in SHGs were either widowed or divorce

Kumaran (1997), Rao and Padmaja (1998) found that majority of the respondents were illiterates.

Gopalakrishnan (1998), Pappachen (2001) found that most of the members were illiterates followed by primary school, least percentage of them were educated up to middle school, high school and PUC, respectively.
Manimekalai and Rajeshwari (2001) conducted study in Tamil Nadu and found that most of them were educated up to secondary education (36.00%) followed by primary education (31.00%). About 27.00 per cent of them were illiterates.

Ganesh Murthy et al., (2004) carried out study in Suri yamalayam, Erode and found that majority of them completed the school education *53.06) and remaining 46.94 per cent of them were illiterates.


Manimekalai and Rajeswari (2001) reported that maximum number of them belonged to backward classes.

Pappachen (2001) observed that most of the members were Hindus (92.36%) followed by Muslims (6.87%) and Jains (0.76%), respectively.

Snehalatha and Reddy (1997), Prasad (1998), Pappachen (2001) reported that most of the respondents belonged to nuclear families.


Pappachen (2001) observed that majority of the respondents' belonged to large families with more than four members.

Ganesamurthy et al., (2004) reported that majority of them belonged to medium sized family (39.69%) followed by small sized family (34.69%)

Kumaran (1997) found that majority of them were collies and agricultural labourers (36.00%) followed by housewives (27.00%) and dairy (21.00%), least percentage of them were artisans (7.00%), petty shop owners (4.00%), housemaids and dhoti (2.00%) and tailors (1.00%).
Gopalakrishnan (1998), Prasad (1998), Nedumaran, Palanisami and Swaminathan (2001) reported that majority of the respondents belonged to agricultural labourers.

Puhazhendi and Jayaraman (1999) got similar results with agricultural labourers being the dominant section of 70 per cent followed by non farm activities (15%), rural artisans (9%), while 6 per cent were marginal farmers who were cultivators under rainfed conditions.

Dahiya Pandey and Karol (2001) noted that 42.00 per cent of the members were engaged in small trade and business followed by small and marginal farmers (33.70%).

Mishra, Verma et al., and Singh (2001) observed that most of them derived their income from agriculture, small business, labour, service and others.

Pappachen (2001) reported that majority of them were farm labourers (46.56%) followed by who derived their income from agriculture as well as labour.

Ganesamurthy et al., (2004) found that majority of the respondents were housewives (59.18%) followed by daily wages earners (38.78%) and remaining being tailors (2.04%).

Puhazhendi (2000) recorded that only 11 per cent of the members were landowners with two to four acres of dry land.

Pappachen (2001) found that vast majority of the respondents were landless (46.56%) followed by marginal farmers (25.95%) and medium small farmers (23.66%).

Kumaran (1997) observed that average family income per month among different groups varied from Rs.255 to Rs.890.

Prasad (1998) found that majority (60.00%) of them had per capital income ranging from Rs.500 to 1000 per month.

Puhazhendi and Jayaraman (1999) observed that the averages net income of the members of the SHGs.
Murgan and Dharmalingam (2000), Pappachen (2001) found that majority of the respondents were poverty line.

Puhazhendi (2000) noted that forty-nine per cent of the group members belonged to the poorest of the poor and 40 per cent were by poor.

Mishra, Verma and Singh (2001) observed that majority of the members of SHGs belonged to the income group of Rs.4001 - 8001, which indicated the income below poverty line.

Prathap et al., (2000) conducted a study in the MYRADA, Talavadi project, Erode district to study the factors influencing participation of the farmers in SHG. The findings revealed that majority of the farmers' preferred economic benefits, technical assistance from MYRADA and recognition for their groups as the most important factors, which influenced their participation. This might be due to the fact the government officials seldom visit these villages and people are interested in new things and they are happy to manage things by themselves bearing responsibilities.

SHG is a viable organised setup to disburse micro credit to rural women encouraging them to enter into entrepreneurial activities as women prove to be very good entrepreneurs. Women's economic independence is stressed upon as an essential component of empowerment. Jhabvala (1984) said that "An Indian Labour Organization found that men tend to spend 60 per cent of their income towards home and 40 per cent on themselves, whereas women spend 90 per cent of their income on family and only 10 per cent of her.

Hommes (1997) examined self-help groups in Vietnam and found duck breeding cattle and goats breeding or fruit crops rising as the common enterprises undertaken. The profits generating was recycled in to the group funds for building schools or sanitation stations.

Weaving bed mats using pendants leaves, manufacturing agarbathis under the trade name "Poicka Agarbathi", manufacture of school bags using hand machines, land
development under watershed programme, making umbrellas, compost making, mushroom production and milk testing are some of the activities taken up by SHG, member as commercial ventures. They even provided "Shramdan" to clear flooded village pathways (NABARD, 1997).

Rao and Padmaja (1998) reported that most of the women started self employment ventures like petty shop, canteens, tailoring units' milk business etc., from the loans taken from the groups and cent per cent of them are saving from their earnings.

Snehalatha and Reddy (1998) revealed that the income generating activities taken up by the women were dairy, forest nursery, sericulture, vegetable cultivation and petty business which were carried out as a group activity.

Prasad (2000) reported that in many villages' community issues like drinking water, roads electricity and health services were addressed by the women is groups. The women involved themselves in various activities like desilting of tanks and working towards child development in addition to income generating programmes.

The positive impact of employment generation on the group members who had undertaken income generating was observed in 45.00 per cent of the group members. The additional employment generated through SHG lending worked out to 172 man-days per member. Undertaking supplementary activities such as animal husbandry, poultry etc., and non-farm activities like petty ship, Kirani shop, flower vending, business, etc., provided employment to a greater extent. The annual employment available for the group members has increased by 85.00 per cent during the post group formation when compared to the pre group formation period Puhazhendi (2000).

Chandargi et al., (2004) conducted a case study in Mugad village of Dharwad district of Karnataka state on the performance of SHGs, the study revealed that the women are under took pottery, dairy, basket making as group enterprises. The profit
earned from such enterprises was further invested on more appropriate, viable income
generating activities form greater economic stability.

Purkayastha (2004) reported that the income generating activities taken up by the
women were weaving, handicrafts, knitting, agro service centres, poultry and piggery
etc., which was carried out as group activity as well as individual activity and they
earned 1000 per month.

Snehalatha (1998) listed out the problems faced by group members as selling the
produce without assured market outlets, lack of co-operation and team work among
members, non availability of sufficient matching grant in time, in effective group
leadership, lack of training in group formation, unequal work delegation, mismanagement
of accounts, discontinuance of internal lending. The problems perceived by group leaders were;
lack of time to perform home, farm and group activities, no reimbursement of money spent
for group purposes, explaining accounts to illiterate members, resolving group conflicts,
explaining accounts to illiterate members, resolving group conflicts, misunderstanding of
group members that leaders benefit more and there are no economic incentives for being a
group leader.

The problems faced by officials involved in SHG formation were; heavy
workload, political interference in beneficiary identification, illiteracy of group members
lack of communication networks, difficulty in resolving group conflicts, inculcating
thrift behaviour without economic incentives.

Awasthi et al., (2001) reported that major constraints faced by SHG members
were lacks of motivation, backward and forward linkages, inadequacy of infrastructure
insufficient loan, inadequate provision for marketing and availability of inputs, lack of
systematic monitoring and follow-up of the activities, etc.

Mishra et al., (2001) identified the major problems and constraints faced by the
group members in Faizabad district of eastern Uttar Pradesh. Five rural SHGs out of 25
functioning in Amaniganj block of the district were randomly selected. The data were
collected during 2001 by personal interview. The five SHGs composed of 57 members were classified according to the caste composition of the members. The results revealed that major problems faced by the members of SHGs were lack of training, credit and marketing facilities, entrepreneurship, social evils and high rate of interest.

Pappachen (2001) carried out a study in Dharwad districts to know the constraints faced by the SHGs. The results revealed that there were number of constraints faced by the members among which misunderstanding among SHG members was the major constraints faced by majority of the members and 41 per cent of the members faced difficulties in diversification of activities or in starting new activities. Functional or operational difficulties like lack of space for storage and frequent power cuts were reported by 28 per cent of the members. Promoters of SHGs faced a number of problems such as opposition from their husband misunderstanding, lack of trust, castism and opposition from rich politicians or many leaders as reported by the maximum of SHG members.

Naik (2003) suggested the problem faced by SHG members were family discouragement, social barriers, caste and religion, lack of self confidence and risk bearing capacity, psychological factors, lack of practical knowledge problem of finance and marketing, problems of middle men and lack of information.

Sharada et al., (2002) conducted a study of identify the constraints perceived by the rural women in self help groups. The findings of the study revealed that majority of the respondents expressed the problem of lack of training or education and lack of freedom to take decision. The least percentage of respondents expressed the problem of lack of child care facilities, responsibility of performing legitimate household activities, which were also the personally expressed by rural women.

In a study conducted by Pratap et al., (2000) on the members of credit management groups, majority of them (67.80%)s suggested that sincere efforts by the NGOs was necessary for maintenance of unity among members. More than half the respondents suggested more financial assistance from the NGO. One-fifth of them
suggested taking up community action programmes while 19.00 per cent demanded more benefits for members, 15.60 per cent suggested timely loan repayment and lastly, 5.20 per cent asked for linkages with banks and government agencies.

Rao and Padmaja (1998) reported that the SHG members placed forth suggestions with included that they should undergo some vocational training to utilize the money in proper way and also that NGO run by women should come forward to help them start new business like photo lamination, peppier mache, sericulture, basket weaving and typing.

The main factors responsible for the active functioning of SHGs were solidarity and cohesiveness, which were attained due to the homorganic nature of the group.

Kumaran (1997) indicated that out of 21 SHGs 19 were represented by active groups, one was passive and one was dissolved. The main factors responsible for the active functioning of SHGs were solidarity and cohesiveness, which were attained due to the homorganic nature of the group.

Puhazhendi (2000) revealed that 61.00 per cent of the groups could be rated as good performers and 29.00 per cent was average performers while the remaining 10.00 per cent fall under the category of poor performers.

Namboodri and Shiyani (2001) examined the characteristics coverage and financial depending of SHGs formed by Panchamahal Vadodara Gramina Bank (PVGB) in Gujarat as a self help promoting Institution as well as those promoted by NGOs in the area of operation. The study revealed that SHGs that were promoted by the NGOs had a better saving performance (Rs.8, 289) compared to that of SHPI (Rs. 5,102) intern of amount saved per SHG. Credit saving ratio of the SHGs promoted by SHPI and NGOs were 3.67 and 1.27, respectively. The repayment performance of SHGs promoted by SHPI was superior to that of NGOs.

Raveendran et al., (2002) conducted study to evaluate the performance of informal groups promoted by NGOs in Tamil Nadu and Kerala both in terms of
leadership abilities of rural women and savings. Two NGOs, one (Preshita Service Society) from Coimbatore district of Tamil Nadu and another (Attapady Social Service Organization) from Palakkadu district of Kerala were selected randomly. 60 SHGs from each NGO were selected by using random sampling method. The results revealed that there existed significant reduction in the annual savings in groups in Tamil Nadu, which was less by Rs.3185.24 per group compared to Kerala. Variation in annual loan disbursement, age of the group and average annual savings per member caused this reduction.

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 pressure in repayment, skill training, capacity building and empowerment.

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

Das S. (2003) has defined SHG as a tool to remove poverty and improve 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 sections of the society.

V.Darling Selvi (2005) The author has brought out some significant features 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 member 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 the author has found as an exception that three of the SHGs have taken up dairy, preparation of leaf plates and preparation of home made products as income generating activities.

Tripathy (2004) has mentioned in his study that the SHGs formed and developed under various programmes provide a great opportunity for convergences 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 wealth traditional and modem agricultural practices, micro credit, veterinary practices water resource management Panchayat Raj and other relevant issues that may be applicable to the area concerned.

Stephen (2005) has expressed the view that the concepts of micro financing through SHGs have 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.
Francis Sinha (2005) has observed in his study that the performance of SHG model of micro finance 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 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 undertake 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 I: 4 deposit loan 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) 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 Dishas 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 overcoming them. Several SHGs have reached a stage when women are borrowing money to start successful small scale business ventures.

Tara S Nair (2005) 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 cumulative disbursement of bank loans to SHGs stood at Rs.2049 crore as on March 31, 2003 with an average loan of Rs.28559 per SHG and Rs.1766 per family (RBI-2003). As on march 2002, SHG advances formed only 0.15 percent of outstanding priority sector loans and 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 SHG system itself. Further the 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 mentioned 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 micro finance 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 (1998) has examined the details of formation of SHGs and their different phases. 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.

K.V. Naik. (2004) has affirmed that Self Help Group has proved to be a major tool for women empowerment and Nagesh SHG is the best example. The study has
covered the SHG at Nagesh in Dhonsi Goa 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 is running Anganawadi 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 real tool of women empowerment. It encourages women entrepreneurship and builds self confidence among the women members in the community.

Rimjhim Mousumi Das (2004) has observed that micro finance through SHGs has now become a modern economic 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 and 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.

Ojha (2001) 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. He 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.

Mahendra Varman P. (2005) 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 largest productive activities, empower the poor women, decrease the dependence on exploitative local money lenders and increase savings. He 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. Kushawaha and A.K Srivastava (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 study also 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 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 who were not members.
Rao (2002) has observed that the origin of SHGs could be traced to mutual aid in Indian village community. He tries to distinguish SHGs from cooperatives by stating that cooperatives are formal bodies whereas 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 author study covered 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 farm operations, spread of literacy awareness about aids, dowry, nutrition sanitation etc.

Dwarakanath (2002) has revealed from the study that Self Help Groups movement in Rangareddy 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 decision 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 (2003) have provided a comprehensive presentation of the different dimensions of Self Help Groups viz 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 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(1999) has suggested that the Government should devise the next stage of reforms by considering measures enunciated in the principle of institutional economics by integrating by informal sector and changing internal procedures to suit local environment. This policy has to be devised after studying the transaction cost of borrowing for the SHGs and the poor social and economic impact on SHG movement, risk of funds and guarantee of repayment etc are the other aspects which needs to be studied.

Manimekalai(1999) conducted a study on the role of Self Help Groups- SEWAI 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.

He has concluded that women in rural areas are really longing for supplementary income and the intervention through microcredit 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 SEWAI the education of children has been better cared of, Labour household acquire some land and cultivate on their own. Expenditure on food and non food has increased. Women beneficiary households are able to manage the budget without deficit.

The authors have referred to some key areas of weaknesses of SHGs undermining their sustainability 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 from the status quo but there is need support in several areas. 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 intermediate's instead they have emerged into a more political and social unit of society.

Bandhyopadhyay et al (2002) 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.

Srinivas Rao (2007) 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 minimize 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 households 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 (2000) 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 to positive features.

Archana Sinha (2004) 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 increase 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 unorganized individuals without security or collateral. The author has cited the success stories of in neighbouring countries like Grameen Bank in Bangladesh, Bank Rakiat in Indonesia and Commercial Industrial Bank in Philippines 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) has traced the evolution of the present level of functioning of self Help Group as under;

At the first level households use microfinance to meet ‘survival’ requirements where small savings and loans serve as buffer in the event of an emergency or to smooth consumption or even service previous debt to give itself more liquidity during lean times.
At the second level 'sustainance' needs are met 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 sells. 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 needed to be clear about the legal status of Self Help Groups. At the moment they are not registered as any form of organization.
- 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 organizational 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.

Shreeranjan (2006) has indicated some factors impending the promotion and linkage of SHGs to the banks.

- Concept of promotion, development, 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 of co-ordination among various agencies involved in promotion of SHGs.

Surakanthi (2000) has found from her survey of 120 SHGs in Dindigul district of Tamil Nadu that 95per cent of the members and five per cent of the office bearers were illiterate as they were not from the economically affluent families. Further in 50per 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 (2001 ) has brought out the significant fact that with cove rage of two thirds of SHG credit linkages, the linkage programme was predominant in the Andhra Pradesh, Tamil Nadu, Karnatak and Uttar Pradesh States of India. Further the programme was concentrated in Andhra Pradesh where 40per 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.

Puhazhendhi (2000) 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 issues 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 Veerabhadraiah. S (1996) 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 organizing 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 leader, 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 minimize the major role they have played (or have the potential to play) in empowerment of poor and marginalised sectors.

Aloysins P Fernandez (2007) 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 marginalized sector. 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) has maintained that Self Help Groups (SHGs) are major sources of finance for the poor. These SHGs says the author is refinanced by banks or institutions like NABARD, SIDBI etc. 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 ANONYMOUS, 1975, World Conference of the United Nations, the Decade for the Women, Nairobi, Kenya. taxation which trigger the transformation of SHGs into MFOs.