CHAPTER – II

2.1 INTRODUCTION

This chapter presents a review of literature pertaining to the works of various researchers in the area of Self Help Group (SHG). The reviews are arranged in three parts, Literature on funding agencies, Literature on women empowerment and Literature on income generation.

2.2 LITERATURE RELATING TO FUNDING AGENCIES

Pitt and Khandkar (1995)\(^1\) have analysed the impact of a group-based lending programme for the poor on household behaviour in Bangladesh in their study “Gramma Bank, Bangladesh Rural Advancement Committee RD12”. They found that credit has a significant impact on boys’ schooling but not on girls’ schooling; that credit to women increases woman labour supply; and that credit increases women’s non-land assets and it increases expenditure on food and non-food items. This study highlighted the impact of credit on boys’ schooling and expenditure on food and non-food items.

A study by Puhazendhi, V. (1995)\(^2\) entitled “Transaction Costs of Lending to the Rural Poor Non-Governmental Organisation and Self-help Groups of the Poor as Intermediaries for Banks in India” was carried out. This study has estimated the average transaction cost of lending for the banks per account at 3.68 per cent of the loan amount, if the loan was given directly to the borrower. The inter-mediation of the NGOs and SHGs helped the banks to reduce this transaction cost to an extent ranging between 21 and 41 per cent.

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\(^2\) V. Puhazhendhi, “Transaction Costs of Lending to the Rural Poor Non-Governmental Organisation and Self-help Groups of the Poor as Intermediaries for Banks in India”, \textit{Foundation for Development Co-operation}, Brisbane, Australia, 1995.
The dynamic nature of reduction in transaction costs, because of intermediation, effected a downward shift of the marginal cost curve. This was possible due to the active role played by NGOs and SHGs in the identification of borrowers, the follow up for ensuring the end use of the loans and its recovery. This resulted in significant reduction in time spent by the bank staff on these functions. Among the different models of linkage, the most cost-effective transaction was the instance where banks used SHGs as financial intermediaries. Similarly, the intermediation of NGOs and SHGs contributed to reducing the transaction cost of borrowers by about 85 per cent mainly due to the elimination of expenditure on documentation procedures. Such procedures are not only cumbersome but also time-consuming and costly. The intermediation by the NGOs resulted in a reduction in opportunity cost to the borrowers in terms of the number of visits and the time spent on the bank premises in negotiating the loans. The intermediation of NGOs and SHGs also proved useful in recovery rates.

The study conducted by Brenda Sinnott(1996)\textsuperscript{3} entitled “The Success or otherwise of Rural Financial Mobilisation in Less Developed Countries: Effectiveness of Savings Clubs, Zimbabwe in addressing the Development Needs of the Poor” established that an effective method of mobilisation of savings in rural areas in less developed countries is through small self-sustaining groups based at the grass-root level.

Mehrotra, C.K. (1997)\textsuperscript{4} has made a comparative study of the State Bank’s performance with self-help groups. In his view, the State Bank of India’s financing scheme for self-help groups have been quite encouraging. The branch officials themselves encouraged the poor to form self-help groups

\textsuperscript{3} Brenda Sennott, “The Success or otherwise of Rural Financial Mobilisation in Less Developed Countries: Effectiveness of Savings Clubs, Kapane Ward, Matebeland North, Zimbabwe in Addressing the Development Needs of the Poor”, 1996.

in a number of centres. They also utilised the services of Non-Governmental Organisations for the very same purpose. He pointed out that with the help of the reputed Non-Governmental Organisations in States like Tamil Nadu, Kerala, Karnataka and Andhra Pradesh, good progress had been made possible by the State Bank in the Self-Help Groups schemes. He stated that the self-help groups have promptly repaid 80 per cent to 90 per cent of the finance given to small-scale units by the branches. To sum up, the author stressed that the self-help group is a good concept and every effort should be made to ensure its success. He also stated that self-help groups may eventually be the only viable units of source on account of low transaction cost, high percentage of recovery and mobilisation of rural savings through the informal system.

Karmakar, K.G. (1997) studied the performance of the credit linkage of all the Self-help groups, Non-Governmental Organisations and Banks in Orissa up to March 1995. Eight Non-Governmental Organisations, 11 banks and 14 self-help groups were taken as sample for the study from the entire state in the year 1996. Structured questionnaires were used to collect data besides a field study consisting of interviews and through non-participated observations at all self-help group levels. One of the findings showed that a few non-governmental organisations started ‘savings and credit programmes’ to the marine fishing folk through the self-help groups. For lending, they relied mostly on mobilisation of savings. Since the amount of saving is very small, the credit from the savings to the community was not at all adequate to meet their requirements, particularly for assets. Loans were provided for growing crops, blacksmith’s work, making of hill brooms, trading and business. Repayment was 100 per cent among the woman self-help groups. The choice of the members of the self-help group was limited to a few activities only because the amount of micro-credit available was small in the initial years of the linkage programme.

Raman, N. P.Y. (2000)\(^6\) shared his research experience of the Primary Agricultural Co-operative Society of Kerala with self-help groups. His study showed that though both the groups availed of the loan for the same purpose, the recovery of loans from the self-help groups was 95 per cent to 100 per cent while it was 60 per cent to 70 per cent from the members of the Primary Agricultural Co-operative Society. The reason cited was that the members of the self-help group were to pay only a 4.5 per cent rate of interest against the usual 9.5 per cent interest after deducting the State Government incentive of 5 per cent. The low rate of interest and the government incentive made a large difference between the income and profitability of members covered under self-help groups and the others not covered by the self-help groups. The sample study showed that only 10 per cent of the members of the Primary Agricultural Co-operative Society had been brought under the concept of self-help groups. Even among these, only 60-70 per cent were actually benefited by the scheme and the rest were cultivators of crops other than food-grains, fruits and vegetables. He proved in his study that the self-help group concept had not only apparently reduced the poverty but also yielded encouraging results. The self-help group concept had created further a positive impact on the functional efficiency of the Primary Agricultural Co-operative Society as well, he stated.

Nanda, Y. C. (1999)\(^7\) studied the role of linking banks, self-help groups and non-governmental organisations in India. He observed that the model non-governmental organisations which act as facilitators continued to be the most popular, since 42 per cent of the self-help groups were linked with banks by these non-governmental organisations. The analysis insisted further on the need for adopting different strategies and approaches in different regions in


India. The strategy for the southern regions should be the consolidation and deepening of the programme and nurturing of emerging self-help group federations. For Eastern, Western and Northern regions it should be the expansion of the SHG programme through identifying and supporting new non-governmental organizations.

Gurumoorthy, T.R. (2002)\(^8\) studied the micro-credit funding agencies and the amount sanctioned by them. Out of the 27,000 self-help groups in Tamil Nadu, 5,400 were linked with banks and the banks advanced credit to them to the extent of Rs.9 crores. In his view, Self-help groups have the power to create a socio-economic revolution in the rural areas of the country. In his opinion, members of self-help groups must be prepared to undertake entrepreneurial activities at a smaller level with minimum capital requirements.

Gupta and Davalos (1993)\(^9\) in their study “Micro-enterprise Development Project” have attempted to evaluate the impact of micro-enterprise loans on enterprises and poverty alleviation in Jamaica. In this study they have surveyed 25 assisted firms. This study primarily concentrates on economic issues.

Churchill (1995)\(^{10}\) undertook a study entitled “Get Ahead Foundation Programme” to assess the impact of micro-enterprise credit on small scale enterprises in South Africa with respect to the living conditions of entrepreneurs and their families and on benefits to the next generation. He pointed out that micro-credit has a positive impact on the monthly profit but it has a little impact on job creation.

In the study entitled “The Gwinea Rural Enterprise Development Project”, Creevey, Ndour and Thiam (1995)\(^{11}\) have analysed the impact of

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enterprise providing micro-credit on participants, enterprise performance, individual income and family well-being. They have come to the following conclusions:

a) Micro-credit has a positive impact on enterprise income for repeat borrowers but no impact on assets and employment.

b) At the household level, there is no overall impact on the household assets except on running water in houses and no impact on children’s education. This study has established that micro-credit has created a positive impact on enterprise income.

In the dissertation entitled “Borrower Transaction Cost Credit rationing and segmented market: A Study in the rural credit market in Vietnam”, Dat Tram has analysed the role of borrower transaction costs in a credit rationing mechanism, and in the segmentation of the rural credit market. He concludes that the two factors, that is, regulated lending interest rate and the asymmetric information problem, were the causes of high borrower transaction costs of formal credit rationing and segmentation of rural credit market.

Nagayya, D. (2000), in his paper “Micro-finance for Self-help Groups”, has reviewed the initiatives taken at the national level with a few institutional arrangements to support this programme for alleviation of poverty among the poor, with special focus on women.

Sundari, S. and Geetha, N. (2000) examined the gender disparity in access to institutional credit. In their opinion, the disparity was gradually narrowing down over a period of time. Hence, the empowerment of poor rural women would be possible only if they were trained and imparted skills for a certain employment. According to them, skill training included enterprise

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development, increased access to credit, new approach to markets and social, economic and political strategies and the like.

Karmakar, K.G. (2000)\textsuperscript{15} examined the existing credit delivery system in India with special reference to the credit needs of the rural poor. He studied the importance of the micro-credit needs for tribal women in rural areas and the micro-enterprises in the non-farm sector in Orissa. The study focused on the availability, credit requirements and the problems faced by the tribal people in availing of it. It was felt that the setting up of micro-enterprises particularly in the non-farm sector would go a long way in reducing poverty in rural areas. According to him, the micro-credit approach through self-help group would be the only best mechanism to deliver credit to the rural poor.

Banumathy, S. (2005)\textsuperscript{16} has explained in her article “Self Help Groups and Bank and Bank linkages” that the role played by SHGs, promoted NABARD to venture linkage of SHG with banks in February, 1992. She has also stated that RBI has advised banks to initiate action for adopting SHG village programmes as apart of their corporate strategy.

Kalavathi, M.S. and V. Leela (2008)\textsuperscript{17} have carried out a study on "Micro Credit in Villupuram District". They analysed the impact of micro credit on poverty by using tools such as Gini co-efficient and Sen Index and stated that the intensity of poverty is lesser for micro credit programme participants than that of the controlled groups.


2.3 LITERATURE RELATING TO WOMEN EMPOWERMENT

Montgomery, Bhattacharya and Hulme (1996)\textsuperscript{18} in their study on “Government Thana Resource Development and Employment Programme (TRDEP)” have analysed the impact of the credit programme on income, productivity and poverty in Bangladesh. They found that significant change in household income led to a decrease in the percentage of expenditure on food, and that the better off among the poor benefitted more from credit. To use credit effectively, the household had to reach a minimum economic level.

Qasi, M. (1997)\textsuperscript{19} made an attempt to study the reason for the linkage of members of self-help groups in rural development. According to his findings, a common bond like caste, sub-caste, blood, community, and place of origin or activity linked the members of self-help groups. He stated that woman self-help groups were more effective than those of others and they had more chances for survival. Although social homogeneity was used in establishing these groups, the real objective was for economic factors, the author stated. The author further insisted that while providing support to self-help groups it was necessary to keep in mind the sentiments and emotional values of rural women. The support provided must be sensitive to their feelings, appropriate and timely.

Sengupta, N. (1998)\textsuperscript{20} identified the different forms of community organisations which involve people’s participation and the role played by them for the empowerment of these organisations. He also discussed social leaning as an empowerment strategy for increasing the participation of people at the

\textsuperscript{18} Montgomery Bhattacharya and Hulme, “Government Thana Resource Development and Employment Program (TRDEP)”, 1996.


grass-root level. Further, he gave the project design for people’s participation at the grass-root level. According to him, social awareness among the group members has to be created first and then they could move towards economic empowerment. The researcher felt that to ensure the development of skills and consciousness for sustainability of any activity in the long run social and psychological empowerment was a must.

Puhazenthi, V. and Jayaraman, P. C. (1999) undertook a study on women’s participation and employment generation among the rural poor through informal groups in MYRADA (Mysore Resettlement and Area Development Agency). Primary data were collected from 25 randomly selected credit management groups promoted by the Mysore Resettlement and Area Development Agency. The project areas were Chitradama District in Karnataka and Periyar District in Tamil Nadu. The analysis of the groups in different stages of development showed that the share of loan for ‘non-productive’ purposes was reduced from 76 per cent in new groups to 43 per cent in the stabilized groups. But the share of loan for ‘productive’ purposes had increased from 24 per cent in new groups to 57 per cent in stabilized groups. Forty three per cent of the households stated an increase in the net income of about 0.57 times during the groups’ post formation stage. The additional employment generated through informal group lending worked out to 172 days per member. The negative factors, which deterred the performance of the groups were found to be lack of effective leadership, less involvement of non-governmental organisations and consumption-oriented loans.

A study entitled “The Impact of Zaimbuko’s Micro-Enterprise Programme in Zimbabwe: Baseline Findings” (1999), conducted by Carolyn


Barnes and Ericak Cogh, to identify the impact of participation in the Zambuko programme upon clients and their households highlighted that there is great scope for ‘capturing’ the clients’ ability to save if the legal issues can be resolved. The reality of hungry seasons and periodic shortages of working capital are responsible for their poverty, which could be addressed with savings and/or insurance products. Easier access to group funds could help women overcome periodic crisis and might prevent some exits.

Mohanan, S. (2000)\(^{23}\) in his paper “Micro-credit and empowerment of women: Role of NGOs” discussed the relevance of micro-credit to women and their empowerment, considering the historical perspective of the involvement of women in the thrift and credit activity and the role of NGOs in the sphere of micro-credit. The rich experience of NGOs in the sphere of credit union and their gross-root level involvement with the poor and their problems is a potential factor that affirms their elevated role in the sphere of micro-credit. The specific task and role of NGOs in the sphere of micro-credit can be summarised as the formation of self-help groups, nurturing of self-help groups, facilitation role, mobilising resources and formation of people’s organizations.

Jaya Anand\(^ {24}\), in his study entitled “Micro-finance in Kerala”, studied the Community Development Society model in 1993 for the emancipation of the poor women of Alappuzha in Kerala State. It is evident from this survey that those members who had some unit activity earlier could use the micro-credit effectively for expansion/modification and they reaped the maximum benefit. In some cases, the failure of group activity led to a financial crisis and imbalance for all the members, while it is not complex in individual activities. It was observed that a few women dominated the group.


Sharma, H. C. (2000)\textsuperscript{25} studied the role of self-help groups in the development of the tribal people. According to him, self-help groups had a flexibility of approach and working but they had failed to develop a work culture, which was acknowledged by the tribals themselves. He is of the opinion that better coordination is required from the voluntary agencies and the government departments for its better performance.

Lakshmikandan, K. R. (2000)\textsuperscript{26} in his study titled “Life of Rural Poor with Reference to Philibhit District in the Northern part of Uttar Pradesh” stated that most of the membership of the self-help groups consisted of small landholders and agricultural labourers. Out of the 74 self-help groups studied, 57 were women groups and 17 were men groups. The strength varied from ten to twenty and weighed heavily towards the larger figure. The SRESOC organised self-help groups in that district. Among all the self-help groups, only 11 were sanctioned loans successfully from the lead bank of the district, the Bank of Baroda and the amount of varied from Rs.20,000/- to Rs.30,000/-. He is of the opinion that facilities for entrepreneurial development were available within the group only at the micro level when compared to the large basic functions like market study, providing resources, general production management and marketing management.

Suriakanthi, A. (2000)\textsuperscript{27} analysed the need for literacy of the self-help group members. A random survey of 120 groups showed that nearly 95 per cent of the members and 75 per cent of the office bearers were illiterate. The female office-bearers managed to carry on the activities with the help of their husbands and educated wards. They used to narrate the incidents that happened in the meetings to their husband/ward and the report was prepared by

them. Mostly accounts were maintained by non-members. The survey taken among fifty per cent of the groups showed that only literate members prepared the minutes and accounts on behalf of the office-bearers who were illiterate. It was found that ten per cent of the illiterate members did not even know the amount saved by them. He strongly insisted on the necessity of imparting basic education to all members in self-help groups.

Velu Suresh Kumar, (2005) has mentioned in his article “Women Empowerment - Success through Self Help Groups” that apart from financial aspects, it also becomes a platform for exchanging ideas regarding prevention of AIDS, dowry, nutrition, marital laws, literacy, sanitation, children rearing etc. He has also pointed out that leadership qualities developed through SHG meetings. About 2500 women became presidents, members of panchayats and local bodies in the state.

Kala, G.S. (2004) has mentioned in her article “Economic Empowerment of Women through SHGs” that amongst all the states in India, Tamil Nadu has the fourth highest percentage of female – headed households in the country. The Tamil Nadu Women Development Project (TNWDP) took up for implementation under the name “Mahalir Thittam” and covered about 10 lakhs poor women of the State in the year 1997-98. Women SHGs' share was 78 percent in March, 1998. She has also stated that men SHGs accounted for 40 percent more in only six States viz., Karnataka, Gujarat, Rajasthan, Haryana, Madhya Pradesh and Meghalaya.

Alagappan, V. (2007) made “Transaction cost analysis in micro-credit”, by studying the cost involved and profitability to banks in lending SHGs and the cost involved to the SHGs as borrowers. The data relating to the transaction cost in respect of lenders (Banks) were collected from 25 branches

consisting of 20 branches of commercial banks, one regional rural bank and 4 co-operative bank branches. He collected data from 203 branches of commercial banks, 3 branches of regional rural banks, 39 branches of cooperative banks, in Madurai district through a detailed questionnaire. The data relating to the number of staff, leave taken, working hours, and working days in the year, time taken for various lending functions and the like were collected from each branch and it was found that the average number of staff in a branch was 16, number of working days was 297 days, average leave taken by each staff was 15 days and 8 hours working for a day. Average loan amount to SHGs under Mahalir Thittam was Rs. 50,382. The result of the study says that (1) when NABARD refinance at 100% of the SHG loan amount was availed from banks at 7% interest rate, (2) when no refinance was availed by the banks the following conclusions emerge (a) the Transaction cost per account per SHG loan and per Rs.100 of SHG loan gets unaffected, (b) the net return to the banks raises to 11.5 percent when refinance facility was availed by the bank from NABARD as compared with 8.5 percent of net return when the facility was not availed.

Aliyar, M. (2006)31 in his study on “Decision –making Empowerment – the needy change” has made an earnest attempt to measure the decision making capacity of SHG member in Madurai district. The decision making empowerment levels of the respondents were divided in to three categories namely low, medium and high. On the basis of the following Average plus standard deviation is treated as high level, average minus standard deviation is treated as low level, and Average is treated as medium level of decision

making. Chi-square was applied to find out the association between the socio-economic and demographic variables and decision-making empowerment.

2.4 LITERATURE RELATING TO INCOME GENERATION

Mishra et al. (2001)\textsuperscript{32} made an attempt to study the size and composition character of rural SHG’s to examine their functions and its impact of generation of income and employment, to identify the major constraints, problem of the groups and to suggest measures to overcome these problems and concluded that the SHG’s have helped to increase the income of their members by 10 to 15 percent. Repayment performance was reported to be good and the major problem faced by the members of the SHG’s were lack of training, credit, and marketing facilities, social evils and high rate of interest.

Athavale et al. (2001)\textsuperscript{33} in their work on “Working of Self Help Groups and Their Success Story in Hoshangeabad District of Madhya Pradesh”, analyzed the working of Self Help Groups in the village Daudi Junkar of Hoshangeabad district, the study pointed out that the repayment of loan from members was 100 percent and the members used the amount borrowed for the purchase of fishnets and boats and for agriculture. They concluded that the scheme would help the villagers and stop their migration to other places in search of wage labour.


Awarthi et al. (2001)\textsuperscript{34} in their study on “working and impact of Self Groups on Economic Status of women in Watershed area of Madhya Pradesh” examined the impact of Self Help Groups on socioeconomic status of rural women in watershed area. Four women Self Help Groups were selected from Karonid Mills Watershed area of Katni district. The study revealed that after the formation of Self Help Groups women took up savings and credit activities and participated in the development process, which are important for the upgradation of their socio-economic status. The women Self Help Group members had started income generation activities, viz, mahua collection, mushroom production, papad making etc. the authors concluded that the Self Help Groups have made a positive impact in creating leadership, improving literacy, consciousness about health, hygiene and skill formation among group members. And they also suggested that there was a need to evaluate the Self Help Groups annually to assess their progress with respect to income and employment generation.

Gaonkar (2001)\textsuperscript{35} studies the working and impact of Self Help Groups in Bardez and Bicholim Taluks of Goa. The finding of this study revealed that the individual loans were mostly used for productive purpose and the rate of recovery was cent per cent. It was found that the quality of life of members of the Self Help Groups has improved in terms of increase in family income, increase in savings, increase in consumption expenditure, gaining self confidence, productive use of free time, getting more importance in family. The study concluded that the movement of Self Help Groups could significantly contribute towards the reduction of poverty and unemployment in the rural sector of the economy.


Bharat doogra, (2002)\textsuperscript{36} has presented in his article “Women Self Help Groups” that almost all these women are from poor families, mostly from dalits and backward classes. In their meetings several existing problems of villages and ways of overcoming them are also discussed. It is important for the long term successes of Self Help Groups that loans should be returned promptly.

Prasant Sarangi, (2003)\textsuperscript{37} has mentioned in his article “Self Help Groups “ that the Self Help Groups in our country have become a source of inspiration for women welfare. He has also highlighted that now-a-days, formation of SHG is a viable organized set up to disburse micro credit to the rural women and to encourage them to enter into entrepreneurial activities.

Tripatty, K.K. (2004)\textsuperscript{38} has presented in his article “Self Help Groups” that necessary training could be provided to the Self Help Groups members to create awareness of community health, traditional and modern agricultural practices, micro – credit, veterinary practices and water resources management. Panchyat Raj and other relevant issues may be applicable to the area concerned. He has also provided that with appropriate mechanisms, various Ministries / Departments / Organization can look towards the SHGs for targeting their programmes which ultimately would help in improving the quality of life in rural areas.

Krishnamurthy, S. (2004)\textsuperscript{39} in his thesis “Sustainability of SHG an Analysis – Rural Entrepreneurship” has made an attempt to assess the attitude of SHG members towards their SHG’s and concluded that it is the duty of the promoting agency i.e. NGO’s and the Government to assess the attitude of SHG members in regular basis. The success of any SHG depends on the active participation of all members.

Shelik Mohamed, M. (2004)\textsuperscript{40} has mentioned in his article “Self Help Groups for the Success of Women Entrepreneurs”, that women are contributing significantly to modern business and commercial world in their own way. Working women can be classified into different categories like women entrepreneurs, highly qualified professionals, employees in the organized private and public sectors and women workers in unorganized sector. He has also explained that transforming the prevailing social discrimination against women must become the top priority and must happen concurrently with increased direct action to rapidly improve the social and economic status of women.

Ganesan, G, (2005)\textsuperscript{41} has focused in his article “Rural Transformation Through Self Help Groups (SHG)” that SHG have limited capital and consist of self employed individuals, who lack advanced skills or technology and poor ability to corner the market and that all the work that they have started are eco-friendly and would not affect the environment.

Abdul Raheem (2005)\textsuperscript{42} in his article “Women’s Self Help Groups for Alleviating Poverty” has indicated 3 selected models; first one is CDF model (Co-Operative Development Foundation), the second one is DWCRA model (Development of Women and Children in Rural Areas, and the third one is SAPAP model (South Asia Poverty Alleviation Program). He has also expressed that these models are rooted in three premises viz, lack of access to credit at favourable terms and conditions that result in perpetuation of poverty. Social capital contributes to poverty alleviation; and women’s empowerment reduces general and gender poverty. He has also mentioned that the women SHGs are promoted as basic entities under all the models.


Rein Dekker (2001)\textsuperscript{43} in his study "Transaction for the cash economy: the design, description and analysis of a micro finance programme in indigenous San communities in Western Botswana" explores whether a culturally sensitive and participatory development programme in the form of micro credit and savings can contribute to the increase of individual and community assets as well as to improve the ability of San participants to handle the demand of cash economy, thereby increasing their social and economic self-sufficiency.

Sebastian Titus, A.P. (2002)\textsuperscript{44} examined the promotion of women entrepreneurs through self-help groups. According to him the women entrepreneurs who had started small enterprises expanded them into large-scale units. Self-help groups had made readymade garments and exported them. A woman self-help group in Dindigul District ran a unit providing agro-services with a total turnover of Rs.12 lakhs or more per annum. But most of the other self-help groups were not able to reach up to the expectations. Some of the reasons cited were non-availability of funds for investment, dearth of technical and managerial skills, inability to manage the labour force, dual role burden, lack of professionalism and gender bias and the like.

Chiranjeevulu, T. (2003)\textsuperscript{45} studied the micro enterprises started by self-help groups in Warangal district (Andhra Pradesh). The micro-enterprises belong to chilly processing units. Srujana Mahilabhiridhi Upadi Mutually Aided Co-operative Society was formed with a membership of 514 women. Each group raised a share capital of Rs.15, 000. The group members belonged to backward classes, scheduled castes and scheduled tribes. The researcher

\textsuperscript{43} Rein Dekker, “Transition to the Cash Economy: the Design, Description and Analysis of a Micro-finance Programme in Indigenous San Communities in Western Botswana”, 2001, University of South Africa.


states that the conversion of consumption based self-help groups into entrepreneurship-oriented self-help groups led to employment generation and empowerment of women.

In the study entitled “A Study on Women Self-Help Groups in Andhra Pradesh”, by Rao R.M. Mohana(2000)\(^46\) concluded that SHGs showed a positive impact on the members’ households in respect of building of self-confidence and social development skill and social empowerment of members.

Ritu, J., Kushawaha, R. K. and Srivastava, A. K. (2003)\(^47\) examined the functioning of self-help groups in Kanpur Dehat District. Twenty five women of self-help groups were selected as sample for the study. Ten members from each self-help group and ten non-members from the same village were selected as respondents, to study the impact of the self-help groups on their socio-economic status. The results showed that there is relationship between the self-help groups and the socio-economic status of women.

Stephanie Janet (2001)\(^48\) studied ‘Microfinance: Its impact on children and women’. This study explores the type of impact that microfinance has on women and children, more specifically on women empowerment, health, nutrition, children’s education, child labour and additional income spent on children’s food, education and health.

Mahab Sen (2000)\(^49\) has attempted a study to find out the development of SHGs promoted by Sreema Mahila Samity and its impact on women members. It was a study of 10 SHGs selected in Nadia district on a random sampling technique in July 1999. The study included focus group discussion


\(^48\) Stephanie Janet, “Micro-finance: Its Impacts on Children and Women.

with the members of SHGs in separate sessions followed by interview of 100
members through structured schedule. The findings of the study revealed that
the individual loans were mostly used for productive purposes, the rate of
recovery was very high compared to the rate of recovery of the change in the
quality of life of the poor people. The study also revealed that other than
economic activities the groups worked towards primary education, basic health
care of family, safe drinking water and environment protection. The study
concluded that group cohesion, group action, need –based credit, timely
repayments are essential elements for sustainability of the groups.

Puhazhendi and Saryasai (2000)\textsuperscript{50} in their study, which covers sample
of 560 SHG members from 220 SHG’ s spread over 11 states in India has,
found that there have been perceptible changes in the living standards of the
SHG members in terms of assets, increase in savings and borrowing capacity,
income generating activity and income levels. One of the major findings of the
study is that 70 per cent of the loans taken in the post SHG situation were for
income generating purpose.

Rajasekar (2000)\textsuperscript{51} makes the conclusion, on the basis of the study
related to two NGO’s in Kerala, that there is a perfect correlation between the
period of stay of the members in SHG’s and the amount of savings. Almost all
the members reported to have borrowed at least once. In case of those who
borrowed more than two times, the loan amount kept increasing with each loan.
The analysis showed that more than 40 per cent of the loans were taken for
income generating activities.

Anjugam et.al. (2001)\textsuperscript{52} in their study on “Impact of Micro Finance
through Self Help Groups”, a case study examined the economic, social, and

\textsuperscript{50} V. Puhazhendi and K.Js. Sayasai, "Micro-finance for Poor – An Impact Evaluation", NABARD,
\textsuperscript{51} D. Rajesakar, Micro Finance Programme and Womens Empowerment, A Study of two NGOs in
\textsuperscript{52} M. Anjugam and T. Alagumani, "Impact of Micro Finance Self Help Groups – A Case Study",
institutional impact of micro finance through Self Help Groups in Kodikulam village, Madurai district. The study revealed that the Self Help Group helped them to use the loan properly. It has increased the decision making skill. The study indicated that when the group formation was correct, then definitely there would be positive impact on all aspects.

Sharma (2001)\(^{53}\) opined that micro financing through SHG is significantly contributing to the development of the rural poor in terms of increase in income levels, assets, savings, borrowing capacity and income generating assets.

Mosley (2001)\(^{54}\) assessed the impact of Micro finance on poverty through sample survey of four micro finance intermediaries using a range of poverty concepts, income assets, and various measures of vulnerability, and concluded that it had a positive impact on income and asset levels.

Mohandas (2002)\(^{55}\) came to the conclusion that the finance system linked with SHG has a lot of untapped to be designed as an effective poverty eradication programme. If appropriate support services, infrastructure and promotional facilities are provided it can improve. In the absence of strong forward and backward linkages and other essential infrastructural, organizational and managerial support, it is not possible to transform micro finance into a meaningful poverty alleviation and income generating programme.


Jerinabi, V, (2003)\textsuperscript{56}, in her work “A study on Micro credit Management by Women’s Self Help Groups “has analyzed the impact of micro credit on SHG members in improving their economic status in Coimbatore district of Tamil Nadu.

Rimjhim Mousumi Das, (2004)\textsuperscript{57} in his article “Micro Finance through SHGs” has explained 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. He has also revealed that micro finance not only deals with the credit part but also deals with the savings and insurance part. The most successful region for micro finance is the southern part of India.

A study on “Economic Empowerment of Women – Need of the Hour” was done by Banumathy, S. and K. Niveda (2005)\textsuperscript{58} with the objectives of analyzing the reasons for women joining the SHGs in Virudhunagar and the socio-economic status of women before and after joining the Self Help groups. The study was based on the primary data collected from 60 groups constituting 10 per cent of 600 groups functioning in Virudhunagar under different NGOs. According to the study the main reasons for women joining SHGs are to get loan, start a business and to get empowered. The respondents mainly get loan to educate their children and start business. The author had found out that SHGs have not only raised the socio-economic status of women member but also self-confidence and leadership qualities among women.

2.5 SUMMARY

The studies reviewed here on the aspect of funding agencies, women empowerment and income generation have shown the absence of research in the area of income generation potential of women self-help groups in the district of Madurai. Hence the researcher aims to carry out this study so as to bring into light various potential areas of income generation activities for women.