CHAPTER III

LINKAGE OF THE COMPONENTS OF ECONOMIC EMPOWERMENT OF WOMEN

This chapter attempts to focus on the linkage of the components of economic empowerment of women viz., Micro Finance, Self Help Groups, Micro Enterprises and Women Economic Empowerment.

3.1. MICRO FINANCE

Micro financing is the buzz word among both Government and Non-Government Organizations in promoting micro entrepreneurial activities through Self-Help Groups in both rural and urban areas. There are various forms of micro financing. The previously state implemented schemes such as IRDP, DWACRA, and TRYSEM etc were all such schemes. However, since 1990s a shift really occurred in almost all the developing countries of the world, particularly after the success of Grameen Bank model of micro credit in Bangladesh and these approaches were followed for women empowerment in general and women entrepreneurship in particular.

Khandkar (2000) and Lathif (2001) in their studies have revealed that increased availability of micro-credit to the rural poor through SHGs will enable rural households to take up larger productive activities that empowered the poor women, and reduced the dependence on exploitative local money lenders and increase savings. Khandhar (2000) while estimating the impact of micro finance on savings and borrowings. It was found that micro-credit not only increases involuntary savings, but also induces voluntary savings.
Micro-credit programmes have proved successful in lifting people out of poverty and also bringing empowerment among various stakeholders particularly women. Accumulated evidence from different studies on the higher repayment performance has led to the introduction of many programmes targeting women. It was underlined by Linda Mayoux (1991) that increasing women’s access to microfinance will initiate a series of ‘virtuous spirals’ of economic empowerment, increase the well being of women and their families. Thus it pave the way for wider social and political empowerment of women.

A Brief History of Microfinance in India

The post-nationalization period in the banking sector, (Circa 1969), witnessed a substantial amount of resources being earmarked towards meeting the credit needs of the poor. There were several objectives behind the bank nationalization strategy including expanding the outreach of financial services to neglected sectors (Singh, 2005). As a result of this strategy, the banking network underwent an expansion phase without comparables in the world. Credit came to be recognized as a remedy for many of the ills of the poverty. There spawned several pro-poor financial services, supported by both the State and Central Governments, which included credit packages and programs customized to the perceived needs of the poor.

While the objectives were laudable and substantial progress was achieved through credit flow to the poor and especially to poor women, remained at low. This led to initiatives that were institution driven that attempted to converge the existing strengths of rural banking infrastructure and leverage this to better serve the poor. The pioneering efforts at this were made by National Bank for Agriculture and Rural
Development (NABARD), which was given the tasks of framing appropriate policy for rural credit, provision of technical assistance backed liquidity support to banks, supervision of rural credit institutions and other development initiatives.

In the early 1980s, the Government of India launched the Integrated Rural Development Programme (IRDP), a large poverty alleviation credit program, which provided government subsidized credit through banks to the poor. It was aimed that the poor would be able to use the inexpensive credit to finance themselves over the poverty line.

Also during this time, NABARD conducted a series of research studies independently and in association with MYRADA, a leading Non-Governmental Organization (NGO) from Southern India, which showed that despite having a wide network of rural bank branches servicing the rural poor, a very large number of the poorest of the poor continued to remain outside the fold of the formal banking system. These studies also showed that the existing banking policies, systems and procedures, and deposit and loan products were perhaps not well suited to meet the most immediate needs of the poor. It also appeared that what the poor really needed was better access to these services and products, rather than cheap subsidized credit. Against this background, a need was felt for alternative policies, systems and procedures, savings and loan products, other complementary services, and new delivery mechanisms, which would fulfill the requirements of the poorest, especially of the women members of such households. The emphasis therefore was on improving the access of the poor to microfinance rather than just micro-credit.
In answer to the need for microfinance from the poor, the past 25 years has seen a variety of microfinance programs promoted by the government and NGOs. Some of these programs have failed and the experiences learnt from them have been used to develop more effective ways of providing financial services. These programs vary from regional rural banks with a social mandate to MFIs. In 1999, the Government of India merged various credit programs together, refined them and launched a new programme called Swaranjayanti Gram Swarojgar Yojana (SGSY). The mandate of SGSY is to continue to provide subsidized credit to the poor through the banking sector to generate self-employment through a Self-Help Group approach and the program has grown to an enormous size.

MFIs have also become popular throughout India as one form of financial intermediary to the poor. MFIs exist in many forms including co-operatives, Grameen-like initiatives and private sector MFIs. Thrift co-operatives have formed organically and have also been promoted by regional state organizations like the Co-operative Development Foundation (CDF) in Andhra Pradesh. The Grameen-like initiatives following a business model like the Grameen Bank. Private Sector MFIs include NGOs that act as financial services providers for the poor and include other support services but are not technically a bank as they do not take deposits.

Recently, microfinance has garnered significant worldwide attention as being a successful tool in poverty reduction. In 2005, the Government of India introduced significant measures in the annual budget affecting MFIs. Specifically, it mentioned that MFIs would be eligible for external commercial borrowings which would allow MFIs and private
banks to do business thereby increasing the capacity of MFIs. Also, the budget talked about plans to introduce a microfinance act that would provide some regulations on the sector.

It is clear from the previous that the objectives of the bank sector nationalization strategy have resulted into several offshoots, some of which have succeeded and some have failed. Today, Self-Help Groups and MFIs are the two dominant form of microfinance in India.

**Progress of Microfinance in India**

Microfinance sector has covered a long journey from micro savings to micro credit and then to micro enterprises and now entered the field of micro insurance, micro remittance, micro pension and micro livelihood. This gradual and evolutionary growth process has given a great boost to the rural poor in India to reach reasonable economic, social and cultural empowerment, leading to better life of participating households. Financial institutions in the country have been playing a leading role in the microfinance programme for nearly two decades now. They have joined hands proactively with informal delivery channels to give microfinance sector the necessary momentum. During the current year too, microfinance has registered an impressive expansion at the grass root level.

The banks operating, presently, in the formal financial system comprise of Public Sector Commercial Banks (27), Private Sector Commercial Banks (28), Regional Rural Banks (86), State Co-operative Banks (31) and District Central Co-operative Banks (371).
Different Models of Microfinance

For the year 2008-2009, the data have been presented under two models of microfinance involving credit linkage with banks:

i) SHG – Bank Linkage Model: This model involves the SHGs financed directly by the Banks, viz., Commercial Banks (Public Sector and Private Sector), Regional Rural Banks (RRBs) and Cooperative Banks.

ii) MFI – Bank Linkage Model: This model covers financing of Micro Finance Institutions (MFIs) by banking agencies for on-lending to SHGs and other small borrowers covered under microfinance sector.

The overall progress under these two models is given in Table 3.1 as under:
Table 3.1. Overall progress Under Microfinance During 2006-07, 2007-08 and 2008-09 (Rs. in crores)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Amount</td>
<td>No. of SHGs</td>
<td>Amount</td>
<td>No. of SHGs</td>
</tr>
<tr>
<td><strong>A  SHG – Bank Linkage Model</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings of SHGs with Banks as on 31st March</td>
<td>Total SHGs</td>
<td>4160584</td>
<td>3512.71</td>
<td>5009794</td>
<td>3785.39</td>
</tr>
<tr>
<td></td>
<td>Out of which SGSY</td>
<td>956317</td>
<td>757.50</td>
<td>1203070</td>
<td>809.51</td>
</tr>
<tr>
<td>Bank loans disbursed to SHGs during the year</td>
<td>Total SHGs</td>
<td>1105749</td>
<td>6570.39</td>
<td>1227770</td>
<td>8849.26</td>
</tr>
<tr>
<td></td>
<td>Out of which SGSY</td>
<td>188962</td>
<td>1411.02</td>
<td>246649</td>
<td>1857.74</td>
</tr>
<tr>
<td>Bank loans outstanding with SHGs as on 31 March</td>
<td>Total SHG</td>
<td>2894505</td>
<td>12366.49</td>
<td>3625941</td>
<td>16999.91</td>
</tr>
<tr>
<td></td>
<td>Out of which SGSY</td>
<td>687212</td>
<td>3273.03</td>
<td>916978</td>
<td>4816.87</td>
</tr>
<tr>
<td><strong>B  MFI – Bank Linkage Model</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Loans disbursed to MFIs during the year</td>
<td></td>
<td>334</td>
<td>1151.56</td>
<td>518</td>
<td>1970.15</td>
</tr>
<tr>
<td>Bank Loans outstanding with MFIs as on 31st March</td>
<td></td>
<td>550</td>
<td>1584.48</td>
<td>1109</td>
<td>2748.84</td>
</tr>
</tbody>
</table>

Note: Actual number of MFIs provided with Bank loans would be less as several MFIs have availed loans from more than one Bank.

Source: Status of Microfinance in India - 2008-09 published by NABARD (Website: www.nabard.org)
Coverage of Women SHGs

The details of total number of women SHGs saving linked, credit linked and loans outstanding for the two years are given in table as under:

Table 3.2. Position of Women SHGs (Rupees in crores)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year</th>
<th>Total SHGs</th>
<th>Exclusive Women SHGs</th>
<th>%age of women SHGs to total SHGs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No.</td>
<td>Amount</td>
<td>No.</td>
</tr>
<tr>
<td>Saving linked SHGs</td>
<td>2007-08</td>
<td>5009794</td>
<td>3785.39</td>
<td>3986093</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>6121147</td>
<td>5545.62</td>
<td>4863921</td>
</tr>
<tr>
<td>Loans disbursed</td>
<td>2007-08</td>
<td>1227770</td>
<td>8849.26</td>
<td>1040996</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>1609586</td>
<td>12253.51</td>
<td>1374579</td>
</tr>
<tr>
<td>Loans outstanding</td>
<td>31.03.2008</td>
<td>3625941</td>
<td>16999.91</td>
<td>2917259</td>
</tr>
<tr>
<td></td>
<td>31.03.2009</td>
<td>4224338</td>
<td>22679.84</td>
<td>3277355</td>
</tr>
</tbody>
</table>

Source: Status of Micro finance in India - 2008-09 published by NABARD (Website: www.nabard.org)

It may be seen that the total saving linked and credit linked SHGs, exclusive women SHGs saving linked and credit linked with banks were 79.5% and 85.4%, respectively. Further, the percentage of loans outstanding of exclusive women SHGs to total SHGs which was 78.45% as on 31st March 2008 had increased to 81.93% as on 31st March 2009.

3.2. SELF HELP GROUPS

One of the powerful approaches to women empowerment and rural entrepreneurship is the formation of Self Help Groups (SHGs) especially among women. This strategy had fetched noticeable results not only in India and Bangladesh but world over. Women Self-Help Groups are increasingly being used as tool for various developmental interventions.
Credit and its delivery through Self-Help Groups have also been taken as a means for empowerment of rural women.

A Self Help Group (SHG) is a small body formed by the people for meeting their specific objectives particularly credit. Self Help Groups which are otherwise known as thrift & credit groups are most informal-groups constituted mainly for economic and social development of the rural poor in general and women in particular. In a Self Help Group, members join voluntarily. They have a common perception or need and impulse towards collective action for a common cause. The most common need of these groups relate to meeting their emergent economic needs without depending on any help from outside. The Members of the SHGs collect savings and lend among the members of the group on rotational or need basis. In other words the prime objective of the SHGs is to inculcate the habit of thrift, savings and banking culture i.e., borrowing and repaying the loan over a given period of time and in due course availing the economic prosperity through credit. Those groups generate a common fund out of small savings ranging from Rs.20/- to Rs.150/- regularly by curtailing all unproductive expenditure. Recently the internal savings generated by these groups got supplemented by the other financial Institutions. Thus a Women Self Help Group has been observed as an effective means of ensuring easy access of credit to the poor vulnerable and unprivileged women folk of the state. The SHG provide loan on the basis of combined wisdom and mutual trust and their lending procedure is very simple & flexible. The interest rates charged vary from purpose to purpose and also depend upon the collective decision of the Group. The underlying principles of the SHGs relate to financing poorest of the poor, ensuring excellent recovery and empowering women by meeting their consumption and production credit
needs. The consumption loans cover subsistence needs, health care, social and religious ceremonies etc. The production loans are usually given for the purchase of agricultural inputs, small investments on poultry, sheep, petty shops, purchase of milk animals, rearing of silk worm etc. The credit needs of the members are generally discussed and properly assessed on periodic monthly meetings. Further, the SHGs are also helping in Inculcating good habits and ethics among the members.

Self-Help Groups broadly go through three stages of evolution comprising of

1) Group formation (formation, development and strengthening of groups to evolve into self-managed people’s organizations at grassroots level),

2) Capital formation through the revolving fund, skill development (managerial skills for management of their organizations as well as the activity)

3) Taking up economic activity for income generation.

According to a survey conducted by Centre for Bharatiya Marketing Development (CBMD), the highest numbers of SHGs are found in the southern states. On an average southern state constitutes 65% SHGs, eastern 13%, central 11%, northern 5% and western 6% at the national scene. Andhra Pradesh, followed by Tamil Nadu, has the highest number of women SHGs working independently and setting up a micro enterprise, which helps in income generation.

**Working Pattern of the SHGs**

The Self Help Groups usually meet the credit requirements of the needy members by pooling deposits among themselves. Apart from this
the internal fund of the SHGs is supplemented by the commercial banks, Regional Rural Banks, Co-operatives and NGOs, due to the NABARD’s sub line efforts. The SHGs not only provide credit for consumption and production purpose but also for subsistence needs. They also assess the individual credit needs of their members and submit to the Banks for sanction of collective loans in its name. The repayment of Bank Loans is collectively ensured by the SHGs. Further the entire loan amount disbursed to SHGs is refinanced by NABARD to the financing Bank. Further the NGOs also help the SHGs in procuring raw-materials and also marketing the product.

**Objectives of Self-Help Groups**

The SHG comprise very poor people who do not have access to formal financial institutions. They act as the forum for the members to provide space and support to each other. It also enables the members to learn how to incorporate and work in a group environment. The SHGs provide savings mechanism, which suit the needs of the members. It also provides a cost effective delivery mechanism for small credit to its members. The SHGs significantly contribute to empowerment of poor women. They are

- To focus on empowerment of women
- To build capacity of women and enable them to participate in the main stream of activities
- To promote entrepreneurship among women.
- To identify trades and industries, which can be taken up by women, and giving them training in the chosen fields.
- To undertake marketing activities for products manufactured by women and women organizations.
• To develop skills and facilitate credit linkages for eventual economic empowerment.

Focus on Women Empowerment

Today, women SHGs in India have been recognized as an effective strategy for the empowerment of women specifically in rural area, bringing women together from all spheres of life to fight for their rights or a cause. Since the overall empowerment of women is crucially dependent on economic empowerment, women through these SHGs work on a range of issues such as health, nutrition, education, agriculture, forestry etc. besides income generation activities and seeking micro credit.

In addition to economic empowerment, SHGs are extending the basic literacy skill, rights of women, group dynamics, leadership training, health training, legal training with special emphasis on legal rights, accounts training and vocational skill.

Of late, particularly in the decade of the 1990s it has become the official policy of the Central Government to promote SHGs by the provision of funds under various central schemes for skill training, technology transfer, provision of inputs, training in entrepreneurship and enterprise management, and micro credit. The Swarna Jayanti Rojgar Yojana scheme for instance provides funds to the state governments for the SHGs.

The NABARD, which initiated this policy, has now over 16 lakhs such groups all over the country. Many of these SHGs have also helped women by giving opportunities to raise resources, credit and savings and get relief from the money lenders.
Celebrations for Women

- Women’s Day  March 8
- Women’s Week  March 1
- Women’s Year  1975
- Women’s Decade  1975-1985
- National Policy on Women Empowerment  2001

Constitutional Rights of Women

The Legislative measures include:

- The Hindu Marriage Act  1955
- The Hindu Succession Act  1956
- Dowry Prohibition Act  1961
- Medical Termination of Pregnancy Act  1971
- Equal remuneration Act  1976
- Child Marriage Restraint Act  1976
- Immoral Trafficking (Prevention) Act  1986
- Pre-natal Diagnostic Technique (Regulation and Prevention of Measure) Act  1994

Government has introduced many welfare measures to empower women against the violence and abuse.

- Training for Employment Programme  1987
- Mahila Samridhi Yojana  1993
- Rashtria Mahila Kosh  1993
- Indira Mahila Yojana  1995
- DWACRA Plan  1997
- Balika Samridhi Yojana  1997
- Mahila Samridhi Yojana  2001
- Swyam Siddha – Self Help Group  2001
• Mahila Indira Yojana Merged
• A separate department of women, children at the centre 1985
• National Commission on Women 1992
• Convention of elimination of all forms of discrimination against women (CEDAW) 1993

Policies for Economic Empowerment of Women

1. Support to Training and Employment Programme (STEP)
2. Training cum production Centers (NoRAD)
3. Rashtriya Mahila Kask (RMK)
4. India Mahila Yojana (IMY)
5. National Commission for Women (NCW)
6. National Policy for Empowerment of Women
7. Parliamentary Committee for Empowerment of Women
8. Rural Women’s Development and Empowerment Project (RWDEP)

Features of Self Help Groups

• Self-Help builds on the participant’s own innate resources
• The starting point for self-help is the participants who acknowledged common problems.
• The size of the SHG can vary from group to group depending on the context. Though homogenous, democratic and accountable groups are better sustained.
• The goals of the SHG need to be clear and arise out of the aspirations of its members and should be known to all members.
• An external facilitator may facilitate the formation and activation of the group, but its members control the group.
• Intra-group conflicts may reduce the cohesion of the group, resulting in its dissolution.
• The groups usually create a common fund by contributing their small savings on a regular basis.
• Most of the groups by themselves, or with the help of NGOs, evolve flexible systems of working and managing their pooled resources in a democratic way, with participation for every member in decision-making.
• The group considers request for loans in their periodic meetings and competing claims on limited resources are settled by the consensus.

Swarnjayanthi Gram Swarojgar Yojana (SGSY) and Self Help Groups (SHGs)

Swarnjayanthi Gram Swarojgar Yojana scheme is a holistic approach towards poverty eradication in rural India through creation of self-employment opportunities to the rural Swarozgaries. This scheme is implemented in the country through District Rural Development Agencies. The Centre and State fund this program in the ratio of 75:25. It is designed to help poor rural families cross the poverty line. This is achieved through providing income generating assets and inputs to the target groups through a package of assistance consisting of subsidy and bank loan.

Objectives of SGSY

SGSY came into existence in 1999-2000 duly merging the schemes of Integrated Rural Development Program (IRDP), Training for Rural Youth under Self Employment (TRYSEM), Development of Women & Children in Rural Areas (DWCRA), supply of Improved Toolkits to Rural
Artisans (SITRA), Ganga Kalyan Yojana (GKY) and Million Well Schemes (MWS).

The scheme aims to bring every assisted poor family above the poverty line by ensuring appreciably sustainable level of income over a period of time. This objective is to be achieved by organizing the rural poor into Self Help Groups (SHGs) through the process of social mobilization, their training and capacity building and provision of income generating assets.

1. Training
2. Infrastructure
3. Revolving fund to SHGs
4. Subsidy for Economic Activity.

However, based on the local requirement, the expenditure on different components of Training and Capacity Building, Revolving fund and subsidy for Economic Activity may have to be prioritized.

**Training**

10% of the total SGSY outlay will be earmarked for trainings. Common strategy for institutional building, livelihood support and marketing support for strengthening of the SHGs will be followed in all the Mandals.

**Infrastructure**

20% of the total annual allocation may be utilized for providing infrastructure facilities. The District SGSY committee reviews the infrastructure gaps and identifies the areas of intervention for financing projects in activity clusters. This fund is to be utilized primarily to bridge small gaps in infrastructure which can make the program implementation
more effective and not for creation of non-existing infrastructure. Additionally, the following items of expenditure can be met from infrastructure fund:

1. Premium for insurance and risk fund to cooperatives could also be met from this head.
2. Commissioning studies for the purpose of local resources and skill based integrated projects, for the SGSY subject to a maximum of Rs.50,000/- per annum per District.
3. Organizing Fairs, Exhibitions and participation of Swarozgaries in fairs and exhibitions may be met from the funds available under the SGSY infrastructure component.

**Revolving Fund to SHGs**

Subsidy equal to the group corpus within the range of Rs.5,000/- to Rs.10,000/- may be released towards “Revolving Fund” to SHG after it passes successfully the first grading. The banks are to extend credit in multiples of group corpus, which can go up to 4 times. However, if it is found that the group is utilizing the revolving fund successfully and is not ready for a big loan yet, then the group could be considered for sanction of further doses of subsidy fund up to a maximum of Rs.20,000/- (inclusive of previous doses.)

If a group is having a corpus of less than Rs.5,000/- and has successfully passed 1st grading it may be considered for sanctioning a minimum of Rs.5,000/- linked with bank credit towards revolving fund assistance without waiting till such time that the group collects a corpus of Rs.5,000/-.
Subsidy for Economic Activity and Selection Criteria

The SGSY beneficiaries (Swarozgaries) either individual or groups are identified from the people among the “Below Poverty Line” list of families. Poorest of the Poor are given preference. DRDA releases the subsidy as per the rates given below for the eligible individuals and SHG groups and recommends the applications to banks concerned for sanction of loan.

<table>
<thead>
<tr>
<th>Description</th>
<th>Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% of the project cost subject to maximum of Rs.7500/-</td>
<td>Uniform to all</td>
</tr>
<tr>
<td>50% of the project cost maximum Rs.10,000/-</td>
<td>SC/ST and Disabled persons</td>
</tr>
<tr>
<td>50% of the project cost subject a per capita subsidy of Rs.10,000/- or Rs.1,25,000/- whichever is less</td>
<td>Group of Swarojgaries (SHGs)</td>
</tr>
</tbody>
</table>

Mandal SGSY committee identifies the villages for implementation of the program. The selected villages are intimated to the sarpanches concerned. According to the identified key activities, the beneficiaries are selected from among the BPL list in Grama Sabha in which Mandal Parishad Development Officer, Banker and Sarpanch participate.

The applications of these beneficiaries are sent by the MPDO duly signed by Banker to the DRDA. The DRDA Mahalir Thittam after verification sanctions eligible subsidy and recommends the applications to the banks for sanction of loan for the economic activity.

Safe Guards

<table>
<thead>
<tr>
<th>Category</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC/STs</td>
<td>50% coverage</td>
</tr>
<tr>
<td>Disabled</td>
<td>3% coverage</td>
</tr>
<tr>
<td>Women</td>
<td>40% coverage</td>
</tr>
</tbody>
</table>
Formation of Self-Help Groups

SHG is a group of rural poor who have volunteered to organize themselves into a group for eradication of poverty of the members. They agree to save regularly and convert their savings into a common fund. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management.

The group formation will keep in view the following broad guidelines while SHGs formed under SGSY:

(i) A SHG may consist of 10 to 20 persons except in case of minor irrigation, and in case of disabled persons, this number may be a minimum of five (5).

(ii) All members of the group should belong to families below poverty line. The group shall not consist of more than one member from the same family. A person should not be a member of more than one group.

(iii) The group should devise a code of conduct to bind itself. This should be in the form of regular meetings (weekly or fortnightly), functioning in a democratic manner allowing free exchange of view, participation by the members in the decision making process.

(iv) The group should be able to draw up an agenda for each meeting and take up discussions as per agenda.

(v) The members should build their corpus fund through regular savings. The members themselves should decide the quantum of savings. The group able to collect the minimum voluntary saving amount from all the members regularly. The savings so collected will be the group corpus fund.
(vi) The group corpus fund should be used to advance loans to the members. The members in the group should develop financial management norms covering the loans sanction procedure, repayment schedule and interest rates, through participatory approach.

(vii) The group should be able to prioritize the loan applications, fix repayment schedules, fix appropriate rate of interest for the loan advance and closely monitor the repayment of the loan installments from the borrowers.

(viii) The group should operate a group account so as to deposit the balance amounts left with the groups after disbursing loans to its members.

(ix) The group should maintain simple basic records, such as Minute Book, Attendance Register, Loan Ledger, General Ledger, Cash Book, Bank Pass Book and Individual Pass Book.

As per the guidelines 50% of the SHGs formed in each block should be exclusively for women. Such groups, by and large, are informal but they can register themselves under the Societies Registration Act, State Cooperative Act or as a partnership firm. Social mobilization and community organization is a process oriented approach as different from target oriented approach. The members of the SHGs should fully internalize the concept of self-help. There are a number of SHGs formed by NABARD, other banks, by the Rastriya Mahila Kosh etc., in the first year of implementation of SGSY, where such groups exist, the DRDAs should put in concerted efforts to strengthen these groups and then take steps to form new groups. The experience across the country has shown that group formation and development is not a spontaneous process, so an
external facilitator working closely with the communities at grassroots level can play a critical role in the formation of group and its development process. The facilitator may be an official or a NGO (Non-Governmental Organization). The provision for such facilitator is good step forward to make the scheme successful. (R.K. Sahoo, S.N. Tripathy, 2006)

**Grading of the SHGs: First Stage**

The formation stage generally lasts six months. It is necessary to subject each SHG to test whether it has evolved into a good group and is ready to go into the next stage evolution. This is done through a grading exercise. This is a test to know the weaknesses of the group and how to overcome such deficiencies. A suitable agency to be identified for grading of groups based on criteria to assess SHG-Wise ‘weak’ and ‘strength’ and strategies to overcome its deficiencies. The mode of grading process provides an opportunity for the members to assess their own performance through a participatory approach and the investigator assumes the role of a facilitator to the process. The objective of the SHG in the first six months is to evolve as a viable group. Grading exercise should be undertaken until the group pursue with bankers for securing linkage with such SHGs that are rated as “GOOD”.
Table 3.3. Credit Rating and Linkage Progress from All Sources – upto 30.09.2008 (Rupees in lakhs)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Districts</th>
<th>No. of SHG</th>
<th>No. of SHG more than 6 months</th>
<th>No. of SHGs sent for credit rating</th>
<th>No. of Groups credit rated</th>
<th>Total No. of SHGs credit linked</th>
<th>Total amount of loan disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Chennai</td>
<td>16327</td>
<td>15893</td>
<td>14496</td>
<td>13743</td>
<td>12068</td>
<td>4535.44</td>
</tr>
<tr>
<td>02</td>
<td>Coimbatore</td>
<td>19306</td>
<td>17967</td>
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<td>13613</td>
<td>8113.177</td>
</tr>
<tr>
<td>07</td>
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<td>20551</td>
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<td>19682</td>
<td>19553</td>
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<td>09</td>
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<td>7611</td>
<td>5905</td>
<td>5432.67</td>
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<td>Krishnagiri</td>
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<td>6215</td>
<td>5380</td>
<td>12855.1</td>
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<td>11</td>
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<td>9736</td>
<td>9677</td>
<td>8121</td>
<td>5492.54</td>
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<td>12</td>
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<td>11390</td>
<td>11285</td>
<td>11262</td>
<td>10962</td>
<td>10567</td>
<td>6482.26</td>
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<td>8746</td>
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<td>6239</td>
<td>6042</td>
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<td>8082</td>
<td>8020</td>
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<td>8970</td>
<td>8810</td>
<td>8743</td>
<td>8419</td>
<td>7082.87</td>
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<td>8156</td>
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<td>7754</td>
<td>7724</td>
<td>7724</td>
<td>12599.73</td>
</tr>
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<td>18</td>
<td>Salem</td>
<td>15592</td>
<td>14960</td>
<td>14938</td>
<td>14918</td>
<td>9647</td>
<td>8711.00</td>
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<td>19</td>
<td>Sivagangai</td>
<td>8760</td>
<td>8604</td>
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<td>8496</td>
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<td>20</td>
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<td>14069</td>
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<td>24</td>
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<td>11128</td>
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<td>Tiruvur</td>
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</tr>
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<td>11493</td>
<td>11430</td>
<td>11376</td>
<td>11099</td>
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<td>28</td>
<td>Vellore</td>
<td>12503</td>
<td>10976</td>
<td>10462</td>
<td>10271</td>
<td>10058</td>
<td>5037.82</td>
</tr>
<tr>
<td>29</td>
<td>Villupuram</td>
<td>15248</td>
<td>14454</td>
<td>13395</td>
<td>13183</td>
<td>10747</td>
<td>12730.09</td>
</tr>
<tr>
<td>30</td>
<td>Virudunagar</td>
<td>9687</td>
<td>9142</td>
<td>9142</td>
<td>9106</td>
<td>9057</td>
<td>8780.45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>364783</strong></td>
<td><strong>338209</strong></td>
<td><strong>329146</strong></td>
<td><strong>324623</strong></td>
<td><strong>301496</strong></td>
<td><strong>252054.987</strong></td>
<td></td>
</tr>
</tbody>
</table>

Capacity Building of the SHGs: Second Stage

Every SHG that is in existence at least for a period of six months and has demonstrated the potential of a viable group enters the second stage. It is a crucial phase in achieving the goal of enhancing the capacity of the group that receives the revolving fund. It is meeting their share from out of 10% of SGSY Fund. The revolving fund is part and parcel of the group corpus, which is utilized by the group in the manner, and for the purposes it deems fit. The Fund received from outside enhances group capacity to extend loan to its members as well as impart credit discipline with financial management skills along with capacity to build infrastructure for generating income activities of the group participants.

At the end of six months from the date of receipt of the fund, the group will face another test to prove its capability and effectiveness in taking up an economic activity through higher levels of investment. During the second phase the members of the group are expected to achieve

- gradual improvement the groups are expected to achieve,
- shift from consumption to production loans,
- understanding their training requirements and its value,
- assessing and ascertaining the reasons of poverty,
- meeting credit need of the members,
- undertaking participatory monitoring of assets created through loans extended to its members,
- capable of undertaking community action programmes and continuing to do so independently and
- reducing dependency on outside facilitating agency in order to emerge as self-managed group in the field of financial management.
Taking up of Economic Activities: Final Stage

After a group successfully passed through the second stage, it is eligible to receive the assistance for economic activities in the form of loan or subsidy extended to (1) the members of the group or (2) for the Group Activity.

Loan-cum-subsidy to the members of the group provided where few of members identified as beneficiary backed by the group assured prompt repayment to the bank as a guarantor. The group also undertakes responsibility to closely monitor the asset management and income generation. The beneficiary swarozgaries are expected to repay all loan installments to the bank through the SHG and the group may keep to itself part of subsidy component, if the group decide so.

Loan-cum-subsidy for group activity stands a better chance of success because it is easier to provide back-up support and marketing linkages for group activities. SGSY will primarily follow the group approach. The group loans are entitled to 50% subsidy subject to limit of Rs.1.25 lacs. The guidelines states that DRDAs should conduct training programmes to the members and representatives of the groups, so that the groups become fully self managed and evolve into strong groups and he cost of group formation and development should be met from the SGSY revolving fund (10% of SGSY).

Self Help Group (SHG) – Bank Linkage

SHG – Banking is a programme that helps to promote financial transactions between the formal rural banking system in India comprising of public and private sector commercial banks, regional rural banks and cooperative banks with the informal Self Help Groups (SHGs) as clients.
(SHGs are financial intermediaries owned by the poor). They usually start by making voluntary thrift on a regular – mostly fortnightly or monthly – basis (contractual savings). They use this pooled resource (as quasi-equity) together with the external bank loan to provide interest-bearing loans to their members. Such loan provides additional liquidity or purchasing power for use in any of the borrower’s production, investment, or consumption activities. SHG-Banking through SHGs and the existing decentralized formal banking network including several organizations in the formal and non-formal sectors as banking partners allow for large-scale outreach of microfinance services to the poor in India. These banking services (depositing savings, taking loans) are made available at low cost, are easily accessible and flexible enough to meet poor people’s needs.

The involvement of SHGs with banks could help in overcoming the problem of high transaction costs in providing credit to the poor by passing on some banking responsibilities like loan appraisal, follow up, recovery etc., to the poor themselves. In addition, the character of SHGs and the relationship between members, offers a way to overcome the problem of collateral, excessive documentation and physical access. By this banks gain a potential surplus sector in the new risk-free credit market. SHGs enjoy the advantage of larger and cheaper resources (Dasgupta, 2001)

SHGs are considered viable organizations of the rural poor particularly women for delivering micro-credit for entrepreneurial activities. Some of the studies on SHGs of the rural poor particularly those managed by women, successfully demonstrated how to mobilize and manage thrift activities, appraise credit needs, enforce financial discipline,
maintain credit linkages with banks and effectively undertake income generating activities. These studies also showed that the poor as a group are quite credit worthy and repayment of loan is quite satisfactory (Manimekalai and Rajeswari, 2000; MYRADA, 1995; NABARD, 1989; and Dinakar Rao, 2003).

Financial Institutions comprising Commercial Banks, Regional Rural Banks and Co-operative Societies which had only a very limited success in terms of lending to weaker sections in the past (Shylendra 2004) are now being targeted to participate in the SHG-Bank linkage programme in a major way.

**Savings of SHGs with Banks**

As on 31st March 2009, total 61,21,147 SHGs were having Saving Bank accounts with the banking sector with outstanding savings of Rs.5,545.62 crores as against 50,09,794 SHGs having savings of Rs.3785.39 crores as on 31st March 2008, thereby having growth rate of 22.2% and 46.5% respectively. Thus, more than 8.6 crores poor households were associated with banking agencies under SHG-Bank linkage programme. As on 31st March 2009, the Commercial Banks had the maximum share of SHGs savings of 35,49,509 SHGs (58%) with savings amount of Rs.2,772.99 crores (50%) followed by Regional Rural Banks having savings bank accounts of 16,28,588 SHGs (26.6%) with savings amount of Rs.1,989.75 crores (35.9%) and Cooperative Banks having savings bank accounts of 9,43,050 SHGs (15.4%) with savings amount of Rs.782.88 crores (14.1%).

The share under SGSY in the total savings was 15,05,581 SHGs with savings of Rs.1,563.39 crores forming 24.6% of the total SHGs
having savings accounts with the banks and 28.1% of total savings amount.

The position of agency-wise savings of SHGs with banks as on 31st March 2008 and 31st March 2009 is given in Table 3.4.

### Table 3.4. Position of Agency-wise Savings of SHGs with the Banks

(Rupees in crores)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Position as on</th>
<th>Total SHGs Savings with the banks as on 31st March 2008/2009</th>
<th>Per SHG savings (Rupees)</th>
<th>Out of Total: SHGs' savings with banks under SGSY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>% share</td>
<td>Amount</td>
<td>% share</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Banks (Public &amp; Private Sector)</td>
<td>31.03.08</td>
<td>2810750</td>
<td>56.1</td>
<td>2077.73</td>
</tr>
<tr>
<td></td>
<td>31.03.09</td>
<td>3549509</td>
<td>58.0</td>
<td>2772.99</td>
</tr>
<tr>
<td></td>
<td>%Growth</td>
<td>26.3</td>
<td>33.5</td>
<td>5.7</td>
</tr>
<tr>
<td>Regional Rural Banks</td>
<td>31.03.08</td>
<td>1386838</td>
<td>27.7</td>
<td>1166.49</td>
</tr>
<tr>
<td></td>
<td>31.03.09</td>
<td>1628588</td>
<td>26.6</td>
<td>1989.75</td>
</tr>
<tr>
<td></td>
<td>%Growth</td>
<td>17.4</td>
<td>70.6</td>
<td>45.3</td>
</tr>
<tr>
<td>Co-operative Banks</td>
<td>31.03.08</td>
<td>812206</td>
<td>16.2</td>
<td>541.17</td>
</tr>
<tr>
<td></td>
<td>31.03.09</td>
<td>943050</td>
<td>15.4</td>
<td>782.88</td>
</tr>
<tr>
<td></td>
<td>%Growth</td>
<td>16.1</td>
<td>44.7</td>
<td>24.6</td>
</tr>
<tr>
<td>Total</td>
<td>31.03.08</td>
<td>5009794</td>
<td>100.0</td>
<td>3785.39</td>
</tr>
<tr>
<td></td>
<td>31.03.09</td>
<td>6121147</td>
<td>100.0</td>
<td>5545.62</td>
</tr>
<tr>
<td></td>
<td>%Growth</td>
<td>22.2</td>
<td>46.5</td>
<td>19.9</td>
</tr>
</tbody>
</table>

Source: Status of Micro finance in India - 2008-09 published by NABARD (Website: www.nabard.org)
During the year under review, the average savings per SHG with all banks had increased from Rs.7,556 as on 31st March 2008 to Rs.9,060 as on 31st March 2009. It varied from as high of Rs.12,218 per SHG with RRBs to as low of Rs.7,812 per SHG with Commercial Banks.

As on 31st March 2009, the share of women SHGs in the total SHGs with saving bank accounts was 48,63,921 SHGs forming 79.46% as compared to the last year’s share of 79.56%.

Bank Loans Disbursed to SHGs

During the year 2008-09, the banks financed 16,09,586 SHGs, including repeat loan to the existing SHGs, with bank loan of Rs.12,253.51 crores as against 12,27,770 SHGs with bank loan of Rs.8,849.26 crores during 2007-08 registering a growth rate of 31.1% (No. of SHGs) and 38.5% (Bank loan disbursed). Out of the total loans disbursed during 2008-09, SHGs financed under SGSY were 2,64,653 (24.6%) with bank loan of Rs.2,015.22 crores (28.2%) as against 2,46,649 SHGs (20%) with bank loan of Rs.1,857.74 crores (21%) during 2007-08.

The details of agency-wise loans disbursed by Banks to SHGs during the years 2007-08 and 2008-09 are given in table 3.5.
<table>
<thead>
<tr>
<th>Agency</th>
<th>During the year</th>
<th>Total loans disbursed by Banks to SHGs during the year</th>
<th>Per SHG loan disbursed (Rupees)</th>
<th>Out of Total: Bank loan disbursed of SHGs under SGSY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>% share</td>
<td>Amount</td>
<td>% share</td>
</tr>
<tr>
<td>Commercial Banks (Public &amp; Private Sector)</td>
<td>2007-08</td>
<td>735119</td>
<td>59.9</td>
<td>540.90</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>1004587</td>
<td>62.4</td>
<td>8060.53</td>
</tr>
<tr>
<td>%growth</td>
<td>36.7</td>
<td>49.2</td>
<td>9.2</td>
<td>-17.2</td>
</tr>
<tr>
<td>Regional Rural Banks (RRBs)</td>
<td>2007-08</td>
<td>327650</td>
<td>26.7</td>
<td>2651.84</td>
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<tr>
<td></td>
<td>2008-09</td>
<td>405569</td>
<td>25.2</td>
<td>3193.49</td>
</tr>
<tr>
<td>%growth</td>
<td>23.8</td>
<td>20.4</td>
<td>-2.7</td>
<td>26.3</td>
</tr>
<tr>
<td>Co-operative Banks</td>
<td>2007-08</td>
<td>165001</td>
<td>13.4</td>
<td>793.52</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>199430</td>
<td>12.4</td>
<td>999.49</td>
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<tr>
<td>%growth</td>
<td>20.9</td>
<td>26.0</td>
<td>4.2</td>
<td>134.2</td>
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<td>TOTAL</td>
<td>2007-08</td>
<td>1227770</td>
<td>100.0</td>
<td>8849.26</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>1609586</td>
<td>100.0</td>
<td>12253.51</td>
</tr>
<tr>
<td>%growth</td>
<td>31.1</td>
<td>38.5</td>
<td>5.6</td>
<td>7.3</td>
</tr>
</tbody>
</table>

Source: Status of Micro finance in India - 2008-09 published by NABARD (Website: www.nabard.org)

From Table 3.5, it may be observed that Commercial Banks had lead in disbursement of loans to SHGs during 2008-09 with 62.4% share followed by Regional Rural Banks with a share of 25.2% and Co-operative Banks with a share of 12.4%.

During 2008-09, average bank loan disbursed per SHG was Rs.76,128 as against Rs.72,060 during 2007-08. The average loan per SHG ranged from a high of Rs.80,237 per SHG by Commercial Banks to as low of Rs.50,117 per SHG by Co-operative Banks.

**SHGs – Micro Finance Institutions (MFI) – Bank Linkage**

Micro Finance Institutions (MFIs) are playing the important role of financial intermediaries in microfinance sector.
Following the RBI guidelines issued vide its circular dated 18 February 2000, to all Scheduled Commercial Banks including RRBs, MFIs are availing bulk loans from banks for on-lending to SHGs and other small borrowers. On the basis of returns received from banks for the year 2008-09, 10 public sector commercial banks, 10 private sector commercial banks, 04 foreign commercial banks, 09 Regional Rural Banks (RRBs) has reportedly financed to MFI, for on-lending for microfinance activities.

During the year 2008-09, the banks financed 581 MFIs with bank loans of Rs.3,732.33 crores as against 518 MFIs with bank loans of Rs.1,970.15 crores during 2007-08, thus achieving a growth rate of 12.2% (No. of MFIs) and 89.4% (Bank Loans disbursed to MFIs). As on 31 March 2009, the outstanding bank loans to 1915 MFIs was Rs.5009.09 crore as against Rs.2748.84 crore to 1109 MFIs as on 31 March 2008.

The progress under SHG-MFI – Bank Linkage Programme for the years 2007-08 and 2008-09 is given in Table 3.6.
Table 3.6. Bank Loan Provided to MFIs (Amount in crores)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Years</th>
<th>Amount of loan disbursed to NGOs / MFIs</th>
<th>Loan outstanding against NGOs/MFIs as on 31 March</th>
<th>% recovery of loans range</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of MFIs</td>
<td>Amount</td>
<td>No. of MFIs</td>
</tr>
<tr>
<td>Commercial Banks (Public and Private)</td>
<td>2007-08</td>
<td>497</td>
<td>1968.60</td>
<td>1072</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>522</td>
<td>3718.93</td>
<td>1762</td>
</tr>
<tr>
<td></td>
<td>%growth</td>
<td>5.0</td>
<td>88.9</td>
<td>64.4</td>
</tr>
<tr>
<td>Regional Rural Banks</td>
<td>2007-08</td>
<td>8</td>
<td>1.51</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>59</td>
<td>13.40</td>
<td>153</td>
</tr>
<tr>
<td></td>
<td>%growth</td>
<td>637.5</td>
<td>787.4</td>
<td>537.5</td>
</tr>
<tr>
<td>Co operative Banks</td>
<td>2007-08</td>
<td>13</td>
<td>0.04</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>%growth</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2007-08</td>
<td>518</td>
<td>1970.15</td>
<td>1109</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>581</td>
<td>3732.33</td>
<td>1915</td>
</tr>
<tr>
<td></td>
<td>%growth</td>
<td>12.2</td>
<td>89.4</td>
<td>72.7</td>
</tr>
</tbody>
</table>

NOTE: Actual No. of MFIs provided with bank loans would be less as several MFIs had availed loans from more than one bank. {NA – Not Applicable}

Source: Status of Micro finance in India - 2008-09 published by NABARD (Website: www.nabard.org)

Impact of SHG – Bank Linkage Programme (SBLP)

The SHG- Bank Linkage Programme has far reaching impact on the lives of the poor people. In order to assess in detail the socio-economic-political impact as well as the challenge, issues and bottlenecks facing the programme in enhancing credit flow to the poor, many state level and national level studies were conducted during 2008-09. A major national level study on ‘Impact and Sustainability of SHG- Bank Linkage Programme was got conducted by the National Council of Applied Economic Research (NCAER). The study conducted was aimed to assess
the impact and sustainability of SHG - Bank linkage on the socio-economic conditions of the individual members and their households in the pre-SHG and post-SHG scenarios. The study was conducted for India in six states (Andhra Pradesh, Karnataka, Maharashtra, Orissa, Uttar Pradesh and Assam) from five regions viz., the south, west, east, central and north-east. The overall findings of the study suggest that SBLP had significantly improved the access to financial services by the rural poor.

The major findings of the study were as under:

- Net household income between pre-SHG and post-SHG registered a significant growth per year at 6.1 per cent.
- The annual growth rate in per household consumption expenditure on food and non-food items recorded 5.1 per cent and 5.4 per cent, respectively.
- Per household annual expenditure on education and health recorded 5.6 per cent and 5.5 per cent respectively.
- Net increase in the value of consumer durable assets per household was Rs.4,329 between pre-SHG and Post-SHG periods and the annual growth of assets recorded a high growth between the two periods at 9.9 per cent.
- The average loan amount per household grew at an annual rate of 20.5 per cent between the pre-SHG and the post-SHG periods.
- About 93 per cent of households reported that loans had been taken in the post-SHG situation as compared to that of 46.5 per cent during pre-SHG.
- On the issue of repayment of loan by SHG members, the findings showed that 96.4 per cent of households had reported regularity in repayments of loans.
• The share of households living below the poverty line reduced from 58.3 per cent in the pre-SHG period to 33 per cent in the post-SHG situation. The average annual poverty reduction rate was 10 per cent.

• About 92 per cent of households reported that the social empowerment of women had increased after joining membership in SHGs over a period of time.

• More than 60 per cent of the households indicated that there had been an increase in the ownership of productive assets in post-SHG situation as compared pre-SHG situation.

• The findings showed that 22.5 per cent of women SHG members in the households had taken decision in the post-SHG period as compared to 9.1 per cent in the pre-SHG period with respect to children’s education.

Achievements of SHGs

Studies by different experts in the field of rural development have identified the major achievements stemming from the functioning of SHGs, some of which are:

• Augmentation in skills and abilities of women in various productive activities

• Increase in participant’s income, savings, consumption and expenditure.

• Increased self-reliance and self-confidence have improved the ability of women to mobilize various public services for their benefit.

• Widening of the social horizons of the members.

• Sense of satisfaction and fulfilment as productivity and improvement of members of the family.
- Development of high self-esteem.
- Significant decline in gender based problems such as domestic violence, dowry, polygamy etc.
- Promotion of women entrepreneurship.
- Extension of the reach of the government’s welfare schemes among target groups. Women are emboldened to question the elected representatives and officials about developmental works, as a result of which rural areas are now developing at a faster pace.
- The high visibility of these benefits often and strongly motivates other women to form self-help groups by themselves.

The main motto of the self help group is **For the women, By the women and Of the women. We should support these organizations in all aspects.** “In future we hope that the economic status will be satisfactory and the empowerment of women at its zenith”.

**Challenges Faced by SHGs**

Inspite of the obvious developments taking place, the working model needs attention on certain issues, which are challenging the fundamental objectives for which SHGs were identified. It is generally accepted that SHGs often do not include the poorest of the poor because the existing caste system in rural area restricts the collective action of the people.

The poorest often do not have the financial resources to contribute to the savings and pay membership fees. They are often the ones who migrate during the lean season, thus making group membership difficult. Efforts are being made to overcome the bias, e.g., through participatory
wealth ranking at the community level, or by using indices to identify the poorest. Programs need to be designed in such a way as to promote overall rural empowerment of the country.

Many political parties and women’s organizations have failed to recognize the potential of this power. While the multinational companies have more money power, these groups have within them, the extensive market potential of their own families and communities. When organized effectively, this could prove to be a true challenge to counter the influx and influence of multinational companies in India (V.S. Ganesamurthy, 2007).

Non Government Organization (N G O)

The women’s Self-Help Movement has been gaining great momentum in Tamil Nadu. One of the major reasons for its unprecedented success has been the NGO-Government partnership. This partnership started way back at the beginning of the International Fund for Agricultural Development (IFAD) project in Tamil Nadu in 1989. When the project started working in the Dharmapuri District in remote rural and forest areas, where no government machinery existed, it was felt that the route to reach the women at the grass root level could be through NGOs. Eventually it was a pattern uniformly adopted even as the project expanded to other districts. At the end of 1996, there were 32 NGOs working in the women’s empowerment programme.

A good lesson learnt from the IFAD experience has been the positive impact of the NGO-Government partnership. When the State decided to continue the work of empowering the women after the expiry of the IFAD project, it opted to continue the strategy of implementing the
programme through the NGOs. Today Mahalir Thittam Programme is being carried out in all the thirty districts of the state in partnership with nearly 426 NGOs. This is probably the single largest government programme anywhere in the world, wholly implemented through NGOs. Even though there are many critics of NGOs in our country, fortunately, this partnership in Tamil Nadu has managed to survive (G.K. Gariyali & S.K. Vettivel, 2004).

**Impact of MaThi on NGOs**

Before the onset of the MaThi Programme, the number of NGOs involved actively in women’s issues, especially in the rural areas in Tamil Nadu, was quite meager. One of the positive impacts of Ma Thi was that a lot of grass root level NGOs brought women’s issues on their agenda so that they could participate in the women’s empowerment programme. Another impact was that in remote and backward areas, where no NGOs were functioning, many small yet efficient NGOs emerged, mostly, out of local initiative using local talents and resources. Ultimately this rapid growth at the grass root level NGOs has been responsible for creating the much-needed manpower and human resources and material infrastructure needed for such a massive empowerment programme. In this environment, many large NGOs have taken the initiative to increase their area of operation to other districts. They have also helped in the upgradation of small grass root level organizations. Hence we can confidently say that networking of NGOs around the cause of “Ma Thi” has finally led to the success of the programme.

**Challenge of Working with NGOs**

Working with such a large network of NGOs is very challenging, especially when each NGO possesses different levels of capacity and
resources. In these circumstances it has been felt that many small yet sincere organizations, who are involved in Ma Thi need a lot of support, encouragement and training to be able to perform the tasks assigned to them. The capacity building and support to NGOs has always been an important part of the agenda of Ma Thi. A lot of time and resources are being spent on the capacity building of grass root level NGOs to make them equal to their tasks. In these programmes, large and well-established NGOs, have also been contributing by acting as the resource persons and programme coordinators.

However, increasingly, a need has been felt to set up an independent and full-fledged NGO Resource Centre, at the Tamil Nadu Corporation for Development of Women (TNCDW), to take up the activities for supporting and guiding the NGOs on an ongoing basis. It is also necessary to keep them in touch with the changing needs and requirements in the empowerment scenario. It is also a fact that many small agencies do not know how to access funding from various governments and other funding agencies and need to be oriented to schemes and grant application formalities and procedures. Keeping all this in view, a resource center, the Non-Governmental Organizations and Volunteer Resource Centre (NVRC) was established by the TNCDW in 2002 and has been registered as an independent society under the Societies Registration Act.

The center has created a corpus and also received an annual grant from the Government of Tamil Nadu. In addition, it is free to apply for grants and funding from various funding agencies. It is also authorized to raise its own resources by conducting studies and undertaking consultancy with an idea to eventually become financially independent. Recently it
has received a Small Grants Projects from the World Bank to conduct the policy analysis workshop for NGOs to enable them to build public awareness on government policy and obtain feedback on existing policies from them.

Institutional Initiatives – Global Institutions

UNIFEM is the women’s fund at the United Nations. It provides financial and technical assistance to innovative programmes and strategies to faster women’s empowerment and gender equality. Placing the advancement of women’s human rights at the centre of all of its efforts, UNIFEM focuses its activities on four strategic areas:

- reducing feminized poverty,
- ending violence against women,
- reversing the spread of HIV/AIDS among women and girls, and
- achieving gender equality in democratic governance in times of peace as well as war.

UNIFEM works to enhance women’s economic security by strengthening their rights to land and inheritance, increasing their access to decent work, and empowering women migrant workers in both sending and receiving countries. UNIFEM has worked with the Government to formulate a minimum standard contract for migrant women that is being used to monitor working conditions. In over 30 countries, UNIFEM supports national and local initiatives to include gender perspectives in budgeting processes, and to collect and use sex-disaggregated data in public policy formulation (Boraian, 2007)
CEDAW

On December 18, 1979, the United Nations adopted the convention on the Elimination of All Forms of Discrimination Against Women, also known as “The Treaty for the Rights of Women” or “CEDAW”. Because of CEDAW, millions of girls who were previously denied access are now receiving basic education; measures have been taken against sex slavery, domestic violence and trafficking of women; women’s health care services have improved, saving lives during pregnancy and childbirth; and millions of women have secured loans and obtained the right to own or inherit property. As of March 2004, 175 countries have ratified CEDAW.

Over the past few decades several informal and innovative approaches in financing the poor in a sustainable manner have been tried out in many developing countries. To bridge the gap between the formal and informal systems, Mohammed Yunus, popularly known as the father of the micro credit system, started a research project in Bangladesh in 1976 and came out with ideas of micro-credit that resulted in the establishment of the Grameen Bank in 1983 (Khandkar et.al., 1995). The lending programme of the Grameen Bank depended basically on external fund although the members’ savings fund has also increased substantially over time. All the facilities are virtually provided at the doorsteps of the borrower. The philosophy is best summed up in the following words of Prof Yunus the founder of the Grameen Bank “The entire Grameen Bank system runs on the principle that people should not come to the bank, the bank should go to the people” (Yunus 1998). Efforts of Bank Rakyat Indonesia (BRI) in Indonesia, Bank of Agriculture and Agriculture Cooperatives (BAAC) in Thailand, Grameen Bank and Bangladesh Rural Advancement Committee (BRAC) of Bangladesh, Amanah Ikhtiar Malaysia (AIM) of Malaysia and Agricultural Development Bank
(ADBN) of Nepal are some of the examples which have yielded encouraging results in empowering the poor through credit in South East and South Asia.

The Association for Social Advancement, better known as ASA was established in Bangladesh (1978). Initially involved in the areas of legal and human rights, it later changed its focus to economic empowerment of the poor through a micro-credit delivery system. Its micro credit programme started in 1991 and had a membership of 15.79 lakh in December 2001. (ASA: 2002). It is now reported to be the most cost-effective MFI in the world.

In 1984, the participants of the Third International Symposium on Mobilization of Personal Savings in Developing Countries organized by the United Nations, agreed on the final resolution that

- internal savings must provide the basis for all credit programmes,
- state control of interest rates must be relaxed in favour of market or near-market rates
- for effective service, financial services need to be more decentralized,
- both formal and informal financial institutions are necessary for the financing of development and
- linkages between formal and informal financial institutions seem to be more promising than separate development (Dasgupta, 2001).

In 1984, the Federal Ministry of Economic Co-operation and the Agency for Technical Co-operation of the Federal Republic Germany
undertook a series of studies and workshops on rural finance in developing countries resulting in the formulation of a new policy for promoting Self Help Groups (SHGs), different from the Grameen Bank Model and Self Help Promotional Institutions (SHPI) came to be recognized as a financial intermediation between the rural poor and the micro enterprises in the informal sector, on the one hand and formal financial Institutions on the other (Kropp. et. al 1989).

In 1986, the participation of Asia and Pacific Regional Agricultural Credit Association (APRACA) decided on a co-ordinated programme for the promotion of linkage between banks and SHGs for rural savings mobilization and credit delivery to the rural poor. The project “Linking Banks and SHGs” in Indonesia started in 1988 as a pilot project of the Central Bank of Indonesia through the involvement of SHPI which would provide training and consultancy services to the SHGs and in some cases additionally act as financial intermediaries (Koch and Soetjipto, 1993).

**National Initiatives for Women Empowerment**

In order to empower the weaker and socially and economically deprived sections of the society, the Ministry of Welfare which was constituted on 25th September 1985, was renamed as the Ministry of Social Justice and Empowerment on 25th May 1998 during the IX plan period. The responsibility for implementation of the schemes is shared between the Central and State Governments. The Department of Women and Child Development, since its inception, has been implementing special programmes for holistic development and empowerment of women with major focus on improving the socio-economic status of women. Some of the recent programmes and initiatives of women and development implemented by the Departments of Women and
Development and Rural Development in the area of women’s empowerment are as follows:

**Women Development**

In the Women and Child Development sector, the nodal Department of Women and Child Development also implements a few innovative schemes besides formulating policies and programmes; enacts / amends legislations affecting women and co-ordinates the efforts of both Governmental and Non-Governmental Organizations (NGOs) to raise the overall status of women on par with that of men. The programmes of the Department include:

- empowering strategies;
- employment and income generation;
- welfare and support services;
- awareness generation and gender sensitization and
- other enabling measures.

These programmes play the role of being both supplementary and complementary to the other general development programmes in the sectors of health, education, labour and employment, rural and urban developments, etc.

**Empowering Strategies**

The erstwhile programme of Indira Mahila Yojana launched in 1995, was recast as Swayamsidha in 2001 to empower women by providing awareness and helping them to achieve economic strength through micro-level income-generation activities and facilitate easy convergence of various services such as literacy, health, non-formal education, rural development, water supply, entrepreneurship, etc.
Another empowering intervention refers to ‘Swa-shakti Project’, sanctioned in 1998 for a five-year period till 2003 with assistance from the International Development Association and International Fund for Agricultural Development. Its major objective is to create an enabling environment for empowerment of women through setting up of self-reliant women’s SHGs and developing linkages between SHGs and lending institutions in order to ensure women’s continued access to credit facilities for income generation activities.

**Employment and Income generation**

The support for Training and Employment Programme (STEP), launched in 1987, provides a comprehensive package of upgradation of skills through training, extension inputs and market linkages to poor and assetless women in the traditional sectors of agriculture, dairy farming, handicrafts, handlooms, animal husbandry, sericulture and fisheries. Another programme called Training-cum-Production Centres for Women (popularly known as NORAD) was launched in 1982-83 with the assistance from the Norwegian Agency for Development and Co-operation (NORAD). The scheme attempts to improve the lives of young women / girls especially school drop-outs and semi-literates, by extending training to non-traditional trades like electronics, watch assembling, computer programming, garment making, secretarial work, community health work, embroidery, weaving, etc.

Yet, another major programme of employment and training for poor and needy women, being implemented by Central Social Welfare Board (CSWB), is the Socio-Economic Programme (SEP). The scheme of Condensed Courses of Education & Vocational Training for Adult Women (CCE & VT), being run by CSWB since 1958, aims to provide
new avenues of employment through continuing education and vocational training for women and girls who are school drop-outs.

**Welfare and Support Services**

Launched in 1972-73, the programme of Hostels for Working Women (HWW) aims to promote greater mobility for women in the employment market by providing safe and cheap accommodation to working women belonging to the lower income strata living away from home.

The programme of Short Stay Homes (SSH) for Women and Girls was launched in 1969 to protect and rehabilitate those women and girls who are in social and moral danger due to break up of families, mental strain / stress, social ostracism, exploitation etc.

The scheme of Assistance to Voluntary Organizations for Education Work for Prevention of Atrocities against Women was started in 1982. Under this scheme, Women Study Centres and institutions of higher learning and voluntary organizations are given financial assistance for undertaking various activities relating to education. The General Grants-in-Aid to Voluntary Organizations through CSWB (Central Social Welfare Board) and for strengthening its field organizations is a multifaceted scheme providing financial assistance to voluntary organizations for rendering welfare services to women, children, aged and inform, handicapped and other special groups through various programmes.

**Awareness Generation and Gender Sensitization**

A countrywide gender sensitization programme was launched in 1991 in collaboration with United Nations Development Fund for
Women, New Delhi. Special campaigns to combat atrocities against women were also launched throughout the country in collaboration with the State Home Departments and NGOs.

A set of 10 legal literacy manuals written in a simple and illustrated format was also published in 1992 with the aim of educating women about the laws concerning their basic rights. The Awareness Generation Project for Rural Poor Women (AGPRP) aims to identify the needs of these women and generate awareness amongst them about their rights and handling of social issues. Since 1986-87, the scheme has placed special emphasis on encouraging the participation of women in Panchayati Raj Institutions and learning about their role in national integration and communal harmony. The programme for Information and Mass Education creates public awareness through the multi-media strategy on issues relating to women.

Other Enabling Measures

The year 2001 was celebrated as ‘Women’s Empowerment Year’. During the year, various activities and programmes were taken up on different themes pertaining to women’s social, political and economic empowerment. The scheme for Women in Difficult Circumstances – ‘Swadhar’ has been designed with a flexible and innovative approach to cater to the requirements of various categories of women in distress, in diverse situations under different conditions. The Scheme aims to provide basic needs of shelters, food, clothing and care to the marginalized women / girls living in difficult circumstances who are without any social and economic support. It also attempts to provide emotional support and counseling to such women and ensure their social and economic
rehabilitation through education, awareness, skill upgradation and personality development through behavioural training etc.

**Rural Development**

In the field of Rural Development, anti-poverty programmes have been a dominant feature of Government initiatives in rural areas. The Swarnajayanti Gram Swarozgar Yojana (SGSY) was launched in 1999 with the objective of bringing the beneficiary families (swarozgaris) above the poverty line by providing them income-generating assets through a mix of bank credit and Government subsidy. It is envisaged that 50 per cent of SHGs in each block should be exclusively of women, who will account for at least 40 per cent of the swarozgaris.

The Jawahar Gram Samriddhi Yojana (JGSY) reserves 30 per cent of employment opportunities for women. Indira Awas Yojana (IAY) stipulates that houses under the scheme are to be allotted in the name of the female member of the beneficiary household or in the joint names of husband and wife. Priority is given to widows and unmarried women.

The National Maternity Benefit Scheme (now transferred to the Department of Family Welfare with effect from the year 2001-02) aims at assisting expectant mothers by providing them Rs.500 each for the first two live births. Under the National Old Age Pension Scheme, central assistance is provided to women and men above the age of 65 years who have little or no regular means of subsistence. The Restructured Centrally Sponsored Rural Sanitation Programme, launched in 1999, ensures construction of village sanitary complexes exclusively for women, wherever the constructions of individual household latrines are not feasible.
NATIONAL INSTITUTIONS

National Commission for Women

NCW, a statutory body set up in 1992, safeguards the rights and interests of women. The commission requested the State Governments to reserve a certain percentage of resources for women even at the village level for programmes such as water supply, health services, nutrition, sanitation, etc. and reviewed the functioning of women’s cells in governmental organizations and issued fresh guidelines to reactivate the cells. It has also organized many seminars/ workshops on important emerging problems of women, viz., impact of globalization on women, prevention of atrocities against women, economic empowerment of tribal women, girl child abuse, child marriages, empowerment of Dalit women, women in prostitution, images of women in the electronic media, rehabilitation of devadasis, besides conducting legal awareness camps in those states like Haryana, Punjab, Rajasthan, Bihar, Uttar Pradesh, etc where the status of women is comparatively lower. The Commission has also been very successfully documenting information on many important social problems like that of rape, abortion, devadasis, sexual harassment, etc. besides sponsoring studies on various subjects related to women.

Central Social Welfare Board

The Central Social Welfare Board (CSWB) was set up in 1953 with the objective of promoting social welfare activities and implementing welfare programmes for women, children and handicapped through voluntary organizations. In 1954, the State Social Welfare Boards were set up in the states. The programmes implemented by the Board include socio-economic programme for needy / destitute women, condensed courses of education and vocational training courses for women and girls, awareness generation projects for rural and poor women, family
counseling centres / voluntary action bureau, holiday camps for children, welfare extension projects in border areas and balwadis, Creches and hostels for working women, etc.

**Rashtriya Mahila Kosh**

The National Credit Fund for Women (Rashtriya Mahila Kosh) was set up on 30 March 1993, with a corpus fund of Rs.31 crore with the major objective of meeting the credit needs of poor women, particularly in the informal sector. The RMK is managed by a Governing Board comprising 16 members. The Minister of State for Women and Child Development is the Chairperson of the Kosh. The Kosh has sanctioned up to 30 April 2002, loans amounting to Rs.11,093 lakh to benefit 4,23,125 women through 1,016 NGOs.

**Organizations for the Women and by the Women**

There are many successful women forums and organizations that are trying to bring the rural women together for developmental works. Working Women’s Forum (WWF), SEWA, Shri Mahila Griha Udyog Lijat Papad, or Lijjat, and Mann Deshi Mahila Sah Bank Ltd., Mhaswad, Maharashtra are the chief among them.

The Working Women’s Forum (WWF), established in Madras in 1978, has brought together over 13,000 poor urban women around the issue of credit. Most women who live in the slums of Madras work as small-scale traders and vendors, their earnings often providing over half the family income. Interviews with these women revealed that their primary concern was increasing their earning capacity. The WWF was set up to enable these women to obtain low interest loans to expand their businesses. The key element in the WWF structure is the neighborhood
loan group, comprised of 10-20 women from the same area who act as mutual guarantors for the loans of all group members. Over 7000 women have received loans and the repayment rate has been over 90%. About 2800 new jobs or businesses have been created, and earnings have increased an average of 50% in existing enterprises. Women report that they are eating better quality and more varied foods as a result of their increased income. The WWF is expanding its activities to address the political and social problems of working women as well. The Forum operates day care centers, skills training centers, and remedial classes for schoolchildren. In 1980 the WWF launched a family planning program in which field workers (who are drawn from the WWF membership and paid $18 per month) disseminate information on health, nutrition, and family planning to families in their communities. According to a staff member, this program was an outcome of the realization that “income generation and large families do not go together.” The WWF also promotes intercaste, no dowry marriages and lobbies for public services. Women have become more confident of the possibility of gaining control over their lives, including their fertility. The WWF experience demonstrates that an organization does not need a lot of money, educated staff, or technical expertise to reach poor women. The Forum’s success is attributed to its selection of one critical issue, utilization of local leadership, organization of women around existing neighborhood ties, and decentralized management.

The Self-Employed Women’s Association (SEWA) is an Ahmedabad-based union of women workers established in 1972. Backed by more than 220,000 association members and it has set up 16 organizations, including the SEWA bank has organized to fight poverty through full employment and self-reliance, SEWA workers demand the
right to work for food, income, and social security. Since its creation, SEWA has fought to gain the recognition of home-based and outside workers’ legitimate rights. However, it was realized during the course of such struggle that struggle alone could not fulfill the demands, needs, and priorities of workers. There was also a need to create alternative economic organizations of workers in terms of access to capital, markets, raw materials, and knowledge and skills; building organizational and managerial capacities; upgrading skills through training; social security; and enabling policies. The joint action of union and cooperatives has therefore been SEWA’s organizing strategy for all these decades.

Shri Mahila Griha Udyog Lijjat Papad, or Lijjat, is an organization that has acted as a catalyst in empowering poor urban women across India during the last four decades. Starting as a small group of seven women in 1959, today Lijjat has more than 40,000 members in 62 branches across 17 Indian states. Only women can become members of Lijjat, and all of its members, addressed as “sisters,” own the organization. Lijjat’s main product is a thin, round, savory snack called papad, and papad rolling is the major activity of the “member sisters.” Remuneration is the same for everyone, and profits and losses are shared equally among the member sisters, so there is no possibility of concentration of assets and wealth. Lijjat refuses to accept donations, but instead provides donations to the needy. Besides papad, Lijjat has also introduced other products, such as Sasa detergent and soap. However, papad has remained as its core identity product.

Mann Deshi Mahila Sah Bank Ltd., Mhaswad, Maharashtra, founded in 1997 is the first rural women financial institution which received a banking license from RBI where 100% of its clients were
women having annual incomes averaging US$400. It is also the first bank in the country to have more than 2000 members from backward castes. The bank is having more than 47000 clients (2005 figure) ranging from street vendors to shepherds to wage earners to small entrepreneur women. The bank estimated that by 2008, it will reach 270000 clients. It has its integrated approach which distinguishes it from other micro credit efforts. Its credit though very important is not adequate for sustained and substantial employment. It is becoming increasingly clear that access to financial services alone is not enough for poor people to transfer their economic activities into profitable economic enterprises. Access to market, information, and technical knowhow and social support services are as important as money if the poor are to share in economic growth. If poor people are going to build incomes, assets and livelihood in substantial ways, they need access to:

- Market information and commercial linkages
- Health and social security services, such as insurance and pension
- Technology and method to improve productivity
- Representation at Gram-Panchayat level governing bodies
- Equipment and supply know-how, linkages and bargaining power

Women are not bankable because of the lack of assets in their name, and that perpetuates the cycle of poverty for them. And when a family acquires an asset, it is rarely put in the woman’s name. Thus, asset ownership is a priority for MDMSB. An asset right is fundamental in women’s financial and social security. Each MDMSB loan program is designed to help women transfer family assets into her name. This includes making transfers in the woman’s name for agricultural land and
houses, and the acquisition of tools, shops and livestock, bank accounts, shares and savings certificates.

**Other Major Initiatives for Women Empowerment**

Women in the rural areas are the catalyst of change and that is why its whole programme keeps women in progress.

In the women’s savings movement, rural women organized themselves into ‘thrift and credit’ groups with one rupee saving a day and this mass movement, in which 58 lakh members saved more than Rs.800 crore is rotated internally and lent amongst members twice in a year as per the interest rates fixed by the groups. While the savings was there among the SHGs, there was no channel of investment. Now HLL has provided a window of opportunity to invest and earn.

HLL’s Project Shakti – Through a combination of micro-credit and training in enterprise management, these women from SHGs have turned direct-to-home distributors or a range of HLL products and helping the company plump hitherto unexplored rural hinterlands. Project Shakti was piloted in Nalgonda district in 2001. The ambitious vision of this project is to create by 2010 about 11000 shakti entrepreneurs covering one lakh villages and touching the lives of 100 million rural consumers. On an average the Shakti entrepreneur is earning a return of 8%. To get started the Shakti women borrows from her SHG and the company itself chooses only one person. With training and hand-holding by the company for the first three months, she begins her door-to-door journey selling her wares.

One of the plans of HLL is to allow other companies which do not compete with HLL to get onto the shakti network to sell their products. Talks are on with companies like Nippo, TVS Motors, and Insurance
companies. HLL also operates I-Shakti and IT – based rural information service that will provide solutions to key rural needs in the areas of agriculture, education, vocational training, health and hygiene.

Gangai Vattara Kalanjia Mutuals’ – a mutual trust, aims at providing social security services to the poor in rural areas. It draws inspiration from the Mutual Insurance Association of Netherlands (MIAN). A unique feature of the insurance cover is that all claims are settled within hours, sans much of the paper work.

As a new venture, SHG members are entering the arena of health, especially in identifying hearing impaired persons by joining hands with project shakti of HLL and affordable hearing aid project centre.

SHGs took an important step towards financial independence by attending 12 day training programme on setting up information kiosks. After training the women on basic computing skills besides operating photocopierners and fax machines, Tamil Nadu Corporation for Development of Women Limited (TNCDW) will offer financial assistance to the women.

The special schemes from government and financial institutions to assist women in creating enterprises and the conducive platform provided by the X plan by virtue of its thrust on women’s social and economic empowerment and gender justice.

Financial Support and Promotional Efforts by NABARD

NABARD Refinance Support to Banks

NABARD has been instrumental in facilitating various activities under micro finance sector, involving all possible partners in the area. It
has been encouraging the voluntary agencies, bankers, socially spirited individuals, other formal and informal entities and also governmental functionaries to promote SHGs. The focus in this direction has been on training and capacity building of partners, promotional grant assistance to Self Help Promoting Institutions (SHPIs), Revolving Fund Assistance (RFA) to MFIs, equity / capital support to MFIs to supplement their financial resources and provision of 100% refinance against bank loans provided by various banks for microfinance activities.

NABARD provides refinance support to banks to the extent of 100% of the bank loans disbursed to SHGs. The total refinance disbursed to banks against banks’ loans to SHGs during the year 2008-09 was Rs.2620.03 crore as against Rs.1615.50 crore during the year 2007-08 registering a growth rate of 62.2%. Further, the cumulative refinance disbursed under SHGs bank linkage programme by NABARD to Banks upto 31 March 2009 stood at Rs.9688.09 crores.

Promotional Support – SHG – Bank Linkage

**Micro Finance Development and Equity Fund (MFDEF)**

Recognizing the need for upscaling the micro-finance interventions in the country, the Hon’ble Union Finance Minister, while presenting the budget for the year 2000-01, announced the creation of a Micro Finance Development Fund (MFDF) with initial contribution of Rs.100 crore, to be funded by Reserve Bank of India and NABARD (Rs.40 crore each) and the balance Rs.20 crore to be contributed by commercial banks. In the Union Budget for 2005-06, the Government of India had decided to re-designate the existing MFDF as Micro Finance Development and Equity Fund (MFDEF) and raised its corpus from Rs.100 crore to Rs.200 crore with the similar ratio of contributions. The MFDEF is managed and
administered by NABARD. The objective of MFDEF is to facilitate and support the orderly growth of the microfinance sector through diverse modalities for enlarging the flow of financial services to the poor, particularly for women and vulnerable sections of society consistent with sustainability.

The fund is utilized to support interventions to eligible institutions and stakeholders. The major components of the assistance include promotional grant assistance to Self-Help Promoting Agencies, training and capacity building for microfinance clients and stakeholders of SHG-Bank Linkage Programme, funding support to MFIs, Management Information System (MIS) for microfinance, research, studies and publications.

Training and Capacity Building

NABARD continued to organize / sponsor training programmes and exposure visits for the benefit of officials of banks, NGOs, SHGs and government agencies to enhance their effectiveness in the field of microfinance. Training supplements and materials were supplied to banks and other agencies. Best practices and innovations of partner agencies were widely circulated among government agencies, banks and NGOs. During the year 2008-09, fund support of Rs.6.10 crore was provided for capacity building, exposure and awareness-building as against Rs.6.24 crore during 2007-08. The cumulative fund support for the purpose as on 31 March 2009 stood at Rs.35.09 crore. During the year, 6,278 training / capacity building programme were conducted covering 2,83,998 participants. The progress under training and capacity building during the year 2008-09 is given in Table 3.7
<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Programme Particulars / Categories</th>
<th>Number of programmes conducted</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Awareness creation and capacity building programmes organized for SHGs members in association with identified resource NGOs, covering participants to inculcate skills for managing thrift and credit.</td>
<td>3122</td>
<td>141984</td>
</tr>
<tr>
<td>02</td>
<td>Awareness-cum-refresher programmes conducted for NGOs, including CEOs.</td>
<td>324</td>
<td>18594</td>
</tr>
<tr>
<td>03</td>
<td>Training programmes conducted for bankers covering officials of Commercial Banks, RRBs and Co-operative Banks</td>
<td>585</td>
<td>23848</td>
</tr>
<tr>
<td>04</td>
<td>Exposure visits for bank officials / NGOs to agencies pioneering in Microfinance (MF) initiatives</td>
<td>25</td>
<td>630</td>
</tr>
<tr>
<td>05</td>
<td>Field visits of Block Level Bankers’ Committee (BLBC) members to nearby SHGs</td>
<td>193</td>
<td>4507</td>
</tr>
<tr>
<td>06</td>
<td>Programmes for the elected members of Panchayati Raj institutions (PRIs)to create awareness among them about the MF initiatives</td>
<td>54</td>
<td>2014</td>
</tr>
<tr>
<td>07</td>
<td>Training &amp; exposure programmes for government officials</td>
<td>55</td>
<td>1870</td>
</tr>
<tr>
<td>08</td>
<td>Other training programmes for microfinance sector</td>
<td>866</td>
<td>42282</td>
</tr>
<tr>
<td>09</td>
<td>Micro Enterprises Development Programme (MEDP)</td>
<td>879</td>
<td>41479</td>
</tr>
<tr>
<td>10</td>
<td>Meetings and Seminars (Bankers, NGO officials, etc)</td>
<td>175</td>
<td>6790</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>6278</td>
<td>283998</td>
</tr>
</tbody>
</table>

Source: Status of Microfinance in India - 2008-09 published by NABARD (Website: www.nabard.org)
Micro Enterprise Development Programme (MEDP) for Skill Development

The programme was launched in March 2006 with the basic objective to enhance the capacities of the members of matured SHGs to take up micro enterprises through appropriate skill up gradation / development in the existing or new livelihood activities both in farm and non-farm sectors by way of enriching knowledge of participants on enterprise management, business dynamics and rural markets. It is tailor-made and focused on skill building training programme. The duration of training programme ranged between 3 to 13 days, depending upon the objective and nature of training. A training budget of Rs.30,000/- per programme is earmarked for imparting training to 30 participants up to 13 days.

During 2008-09, a total 879 Micro Enterprise Development Programme (MEDPs), both under Farm and Non-farm activities, were conducted across the country covering 41479 members of the matured SHGs. Cumulatively, total 1307 MEDPs have been conducted so far covering 55464 participants. The dominant activities in agriculture and allied sector covered under MEDPs were bee-keeping, mushroom cultivation, vermin-compost / organic manure, animal husbandry, horticulture, floriculture etc whereas predominant non-farm activities taken up under MEDPs were Agarbathi-making, embroidery, bamboo-craft, beauty parlours, readymade garments, etc.

Grant Support to Partner Agencies for Promotion and Nurturing of SHGs

NABARD has been instrumental in the formation and nurturing of quality SHGs by means of promotional grant support to NGOs, RRBs,
DCCBs, Farmers’ Clubs and individual Rural Volunteers and by facilitating capacity building of various partners, which has brought excellent results in the promotion and credit linkage of SHGs. Further, the number of partner institutions functioning as Self-Help Promoting Institutions (SHPIs) over the years has increased to 2592 which has resulted in the expansion of the programme throughout the country. During the year 2008-09, the financial support provided by NABARD to its partner institutions and their progress in SHGs promotion / linkage is indicated in Table 3.8.

Grant of Support to Partner Agencies – 2008-09

Table 3.8. Grant Assistance Extended to Various Partners Under SHG-Bank Linkage Programme

<table>
<thead>
<tr>
<th>Agency</th>
<th>Sanctions during the year</th>
<th>Cumulative sanctions</th>
<th>Cumulative progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Amount</td>
<td>No. of SHGs</td>
</tr>
<tr>
<td>NGOs</td>
<td>311</td>
<td>1564.29</td>
<td>46504</td>
</tr>
<tr>
<td>RRBs</td>
<td>2</td>
<td>20.70</td>
<td>800</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>12</td>
<td>136.92</td>
<td>9465</td>
</tr>
<tr>
<td>IRVs (2023)</td>
<td>6</td>
<td>46.62</td>
<td>2590</td>
</tr>
<tr>
<td>Farmers’ clubs</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>TOTAL</td>
<td>331</td>
<td>1768.53</td>
<td>59359</td>
</tr>
</tbody>
</table>

Source: Status of Micro finance in India - 2008-09 published by

NABARD (Website: www.nabard.org)
Pilot Project on SHG – Post Office Linkage Programme

The Pilot Project for SHG-Post Office Linkage Programme was initially launched in 5 select districts of Tamil Nadu. Viz., Sivaganga, Pudukkottai, Tiruvannamalai, Thanjavur & Tiruvarur with the objective of examining the feasibility of utilizing the vast network of Post Offices in rural areas in disbursement of credit to rural poor, through SHGs, on agency basis.

The progress under the project has been encouraging. As on 31 March 2009, 2,835 SHGs have opened zero interest savings accounts with select Post Offices in Tamil Nadu and 889 SHGs have been credit linked with loan amounting to Rs.213.11 lakh. In addition to Revolving Fund Assistance (RFA) of Rs.3 crore sanctioned to Department of Posts, Tamil Nadu. NABARD has sanctioned RFA of Rs.5 lakh to Post Offices in Megalaya for on-lending to 50 SHGs in East Khasi Hills.

Support to Activity – Based Groups (ABG)

During the year under study, NABARD introduced a scheme for supporting small-scale activity-based groups wherein capacity building, production and investment credit and market-related support would be extended. The scheme focuses on forming and nurturing groups engaged in similar economic activities, such as farmers, handloom weavers, craftsmen, fishermen, etc. to improve efficiency of their production and realize better terms from the market through economies of aggregation and scale. The scheme draws upon NABARD’s existing modes of support and has both grant and loan components. While grant support would cover expenditure on SHGs formation training, extension services, establishing market linkages etc., bank loan/s would cover investment activities and working capital needs of the SHGs. Banks would be
eligible to draw refinance for the loans provided to Activity-Based Groups on the same terms as applicable for SHG’s financing. In select cases, NABARD may also provide loans directly to registered SHGs or through the agencies promoting SHGs to establish few initial projects where none exists.

**Support to SHGs’ Federations**

Recognizing the emerging role of the SHGs’ Federation in nurturing of SHGs, enhancing the bargaining powers of group members and livelihood promotion, NABARD introduced during 2007-08, a flexible scheme to support such Federations, on a model neutral basis. The broad norms prescribed for supporting SHG Federations stipulate that the federations should be need-based, member-owned / driven, democratically managed with members at liberty to join, become self-managed over three years, etc. Support to the Federation is extended by way of grant for training, capacity building, and exposure visits of SHG members, etc, as also under all of NABARD’s existing promotional schemes.

**Special Initiative for Scaling Up SHGs / SHG Federations**

NABARD has associated with Rajiv Gandhi Charitable Trust (RGCT) for promotion, credit linkage and formation of SHG Federations in select districts of Uttar Pradesh. The project envisages promotion and credit linkage of 22,000 SHGs. 1,100 cluster-level associations and 44 block-level associations in collaboration with participating banks and implementing NGOs. The project would cover 15 and 29 blocks under phase I and II respectively in 12 districts of Utter Pradesh. NABARD and RGCT have designed the project with technical assistance from Society for Elimination of Rural Poverty (SERP), Government of Andhra Pradesh.
As at the end of 31 March 2009, 7,808 SHGs had been promoted, of which 3,972 SHGs had been credit linked. In addition, 273 Village Level and 14 Block Level SHG Federations were formed. Phase II of the project was launched on 01 January 2009 and 8,467 SHGs were promoted, of which 3,378 SHGs were credit-linked.

**State – Specific Support in North Eastern Region (NER)**

Arunachal Pradesh: During 2008-09, an amount of Rs.39.15 lakh was sanctioned by NABARD for implementing the project ‘Micro Finance Vision 2011’ by the Government of Arunachal Pradesh. Further, an amount of Rs.33.66 lakh was sanctioned to the Essom Foundation Trust for setting up a Resource Centre at Itanagar for providing operational inputs, capacity building support and marketing linkages among the groups.

Tripura: The state support project on SHGs designed by the Government of Tripura was launched in December, 2008. The project aims to credit link 11,500 existing SHGs, forming and credit linking 35,000 new SHGs and promoting livelihood activities among the 3 lakh members up to 2012.

**3.3. MICRO ENTERPRISES**

Micro-enterprise and micro-finance development have emerged as major strategies to combat the twin issues of poverty and unemployment that continue to pose a major threat to the polity and economy of both the developed and developing countries. In India about 89 per cent of the total employment is in the unorganized sector. At the same time 97 per cent of women workers are in the unorganized sector.
Women who constitute more than 50 per cent of the population are not aware of their rights. India has become home to one of the largest micro credit programmes in the world India’s share in the global micro credit market in 2003 was 13 per cent of all clients and 16 per cent of the poorest clients.

The Government of India has accepted various challenges to fight against poverty on all fronts to improve the lot of the weaker sections of the society. By way of decentralizing the economic and the industrial concentration, in order to ensure the equitable distribution of the national wealth, particularly in rural areas, new strategies have been designed by our policy makers and planners.

The development of rural industries is one such strategy. The rural industries will encourage the new class of entrepreneurs, particularly technocrats, and the educated unemployed to start their own industrial ventures. In this context the relationship between micro enterprises and poverty reductions coming up for serious consideration among the policy makers and development programme implementers.

In 1999 the involvement of the RBI made micro credit movement an official banking programme. The Government of India launched a new programme called the SGSY from 1st April 1999. Compared to the earlier self-employment programmes SGSY is a more holistic programme covering all aspects of self employment centered in organizing the women into Self Help Groups. This is a single cell self-employment programme for the rural poor aimed at the establishment of a large number of micro-enterprises. Micro enterprises have emerged as a real boon for the poor. Besides solving the problem of poverty, they help to generate additional
income for families in both rural and urban sectors. Further, they are ideal for many women who prefer part-time employment. Self employment opportunities allow women to have flexible working hours. Besides it trains them to acquire entrepreneurial ability and at the same time obtain economic independence (R. Amutha Rani, 2007).

Micro enterprises are an important source of income and employment for a significant proportion of rural poor. As per 2001 Census, micro-enterprises sub sector accounts for 25 per cent of employment of all main workers. Certain product lines such as brick making, dairy products, retailing of electronic entertainment, soft toys making, chalk piece making, mushroom culture, coir products, candle making, agarbatti making etc., are considered to have very encouraging market (V.S. Ganesamurthy, 2007).

Woman as Human Resources

The effective utilization of human resources is a necessary condition for the developments of any economy. Women occupy 50 per cent of the total Indian population and they constitute an important segment of human resources. Women have been identified as potential contributions for fostering the pace of economic development. Agriculture is the major sector in which 70 per cent of the female working population is engaged. It is also a low wage occupation and income potential from agriculture depends on favorable climatic conditions. Alternative employment opportunities are inaccessible to women due to their poverty and unskilled nature. Rural women especially those belonging to the weaker sections of society have limited access to resources and employment opportunities that would make them to meet bare
consumption needs. Moreover the rural credit packages had been exclusively male oriented and women were largely ignored.

In this context formation of women into self help groups (SHGs) paved them a way to develop their economic standards thereby building self confidence. Women in self help groups have been encouraged by the government as well as non-governmental organizations to undertake self-employment ventures with locally available raw material and other resources. Availability of micro credit helped SHG women a lot and many women came forward and established micro enterprises. At present a good number of NGOs and financial institutions have been offering micro fiancé especially to women micro entrepreneurs. As a result micro entrepreneurship is gradually growing importance among the jobless particularly among the educated and uneducated urban and rural women.

**Micro Credit for Micro Enterprises**

Micro enterprises are considered a potent growth engine that triggers the development process. Micro enterprises have emerged as a real boon for the poor. Besides solving the problem of poverty, it helps to generate additional income for families in both rural and urban sectors.

Several studies on micro enterprises have brought out the fact that the profitability as well as viability of these enterprises can be greatly enhanced if they are provided access to credit on fair terms. Here comes the importance of integrating micro credit with the micro enterprises sector. The linking of micro enterprises and micro credit through SHGs can become financially self-sustaining.
Marketing of Products

Micro enterprises can be grouped into two categories viz., those which do not have much of marketing problem and the others that experience challenging problems in marketing.

Especially in rural areas the women micro entrepreneurs continue to produce the traditional designs for local markets. What is required is the systematic market promotion through building up of market intelligence, product designs, bargaining strength and exploration of new markets to overcome the challenges in marketing products.

Challenges and Strategies

Micro enterprises require some entrepreneurial skills:

- Some of these can be acquired through training programmes like Entrepreneurship Development Training Programmes. Government and Non-Governmental Organization have to motivate women to undergo these training programmes so as to develop their entrepreneurial skills and capacities.
- The growth of micro entrepreneurship mainly depends on creativity and innovative ideas.
- Since the markets are highly dynamic, price and demand fluctuations are very common.

Therefore for the sustainability and growth of micro enterprises women must be able to understand the behaviour of markets and respond appropriately to meet the challenges thrown by the markets.

Microfinance or small amount of credit is essential input in poverty alleviation and women empowerment. The provision of microfinance to
the poor was made in India since 1970s under various poverty alleviation and women empowerment programmes. The Indian economy needs to generate a large number of jobs in the decentralized rural non-farm sector, comprising to small, tiny, cottage, village industries in order to arrest the rising unemployment and urban migration in the country. The rural economy in recent years has been showing clear positive signs for the micro enterprise opportunities especially for women. To make the SHGs movement in India really meaningful and successful the governments at different levels have to intervene in a large scale not as financier or provider of other inputs but as facilitator and promoter.

Since the markets are highly dynamic and for the growth and sustainability of micro enterprises, the entrepreneurs must be able to understand the behaviour of markets and respond appropriately to the challenges of competition. Micro enterprise promotion among women requires comprehension of market dynamics also in addition to innovations and creativity.

3.4. ECONOMIC EMPOWERMENT OF WOMEN

In the 21st century, women enjoy more freedom and power than ever before. However, they are still disadvantaged when compared to men in virtually all aspects of life. Women are deprived of equal access to education, health care, capital, and decision making powers in the political, social, and business sectors. Whereas men are credited with performing three quarters of all economic activities in developing countries, women actually perform 53 per cent of the work, according to the United Nations. The 1995 UN Human Development Report, states that “an estimated $16 trillion in global output is currently ‘invisible,’ of which $11 trillion is estimated to be produced by women.”
According to the UNDP Human Development Report, women in Africa represent 52 per cent of the total population, contribute approximately 75 per cent of the agricultural work, and produce 60 to 80 per cent of the food. Yet they earn only 10 per cent of African incomes and own just 1 per cent of the continent’s assets. These numbers indicate the tremendous challenges women face on their road to gender equality. Despite repeated efforts made by governments, NGOs, and multilateral development agencies, the majority of women in the developing world are still relegated to micro enterprises and informal tasks.

In addition, women still make-up the majority of part-time and temporary workers in developed countries. Consequently, these women working in informal economies are likely to have less access to basic health care services, education, financial capital, political appointments, employee rights, and land ownership.

For example, in Southeast Asian countries, Khadija Haq states that women are still underrepresented in the government and civil services, and face a persistent gap in education and job opportunities. However, there is wide consensus that investment in the economic empowerment of women can and will help reverse these trends.

Increased income controlled by women gives them self confidence, which helps them obtain a voice and vote in:

- Household decisions such as domestic well-being decisions: For instance, women tend to use income clout for more equitable decisions about sons and daughters’ diet, education and health.
- Economic decisions: acquiring, allocating, and selling assets.
• Fertility decisions: economically empowered women tend to have fewer children.
• Land use and conservation decisions: rural women tend to favor sustainable environmental practices since they are usually the ones that collect the families’ natural resources such as water and firewood.

Female economic power also enhances the “wealth and well-being of nations. Women who control their own income tend to have fewer children, and fertility rates have shown to be inversely related to national income growth. Women are also more able – and generally more willing than male counterparts – to send daughters as well as sons to school, even when they earn less than men. In turn, a woman’s level of education affects her decision-making process when it comes to questions about contraception, age of marriage, fertility, child mortality, modern sector employment and earnings.

Unfortunately, widespread cultural and economic practices work to prevent empowerment.

Factors impacting women’s economic empowerment include:
• Violence: women are the predominant victims of conflict, sexual violence, injury, death, intimidation and human trafficking.
• Lack of adequate access to education, training and technology
• Lack of access to clean water, sanitation
• Lack of access to responsible health care/ reproductive health (one of the costs of widely available pre-natal screening in India has been the selective abortion of female fetuses, 10 million in
the past two decades – this has led to one of the most skewed
gender ratios in the world with 927 girls to every 1000 boys in
2001).

- Lack of access to credit / finance, safe work conditions, living
  /minimum wages
- Cultural practices, tradition, religious interpretations of
  women’s status
- Women’s lack of knowledge about rights and laws (economic,
  social, political, religious)
- Lack of adequate representation in decision – making positions
  and governance structures

The real tragedy is that women are often better economic stewards
of capital than men. Research has shown that women are more likely to
reinvest profits back into human capital than are men. When women have
economic power – defined as control of income and capital (land,
livestock, etc.) – they gain more equality and control over their own lives,
while contributing directly to their children’s development (nutrition,
health and education) and thereby indirectly to their nation’s income
growth.

Women’s economic empowerment could ease corruption and
violence, promote greater environmental sustainability, and through
education, contraception, and lower fertility rates, helps lower HIV/AIDS
rates. If this kind of process is accepted by society, then it should be
apparent that women’s education and economic empowerment is not only
a matter of human rights but also human security.

Yet, there exist many impediments to women’s economic
empowerment. Recently, the World Economic Forum ran a study on 58
countries to assess the size of the gender gap. The Forum’s analysis concluded that no country has managed to close the gender gap with the exception of the Nordic nations. For example, Sweden scored high in its efforts to advance women’s participation in all aspects of societal structure, while the United States ranked 17th, Mexico 52nd, Jordan 55th, and Egypt 58th. These findings suggest that the world has a long way to go to bring women to the forefront of economic, social, and political participation.

   Unless women’s economic security is strengthened, we will not be able to eliminate poverty, achieve gender equality, or realize any genuine progress on the UN’s stated Millennium Development Goals. Below are just some of the statistics that highlight the discrepancies between men and women in the contemporary world.

   - There are 135 million children in the world between 7 and 18 who are not receiving any education at all, of which approximately 60 per cent are girls.

   - Of the girls who do begin primary school, only 1 in 4 is still in school four years later

   - The gender gap increases at higher levels of education.

   - Two-thirds of the 880 million illiterate adults around the world are women.

   - When women’s income increases, money is more likely to be channeled back into families and they are more likely to educate daughters.

   - Each additional year in school raises a woman’s earnings by about 15 per cent compared to 11 per cent for a man.
Women represent half the World’s population, and gender inequality exists in every nation on the planet. To discriminate and prevent half of humanity from reaching its full potential is economic folly. Denying women and girls equality and fairness not only hurts them, but also hinders the rest of society.

As described earlier, in the majority of poor nations, mothers, not fathers, have the most influence on their children. Mothers are the ones who dictate the decisions on whether or not children are sent to school, what school they go to, and how much time they spend working for the family. Until women are given the same opportunities that men are, entire societies will be destined to perform below their true potentials. Other large global humanitarian issues such as poverty, unemployment, population growth, the HIV/AIDS epidemic, and violence are all intertwined with the gender equality issue. Thus, concerted action to educate women, give them equal access to credit, and generally empower them, are critical components in battling all of the above-mentioned ills. Until societies, governments and non-governmental organizations around the world come together and make a concentrated effort to empower and grant equality to women, the world will be stuck in the past, and human well-being will never truly realize its full, vigorous potential.

As it is clear that the rights and protection of women from social inequalities in statute books are not good enough, some practical solutions are to be acknowledged and most importantly, implemented. Women have been deprived of economic independence. The empowerment of women and improvement of their status and economic role needs to be integrated into economic development programs, as the development of any country is inseparably linked with the status and development of
women. Given the gender division of labour that prevails in India, Nutrition, Child Health, and related matters typically depend mostly on women’s actions and decisions. Experience has shown that promotion of enterprise creation and income generating activities among women would transform them from ‘being alive’ to ‘living with dignity’. For instance, woman like Indira Nooyi who has become the Chief Executive Officer of Pepsi Company is really an achievement. Similarly Kiran Mazumdar of Biocon, Lijiad Papad, now functioning on a large scale are really making a mark equally, efficient like men. But they are only few in numbers, which needs to be increased in future with improvement in economic empowerment of women.

With this factual and conceptual background the present study focuses attention on the role of SHGs and Micro Enterprises in women empowerment in Thanjavur District of Tamil Nadu which is known as the “Rice Bowl” of the state. The profile of the study area is portrayed in the next chapter.