Chapter 2

Review of Literature

This chapter is an attempt to present the reports and studies conducted on the topic by different individuals, agencies and institutions. The objective of literature review is to understand the present status of the Kudumbashree project in the State of Kerala and to identify the research gap. The available literature is presented in a simple and lucid style in the chronological order.

V.L. Srilatha, P.K. Gopinathan and P. Bakshi\(^1\) (1997) in their article entitled ‘Power to the poor: a new strategy for poverty eradication’, pointed out that the Alleppy CDS model, a women-centred programme evolved in Kerala for poverty eradication, enabled the women from the poorest families to gain confidence, skills and capacity to undertake a massive programme of activities involving massive funds. A major gain of making the programme women-centred was that it made easier the transition of power from the bureaucracy to the common people.

In an article entitled ‘Micro Finance For Self Help Groups’, D. Nagayya\(^2\) (2000) pointed out that SHGs could contribute towards improving the quality of lending by offering loans in a prompt and simple manner, ensuring need-based loans, and keeping the loan size within repaying capacity of the borrowers. He further stated that SHGs have the advantage of intimate knowledge about their members in comparison with the bank staff.

Laxmi R. Kulshrestha\(^3\) (2000) in her article entitled ‘Micro-finance: The New Development Paradigm for Poor Rural Women’, pointed out that lack of capital was a serious constraint to the development of women in rural areas who found little or no access to credit. She also opined that often the legal provisions, and the loan policies and procedures have made credit inaccessible to women. Certification of identity, lack of assets for furnishing security, the co-signing of loan by the husband since the women’s right to property have often been restricted, non-acceptance of the women as members by the co-operatives in case a male member of the family is registered, frequent travelling of long distances to transact
the loan, and illiteracy of rural women were identified as some of the difficulties that women face in applying for credit.

In an article entitled ‘Self Help Groups Empower Rural Women’, T.R. Gurumoorthy⁴ (2000) reported that though rural women have enough entrepreneurial potential, due to poor financial strength, they have not been able to convert their entrepreneurial dream into reality and they need financial assistance. He also opined that many rural poor feel reluctant to approach the banks or financing agencies, as they do not have enough courage because of their low livelihood and illiteracy. Besides, he stated that SHG is a viable organized set up to disburse micro credit to the rural women for the purpose of making them enterprising and encouraging them to entrepreneurial activities.

Andrea Luisa C. Anolin⁵ (2000) in a case study entitled ‘Women and microfinance programmes’, has made an attempt to evaluate the impact of microfinance programmes and services on the lives of Filipino women. The study, based on the experiences of the Women’s Education, Development, Productivity and Research Organization (WEDPRO) and the Maligaya Women’s Multi-Purpose Transport and Service Co-operative (MWMTTSC) in providing microfinance services to its beneficiaries, reported that the women beneficiaries and members of both organizations have developed higher self-esteem and increased self-confidence because of their involvement in both organizations.

Baiju.S and Gabriel Simon Thattil⁶ (2000) in their paper entitled ‘Microfinance Through Self Help groups- A study of Thiruvananthapuram District’ analysed the working of SHGs in Thiruvananthapuram District of Kerala. The objectives of their study were:

a. To examine the savings and investment patterns of SHGs.
b. To understand the various activities for which loans were issued.
c. To study the utilization pattern of credit by the members and
d. To study the major problems facing the SHGs.

The important findings of the study were:
a. The maximum funds raised by the sample groups internally amounted to Rs.3,000.
b. The majority of the respondents were engaged in maintenance of livestock and poultry rearing.

c. The social and economic status of the respondents improved to a certain extent.

d. The majority of respondents were receiving Rs.1,500 to 1,750 per month as income after joining SHGs.

e. The major problems facing the SHGs were lack of funds, lack of a system of marketing of products, moneylenders’ publicity against SHGs, political interferences, lack of follow up programmes, and less participation of local bodies.

K.P.Saraswathy Amma and P.Sudarsanan Pillai\(^7\) (2000) in their paper ‘Microfinance and Self-employed Women’, opined that the gap between the conception of many developmental schemes of the government for rural women and their actual implementation can be effectively bridged by microfinancing programmes. The study suggested that the NGOs and SHGs must initiate programmes considering the credit needs and socio-cultural constraints of rural women.

‘Poverty, Credit and Micro Enterprises- A Gender Study’, by S.Sundari and N. Geetha\(^8\) (2000) have analysed the factors that perpetuate poverty, the hurdles women face in acquiring credit, and in setting up micro enterprises. The study revealed that the gender disparity in getting access to institutional credit is gradually narrowing down overtime. They also pointed out that development of micro enterprises can help to create immediate employment opportunities involving a number of women at low investment level. However, they identified financial constraints, lack of technical knowledge, lack of training and extension service, lack of quality control, lack of communication and market information, poor quality of raw materials, lack of storage facilities, obsolete and primitive technology, and inadequate motivation as the bottlenecks in the establishment of any micro enterprise.

Jaya.S. Anand\(^9\) (2000) in her article ‘Microfinance in Kerala’, tried to evaluate the microfinance programmes and working of SHGs in Kerala. She opined that the microfinance programmes have enabled the poor to take up a micro enterprise by availing credit without an outsider dictating as to how and for what
the loan should be used. The study revealed that those members who had some unit or activity earlier could use the micro credit effectively for expansion or modification and they had reaped the maximum benefit. Besides, she observed that the lack of entrepreneurial skill has led to absence of fuller utilization of group savings in productive ventures leading to accumulation of dead cash in banks.

In a paper entitled ‘Micro Financing Through Self Help Groups’, S. Yesudas\(^\text{10}\) (2000) stated that most of the groups loan, at the initial stage of SHGs, were used for consumption purposes, repayment of debt, medical expenses, marriages, and other social purposes and gradually on attaining maturity, they think of income generating activities.

‘Micro-Credit System – Problems Perceived in the Sustenance and Widening of Scale of Operations’, by P.C. Thomas\(^\text{11}\) (2000) stated that Microfinance Programmes have proved successful in many parts of India and he stressed the need to scale up its operation immediately for achieving the goals of poverty alleviation. For this there is the need to increase the outreach, expand loan portfolio, increase the amount of loan outstanding and operate on a sustainable basis.

Jos Chathukulam\(^\text{12}\) (2000) in his paper ‘Survival Through Social Capital Formation: the Case of Women’s Self Help Groups in Kerala’, made an attempt to review the poverty reduction strategies under Ninth and Tenth five-year plans, with special reference to People’s Plan and Kudumbashree experiences. The study, focusing on the activities of the women self groups in Udayanapuram Village Panchayat of Kottayam District in Kerala, reveals that unlike in other parts of the country where non-governmental organizations (NGOs) have been in the forefront of SHG formation, in Kerala the intervening role of the grama Panchayat, has been the major factor accounting for the rise of these groups on an extensive scale. He further stated that the need for credit and small savings has been the major motivating factor for SHG formation apart from the facilitating environment offered by the Panchayat through People’s Plan Campaign. He was of the view that although some sections of the poorest of the poor find it difficult to participate in SHGs, the overall impact of the SHG movement in enabling women to arrest the increasing feminisation of poverty is considerable.
‘Institutionalising Microfinance in India- An Overview of Strategic Issues’, by Tara. S.Nair13 (2001) identified the apparent failure of State-owned credit institutions to reach out to the poor and the disappointing performance of poverty alleviation programmes of the government as the reasons for promoting microfinance, mainly in the non-financial sector, in India. The study also stated that poor women constitute the entire client base for the majority of Indian microfinance institutions.

Mirai Chatterjee14 (2001) in an article ‘Microfinance: the Miracle Cure?’ observed that poor women need appropriate delivery mechanisms suited to their situation and doorstep banking, decentralized to the grassroot level, in order to reach financial services effectively. He also opined that microfinance must necessarily be linked to livelihood and employment promotion.

Dr. Laxmi R. Kulshrestha and Archana Gupta15 (2002) in their article ‘NGOs In Micro Financing Partners in Rural Development’, reported that NGOs are building social capital in the form of groups that can generate a sound base for their members to develop their credibility as borrowers and encourage financial institutions to develop confidence in establishing a lending relationship with the groups. They also stated that Indian experience in micro finance is less well known internationally than that of Bangladesh, Indonesia and some countries in Africa and Latin America, but the SHG linkage concept might be considered as the uniquely Indian contribution to the field.

In an article entitled ‘Self-Help group-A Novel Approach For Reaching And Empowering The Unreached And Under-served Poor in India’, G.D. Banerjee16 (2002) reported that NABARD’s initiative to strengthen the access of rural poor to formal banking service through SHGs gathered momentum over the years since the inception of SHG-Bank linkage programme in 1992. The programme showed a significant growth in terms of coverage and outreach of credit to the rural poor. The cumulative number of SHGs linked with banks increased from 255 in 1992-93 to 4,58,871 in 2001-02 and the cumulative bank loan availed by SHGs for the same periods were Rs.2.9 crores and Rs.1005.8 crores respectively.
Susy Cheston and Lisa Kuhn\textsuperscript{17} (2002) in their article ‘Empowering Women Through Microcredit (part1/2)’, investigated the evolution and progress of microcredit for the poor women and reported that microfinance institutions can significantly reduce women’s vulnerability to poverty by providing access to financing for income-generating activities.

V. M. Rao\textsuperscript{18} (2002) in his article entitled ‘Women Self –Help Groups- Profiles from Andhra Pradesh and Karnataka’, examined the genesis and development of SHGs in India and the working of women managed Self Help Groups spread over six districts of Andhra Pradesh and Karnataka. The study observed several reasons for members to join in the SHGs viz. to avail credit, to develop saving habit, to meet unexpected demand for cash, peer pressure, motivated by NGOs/officials, solidarity, exchange of ideas/experiences, attending adult education classes and empowerment. Among all the reasons mentioned, availing credit, meeting unexpected demand for cash, and to develop saving habit were observed as the prime factors.

Pallavi Chavan and R.Ramakumar\textsuperscript{19} (2002) in their study ‘Micro-Credit and Rural Poverty –An Analysis of Empirical Evidence’, analysed the performance of NGO-led micro credit programmes and institutions in several developing countries and compared them with the state-led credit-based poverty alleviation programmes and institutions, such as, the IRDP and RRBs in India. The various performance indicators used in the analysis were (1)Targeting the poor (2) Increase in earnings and assets holdings of the poor (3) Employment generation and skill improvement and (4) Financial viability. The main findings of the study were:

1. NGO –led micro-credit programmes and institutions, such as Grameen Bank, have been successful in reaching their target groups of the poor more effectively than the state-led programmes and institutions.
2. The micro-credit programmes and institutions have been able to bring about a marginal improvement in the income of the beneficiaries.
3. Micro-credit programmes and institutions have generated a positive impact on the number of days of family employment, though the progress in the generation of wage employment has been poor.
4. The micro-credit programmes and institutions have been operating profitably on account of remarkable high repayment rates on loans.

5. The beneficiaries of micro credit programmes and institutions have not gained much by way of improvements in their skills and technology.

6. The practice of repayment of Grameen Bank loans by making fresh loans from moneylenders in Bangladesh has resulted in the creation of ‘debt cycles’

Erhard W. Kropp and B.S. Suran²⁰ (2002) evaluated the SHG-Bank linkage programme and stated in their study report entitled ‘Linking Banks (Financial) and Self –Help groups in India- An Assessment’, that with the introduction of SHG – Banking a highly flexible financial service structure has been made available to poor households, which allowed them to stabilize their irregular income flow and to increase their income in most cases. The SHG system allows members to maintain more regular financial flow in support of the family and of the micro enterprise operated by the family.

Susy Cheston and Lisa Kuhn²¹ (2002) while studying the role of micro finance in empowering women with particular reference to Sinapi Aba Trust’s clients in Ghana opined in their article entitled ‘Empowering Women Through Microfinance (Part 2/2)’ that micro finance has the potential to have a powerful impact on women’s empowerment and women often values the non-economic benefits of a group lending programme as much as or more than the credit. The study also revealed that even when products and services of microfinance institutions are targeted primarily to women, they still face considerable disadvantages in relation to men due to more limited business networks and opportunities, greater domestic burden, weaker self-confidence, less education and, in many cases, a restrictive legal environment.

Malcolm Harper²² (2002) in his article ‘Grameen Bank Groups and Self-help Groups ; What are the differences?’ described and compared the two major group-based systems of microfinance ; the Grameen system which dominates the market in Bangladesh and the SHG system mainly found in India and opines that at least in India the SHG system is more economical , and more financially sustainable. The study also pointed out that SHGs are more vulnerable to ‘hijacking’ by vested
interests, and to inequitable distribution of the benefits because the financial institutions to which they are linked for savings and loans do not closely supervise them. Besides, in many cases SHGs have been used as channels for government grants and other poverty alleviation programmes in India and such grants can erode the sense of ownership which is necessary for effective groups, and can even destroy the groups altogether.

In a study report entitled ‘Self-help Groups as Financial Intermediaries in India: Cost of Promotion, Sustainability and Impact’, Ajay Tankha23 (2002) analysed the role and development of SHGs in financial intermediation in rural India. The study observed that SHGs have provided access to credit to their members, helped to promote savings and yielded moderate economic benefits, reduced the dependence on moneylenders, and resulted in benefits especially to women. The study also revealed the following findings.

1. Contrary to the vision for SHG development, SHGs are generally not composed mainly of the poorest families.
2. There is greater evidence of social empowerment rather than significant and consistent economic impact, except in the case of families active in business and
3. Financial skills of group members have not developed as planned.

Myrada24 (2002) in their study report entitled ‘Impact of Self Help Groups (Group Processes) on The Social/Empowerment Status of Women Members In Southern India’ made an attempt to examine the Self Help Groups’ impact on the social status and empowerment of the women members by measuring the changes in the various spheres of their lives in the states of Tamil Nadu, Andhra Pradesh, Kerala and Karnataka. The study revealed that the SHG membership has a positive influence on the financial status of women members, their share in the family income and their confidence level amongst other things. Besides, the magnitude of such impact was greater in case of SHGs which were older than three years compared to young SHGs having less than one year of age.

Bharat Dogra25 (2002) in his article ‘Women Self-Help Groups- Kindling spirit of Entrepreneurship’, pointed out that the interest rate charged by self help
group is generally about half of the rate charged by money lenders and he emphasized the need for the prompt repayment of loan which is considered essential for the long-term success of self-help groups.

V. Puhazhendi and K.C. Badatya (2002) in their study report entitled ‘SHG-Bank Linkage Programme for rural poor – An Impact Assessment’, made an attempt to measure the impact of microfinance through SHG-bank linkage programme implemented by NABARD since 1992 on the SHG members in eastern areas of India covering the states of Orissa, Jharkand and Chattisgarh. The study, based on primary data collected from 115 members in 60 SHGs showed that the programme resulted in various benefits to its members in terms of increased asset creation, enhanced savings and borrowing habits, increased income and higher employment, increased social lives etc.

Jaya. S. Anand (2002) in her discussion paper ‘Self-help Groups in Empowering Women: Case Study of Selected SHGs and NHGs’ made an attempt to examine the performance of selected SHGs and NHGs promoted by three voluntary agencies, Shreyas, B.V.M. and C.D.S., in Chungathara Panchayat and to assess its impact especially the impact of microcredit programme on empowering women. The study revealed that all the members, irrespective of the groups, considered the thrift component which acted as an ‘informal bank at their doorstep’ as the most striking advantage of SHGs. The study also observed that group leaders, who earlier had some experience in the management of Mahilasamajams or similar associations made more significant contributions to the success of the groups than group leaders without such past experience. Distrust in the leaders, lack of transparency in transactions, and autocratic style of function of the leadership were identified as the major factors inimical to the success of groups in the long run. It was also observed that despite 3 to 4 years of functioning, there were members who remain unemployed but were willing to take up an economic activity, provided sufficient guidance and credit were made available to them. However, about 55% of selected members in B.V.M., 33% in Shreyas and 42% in CDS have taken up income generating activities by availing microcredit and their contributions to family income were 35%, 25% and 27% respectively.
V. Satyamurti and S. Haokip (2002) in their paper entitled ‘Microfinance: Concepts and Delivery Channels in India’, reported that Micro Finance Institutions by providing better access to financial services to the poor play an important development role, enabling households to create, own, and accumulate wealth and assets. They further opined that microcredit is useful only in certain situations, and with certain types of clients. Extremely poor people who do not have any stable income, such as the very destitute and the homeless, should not be microfinance clients as they will only be pushed further into debt and poverty by loans that they cannot repay. On the other hand micro credit serves better those who have identified an economic opportunity and who are in a position to capitalize that opportunity if they are provided with a small amount of ready cash. Besides, the SHGs themselves are not free from discrimination against the poor. The upper strata of the poor could prevent those in the lower strata from joining their groups, deny access to credit, prevent participation in the decision-making process and exploit the group’s strength for the benefit of a few stronger members. They considered the absence of supportive law and regulations as one of the main constraints in the credit flow to the poor and the needy and stressed the need for creating microfinance specific law for regulation and supervision of microfinance organizations to facilitate and increase the size of credit and other finance flow to the poor particularly those in rural areas engaged in agriculture, allied activities and the non-farm sector.

Sanjay Sinha (2003) in his article ‘Financial Services for Low Income Families: An Appraisal’ pointed out that microfinance in India is broadly characterized by a small number of large Micro Finance Institutions (MFIs) that are relatively strong and a larger number of relatively small and weak organizations. He also revealed that MFIs around the world follow a variety of different methodologies for the provision of financial services to low-income families.

Elizabeth Littlefield, Jonathan Murduch, and Syed Hashemi (2003) in their article ‘Is Microfinance an Effective Strategy to Reach the Millennium Development Goals?’ concluded that microfinance programmes generally target women as clients and access to flexible, convenient, and affordable financial
services empowers and equips the poor to make their own choices and build their way out of poverty in a sustained and self-determined way.

Charlotte Verhelle and Lodewijk Berlage\textsuperscript{31} (2003) in their article entitled ‘Determinants of Microfinance Group Performance: An Empirical Analysis of Self Help Groups in India’ opined that Self Help Groups (SHGs) often serve as a platform to address community problems or to undertake jointly social activities.

In an article entitled ‘The Internal Learning System- A Tool for Tracking and Enhancing Empowerment Outcomes and Wider Social Impacts of Microfinance’ Helzi Noponen\textsuperscript{32} (2003) opined that microfinance has become one of the favoured intervention for poverty alleviation and economic development for poor households across both the developing and developed world.

In an article entitled ‘Women and Globalisation: Is Microcredit the Answer?’ Pam Rajput\textsuperscript{33} (2003) reported that the potential of Self-Help Groups (SHGs) to develop as local financial intermediaries to reach the poor has gained recognition due to their community based participatory approach and sustainable recovery rates. He also pointed out that SHGs in India have been recognised as an effective strategy for the empowerment of women in rural as well as urban areas and the impact of micro credit varies in accordance with the socio-economic background of the individual members.

M.Ramanunny\textsuperscript{34} (2003) in his project report ‘Credit Needs of Women Entrepreneurs in Urban Area-Problems and Perspective’ made an attempt to study the various problems faced by Micro Entrepreneurs in accessing credit both from formal and informal Micro Finance Institutions including banks. He noticed the lack of knowledge about banking procedures, lack of transparency of interest rate, delay in sanctioning of loans, non-availability of repayment holiday, fixation of installment amount without considering cash flows, under financing, and lack of training as the major problems faced by women micro entrepreneurs in urban areas of Kerala. He also opined that if the credit related problems are properly addressed by Government and Financial Institutions, the phase of the economic development could be doubled.
Paul Mosley and Thankom Arun\textsuperscript{35} (2003) in their report ‘SHG Experiment: “Magic Bullet” for Rural Poor?’ stated that the phenomenal growth of microfinance institutions has made significant progress in understanding the diversified needs of the poor for financial services. They also pointed out that the SHG-linkage model, the dominant mode of microfinance provision in India, helps banks to reduce its transaction costs and also increase the likelihood of loan repayments.

In an NRI Working Paper entitled ‘the Role of Self –Help Groups in Rural Non-Farm Employment’, Barbare Adolph\textsuperscript{36} (2003) made an attempt to study the role of SHGs in providing Rural Non-Farm Employment(RNFE) through enterprise development and marketing. The study points out that SHGs often do not include the poorest of the poor due to socio-economic factors and intrinsic biases of the implementing organizations. Besides, the study opined that possibly different types of SHGs are required for different types of people, depending on their specific social and economic conditions and their goals.

In an article ‘Mainstreaming Microfinance: Bridging NGO-Banker Divide’, Bibhudutt Padhi\textsuperscript{37} (2003) reported that NGOs have a crucial role in group formation, nurturing SHGs in the pre-micro enterprise stage, capacity building and enhancing credit absorption capacities. It was also pointed out that Group-based forms of lending originated mainly for the benefit of the lender as solutions to two problems faced by micro-credit organizations viz. the problem of lack of collateral, and the problem of high transaction costs involved in loan appraisal, monitoring and endorsement. The study also suggested the development of a symbiotic relationship between NGOs and Banks, with the former efficiently utilizing their strength in social engineering and the latter focusing on pure financial intermediation. Such a strategic partnership will help to achieve the otherwise elusive targets of outreach to the poor and financial sustainability.

S.B.Misra\textsuperscript{38} (2004) in his paper ‘Empowering Women for Entrepreneurship: The Role of Microfinance’, concluded that microfinance with the components of ‘savings’ attached to it provides an inbuilt strength to the women for productive occupation and enterprise. He also pointed out that the
microfinance market in India is not so well developed in relation to potential market, in terms of number of clients, range of services and institutional models.

Silvia Jutkova\(^{39}\) (2004) in her study report entitled ‘Impact of Self-Help Groups on Women’s Lives- Selected Area of Karnataka (BIRD-K Tiptur)’, made an attempt to examine mainly the impact of SHGs involved in Swayamsidha Project of BAIF Development Research Foundation, Karnataka, which focuses on addressing women’s self-identified needs by forming and strengthening women’s Self-Help Groups and other forms of community based organizations. The objectives of the study were:

1. To examine SHG’s functioning in terms of savings and credit.
2. To examine the impact of SHGs on women’s lives and
3. To develop guidelines for further improvements.

The major findings of the study were:

1. The common reason for joining SHG was making the member more economically independent.
2. Women were able to take loans from SHG under better financial conditions.
3. Dependence on moneylenders has decreased.
4. The loan pattern of the members showed that only 18.51% of the total loan amounts were for income generation activities.
5. 77.14% of the borrowers belong to BPL families and the remaining 22.86% to APL families.
6. The majority of the women confirmed positive change in their family income. 35% of SHG members, who have availed loans, reported an increased income of about 50% where as 4% witnessed no change in their income.
7. Women who became members of SHGs had a higher status in the family and village.

In an article entitled ‘Is microfinance a good poverty alleviation strategy? – Evidence from Impact Assessment’ Ranjula Bali Swain\(^{40}\) (2004) evaluated mainly the effects of microfinance at the micro (household and individual), meso (regional) and macro (national) level and also the long-term ability of microfinance in reducing poverty. It revealed that microfinance has a higher impact for
households closer to poverty line, rather than for the poorest of the poor and more effective microfinance programmes would require greater commitment of funds and resources to literacy and basic training programmes.

Puspa Raj Sharma (2004) in his article entitled ‘Microfinance: A Powerful Tool for Social Transformation. Its Challenges, and Principles’ stated that microfinance has already been accepted as one of the most significant contributors for poverty alleviation and it offers a set of powerful tools for social and economic development of the poor.

Alex Counts (2004) in his article entitled ‘Microfinance and the Global Development Challenge’ opined that microfinance can have a major impact on reducing poverty at both local and national levels. He also pointed out that regulatory policies of the government supporting small business development are a key to successful microfinance operation.

Emmy Simmons (2004) in her article ‘The Role of Microenterprise Assistance in U.S. Development Policy’ stated that in many countries microenterprises constitute the majority of businesses and they account for a substantial share of total employment and gross domestic product (GDP).

In an article entitled ‘Women And Microfinance: Opening Markets And Minds’ Susy Cheston (2004) pointed out that microfinance programmes have resulted in increased participation by women in community leadership and also in political positions.

In an article entitled ‘Microcredit Loans Are Critical Tools To Helping The World’s Poor’ Christopher H. Smith (2004) reported that micro enterprise programmes have promoted higher household income and increased family well being, including improved nutrition and education among children.

Katharine McKee (2004) in her article ‘Financing Development: Banking On Microenterprise’ pointed out that despite the importance of financial services for both poverty reduction and equitable economic growth, only five per cent of low-income households around the world have access to such services.
In a study report entitled ‘Adult Education and Livelihood: Women as Agents of Change’ Dr. Mandakini Pant (2004) pointed out that organizing poor in self-help groups and empowering them with capacities would enhance their competence to access and manage resources, expand their options for sustainable livelihoods and enable them to participate actively in community development. It was also observed that membership of SHG and easy accessibility to loan and engagement in micro enterprise facilitated the women’s inclusion in household decision-making.

Kiran Asher and Veena Sampathkumar (2004) in their article “Possibilities and Limits of Microfinance as a Development Strategy: An Evolving Conversation”, discussed the potential for micro credit to address the intricacies of women’s roles and the power relations that surround them. It was further stated that micro credit has the potential to enable women to become dynamic economic agents, rather than passive beneficiaries of social services and micro finance enables or enhances the income-generating economic activities of women and their families. The article also pointed out that through financial services such as savings, credit, and insurance, micro finance allows women to meet basic needs for themselves and their families, and improve their quality of life.

In an article entitled ‘Micro credit in India: an overview’ Mohanan Sankaran (2005) described the origin, development and growth of the micro credit programme in India. He opined that the increasing number of credit-linked self-help groups and the volume of loan provided by the banks showed the evidences of success and acceptance of the programme among the poor people. The number of SHGs linked with banks increased from 255 in 1992-93 to 1079091 in 2003-2004 and the volume of loans disbursed increased from 0.10 million US Dollars in 1992-93 to 867 million US Dollars in 2003-2004. He also argued that constant training and capacity building of the SHG members are essential for the sustainability of the programme.

Jayaraman (2005) in his study report entitled ‘Performance Analysis of Fisherwomen Self Help Groups in Tamil Nadu’ made an attempt to evaluate the performance of Fisherwomen Self Help Groups in five coastal villages of Thoothukudi and Tirunelveli districts by taking 725 fisherwomen - SHG members
representing 41 SHGs. It was observed that microfinance had contributed to the overall socio-economic empowerment of the fisher women apart from improving their living conditions. The loan utilization pattern showed that slightly over half of the total loans, comprising of the internal as well as bank loans, were utilized for income generation activities. It was found that the SHG movement has created awareness among the poor women about the Panchayat Raj Institution (PRI) activities and ensured higher level of participation of members in the Panchayat Raj meetings. He also reported that micro credit has become a powerful tool in helping women transform their lives, the lives of their families and that of their communities.

C.S. Reddy and Sandeep Manak⁵¹ (2005) in their report entitled ‘Self Help Groups: A Keystone of Microfinance in India- Women empowerment and social security’, which is based on the working of SHGs mainly in Andhra Pradesh, revealed that in the vast majority of instances group leaders were almost exclusively from the dominant groups’ category. Hence a lack of equity and unity across caste divisions was noticed. Besides, they opined that SHGs are becoming more than just financial intermediaries and have emerged into a more political and social unit of society.

In a working paper ‘Combining Strengths: Synergies between Cluster Development and Microfinance’ Anke Green⁵² (2005) revealed that microcredit programmes have become a favourite strategy of governments and donors to stimulate income-generation and employment creation for the poor. It was also stated that microfinance has the potential to encourage the development of new businesses owned by the poor and to help existing micro enterprises grow or diversify their activities. Moreover, it can increase the standard of living of the poor, improve their access to health care and education, reduce vulnerability and promote the empowerment of women and marginalized groups.

In an article ‘Does History Matter? The Old and New World of Microfinance in Europe and Asia’, Hans Dieter Seibel⁵³ (2005) revealed that microfinance operations through Self Help Groups (SHGs) in India have reduced considerably the dependence of the poor on moneylenders for satisfying their credit needs. He also opined that at very low transaction costs, and nearly 100 per
cent repayment rates, SHG-Banking is highly profitable to both banks and SHGs.
It was reported that as of March 2005, the programme has reached 1.6 million
savings-based groups credit-linked to 35000 bank branches and primary co-
operatives, with 24 million members, covering a population of over 120 million.

In an article ‘Microfinance: Banking for the poor, not poor banking’ Y.S.P
Thorat and Graham A. N. Wright54 (2005) have stated that access to financial
services has enabled many families throughout the developing world to make
significant progress in their own efforts to overcome the problem of poverty.

and NGOs make to micro finance programmes? The case of the National Bank of
Agriculture and Rural Development (NABARD) in India’ stated that microfinance
has extended the frontier of the financial system in developing countries in order to
provide the poor and the marginalized with much needed financial services.

V.M. Selvaraj56 (2005) in his article ‘Problems of Women Entrepreneurs in
Tirunelvely City’, analysed the problems and constraints faced by women
entrepreneurs during the setting up and continuation of their business. The study
identified absence of self confidence, lack of capital, lack of family support,
inadequate experience, high level of competition, fear of losing capital, lack of
proper guidance, inadequate knowledge, low managerial skill, and market
instability as the major problems faced by the women entrepreneurs in Tirunelvely
city.

K.Sayulu, G.Sardar and B.Sridevi57 (2005) in their article entitled ‘Impact of
Self Help Groups on Women Empowerment –An Empirical Study’, analysed the
role and impact of Self Help Groups on the lives of SHG women entrepreneurs.
The objectives of the study were:
1. To assess the impact of Self Help Groups in empowering women in Warangal,
   Karimnagar, and Khammam districts and
2. To suggest measures in order to strengthen the self Help groups in the process
   of women empowerment.

The study observed a positive economic impact of SHGs on their members
by way of increased income, savings, and asset creation. The social impacts in
terms of entry into politics, attitudinal change of male towards women entrepreneurs and change in the overall status of women members of Self Help Groups were also seen positive. The study further highlighted that SHG women entrepreneurs were facing several financial problems like heavy interest rate, shortage of fixed capital, economic incredibility, price fluctuation, non availability of loans, and delays in releasing the loans. The goods purchased by SHGs were sold on credit basis and they were not able to realize cash in time, resulting in holding up of the production process. The inability of the SHGs to negotiate with the buyers forced them to sell their products at depressed rates.

Sukhwinder Singh Arora and Jeremy Leach\(^\text{58}\) (2005) in their article entitled ‘Towards Building an Inclusive Financial Sector: Lessons from South Africa’, cited institutional infrastructure, organizational infrastructure, and support infrastructure as the three critical components of the environment that surrounds any financial service market. Institutional infrastructure comprises policies and law regulations that provide the foundation for any effective market in addition to informal norms and behaviour. Organisational infrastructure comprises the diverse providers of financial services having varying capacity and often in competition with each other. Support infrastructure backs up the other two layers and includes accountants, lawyers, market research and advocacy agencies involved in the financial sector etc. If any of these layers is dysfunctional, the financial markets are unlikely to work effectively.

In a paper entitled “Self Help Affinity Groups (SAGS): Their Role in Poverty Reduction and Financial Sector Development” Aloysius P. Fernandez\(^\text{59}\) (2005) tried to explain the history of Self Help Group movement and the resultant change in the official banking policy in India. He argued that the primary objective of the Self Help Groups, as that of Millennium Development Goals, is the social development and hence the SHG strategy support the global effort to meet the eight Millennium Development Goals (MDGs) in different degrees. He is of the opinion that SHGs have promoted values of equality, solidarity, tolerance, and shared responsibility. He also pointed out that the income generating activities of the SHG members are largely part-time and they need to be upgraded into micro
enterprises which require technology, power, skills, a regular flow of credit, and stable markets thereby making it to them a full time occupation

D.Rajasekhar and R.Majula (2005) in their paper “Do Women Groups Promote More Equity as Compared to Men Groups? Evidences from Karnataka, India” examined whether gender composition of people’s organisations in three different programmes viz. Women development and Empowerment Programs, Water supply and Sanitation Programs and Watershed Programs initiated by multilateral and bi-lateral agencies in Karnataka state resulted in different development outcomes measured in terms of attendance at a local organization’s meetings, participation in decision making and receipt of development benefits. The study was based on data collected from 1695 families benefiting from these three different programmes in the Kolar, Chithradurga, Belgaum, Gulbarga, Bellery and Bijapur districts of Karnataka. It was also pointed out that microfinance groups characterized by democratic decision-making can achieve good development outcomes such as improved access to qualitative credit with which new opportunities for livelihood can be pursued or older ones can be strengthened. The study showed that while benefits provided by the women’s groups tend to promote equity by favouring poorer and socially marginalized members, the water supply and watershed management projects tend, at best, to be equitable with respect to all members.

Frances Sinha (2005) in his article entitled ‘Access, Use and Contribution of Microfinance in India –Findings from a National Study’, analysed the performance of 20 Micro Finance Institutions in the states of Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, Uttar Pradesh, Rajasthan, Assam and Manipur representing all the main models of microfinance delivery in India viz. SHG model, Grameen replication model, and individual banking model and reported that microfinance is making a significant contribution to both the savings and borrowings of the poor in the country. He also opined that microfinance has not been able to make a significant mark on the local financial landscape due to its low outreach in relation to the local population and to overall credit needs. Besides, he observed that the group leaders are likely to access more credit and also to borrow more than the other members.
E. Sulaiman\textsuperscript{62} (2005) in his article ‘Working of Kudumbashree Units in Kerala - A Noble Project for Poverty Eradication’, concluded that weekly meetings, discussions, thrift and credit operations, participation in planning and implementation process of developmental activities and social and cultural activities conducted under the Kudumbashree have enhanced the confidence and capacity of poor women. He also opined that thrift and credit operations and micro enterprises have enhanced the economic status of the poor women in families and societies.

M.S. Sriram\textsuperscript{63} (2005) in his article ‘Microfinance and the State-Exploring Areas and Structures of Collaboration’, made an attempt to review the performance of formal institutional channels of microfinance and discussed the emergence of new forms of collaboration in the delivery of microfinance services. The study stated that the SHG-bank linkage programme is one of the most successful programmes supported by the state in the microfinance sector and this programme is found to be skewed in favour of the southern states, particularly Andhra Pradesh which alone accounts for 39\% of the total linkage, while the northern and north-eastern region together accounts for 5 per cent of the total programme. The reason cited for the success of the SHG-bank linkage programme in states like Andhra Pradesh is the existence of strong institutions involved in social intermediation, which help in the formation of SHGs.

P.Mahendra Varman\textsuperscript{64} (2005) in his article entitled ‘Impact of Self-Help Groups on Formal Banking Habits’, made an attempt to examine whether there is any association between the growth of SHGs and the increase in female bank deposit accounts and whether SHGs have a tendency to influence account holding in formal banks. The study conducted in two sample villages of Tamil Nadu, Kavarayapatty and Pottapatty, revealed that microfinance SHGs in India help formal banks to increase the number of accounts by inculcating banking habits among rural people, especially the women. Besides, leadership experience makes a huge difference in deposit account holding status of an individual. An individual who has been a leader of SHG is 23 times more likely to hold a bank account than a person who has not. The study concluded that if the leadership position of each SHG was systematically rotated over appropriate time, such that each one in the
group had a leadership experience, people would have more exposure to formal banking systems.

Femida handy and Meenaz Kassam\textsuperscript{65} (2006) in their paper entitled ‘Practice What You Preach? The Role of Rural NGOs in Women’s Empowerment’ examined whether employees of Chinmaya Rural Training Center (CRTC), a non-governmental organization in Himachal Pradesh, who belong to the same impoverished population as the clientele are significantly different in their levels of empowerment than those they help. The study observed that the practice of hiring local residents as employees makes rural NGOs sustainable. It was also pointed out that the duration of women’s membership in NGO promoted credit programs are positively and significantly associated with indices of women’s empowerment.

Shahul Hameed\textsuperscript{66} (2006) in his article entitled ‘Micro-Finance as a Tool for Empowerment of Rural Women: A Study of Kudumbashree Units of Thiruvananthapuram District’ made a study on the role of Kudumbashree in microfinancing programmes to the members of Kudumbashree Neighbourhood Groups (NHGs) and reported that micro-credit finance has become a tool for providing the poor women with access to credit and enabled them to undertake income generation programmes resulting in their economic empowerment.

In a discussion paper ‘Micro Finance in India and Millennium Development Goals: Maximising Impact on Poverty’ Alok Misra\textsuperscript{67} (2006) argued that commercial microfinance is not meant for core poor or destitutes but is rather aimed at economically active poor. It was also stated that the inclusion of the core poor, who had little experience of economic activities, in the SHG- Bank linkage programme limits the productive use of capital.

Marie Luise Haberberger and R.V Ramakrishna\textsuperscript{68} (2006) in their article ‘Microfinancing the poor: who can deliver best? - so far, the SHG Bank Linkage programme has been a success story in India’ stated that the SHG Bank Linkage programme is one of the most cost effective microfinance programmes worldwide and the NGOs are contributing to the wide coverage of the programme in India.

Abraham George\textsuperscript{69} (2006) in his article entitled ‘Why the Fight against Poverty is Failing: A Contrarian View’ analysed the various reasons for the non-
fulfilment of the current strategies of the Government and development agencies in reducing poverty as envisaged. He opined that a great majority of the poor rural population do not have the ability or experience to start or run businesses, with or without access to credit. He is also of the view that the present form of microcredit, as practiced in India, results in little or no sustainable development benefits for the poor.

Raven Smith\textsuperscript{70} (2006) in his thesis entitled ‘The Changing Face of Microfinance in India- The Costs and Benefits of Transforming From an NGO to Non-Banking Financial Company’ defined microfinance as any activity that includes the provision of financial services such as credit, savings, and insurance to the low-income group of individuals which falls just above the nationally defined poverty line, and the poor individuals that fall below that poverty line, with the goal of creating social value.

In a paper entitled ‘Impact of Microfinance on Poverty, Income Inequality and Entrepreneurship’ Sheheryar Banuri\textsuperscript{71} (2006) described microfinance as the lending of extremely small amounts of capital to the poor entrepreneurs in order to create a mechanism to alleviate poverty by providing the poor and destitute with resources that are available to the wealthy, even though at a smaller scale.

In a learning paper entitled ‘Promoting Quality Bookkeeping in Self-Help Groups: The Mahakalasam Management Information System’ Tapan S. Parikh, Kannaiyan Sasikumar, and Sundarmoorthy Olaganathan\textsuperscript{72} (2006) have opined that accurate bookkeeping is essential for the strength and long-term stability of SHGs though it is a difficult task for them to have the same. Accurate and timely bookkeeping ensures that accounting procedures are followed and are in compliance with the rules of the SHG.

In an article entitled “ICT in SHG bank linkage”, Marie Luise Haberberger and Ramakrishna\textsuperscript{73} (2006) stated that self-help groups generally have an advantage in reaching out to the poor because of proximity, trust, commitment, flexibility and mutual knowledge. They opined that self-help group bank linkage programme in India has, to a large extent, dispelled the belief that the poor cannot save and repay loans. It was also pointed out that book-keeping is a major challenge for SHGs and
their members, especially when illiteracy or low level of education are still a reality in many backward areas of the nation.

Priya Basu\textsuperscript{74} (2006) in her article ‘Building an inclusive financial system for poor’ stated that the Self-help Group-Bank-linkage Programme in India had a worldwide influence on the design of micro finance. She argued that the challenge of ensuring all Indians, access to the financial services they need to make the best possible use of their human capital can be met by micro finance programmes, provided the outreach can be expanded in a sustainable manner.

In an article entitled ‘Microfinancing to enable rural communities’, M.P. Vasimalai\textsuperscript{75} (2006) stated that micro finance intervention in India has the potential to integrate many developmental issues and themes such as education, health, natural resources and management, and even ICT in the present context.

In a working paper entitled ‘Does Microfinance Empower Women? Evidence from Self Help Groups in India’ Ranjula Bali Swain and Fan Yang Wallentin\textsuperscript{76} (2007) made an attempt to investigate the impact of microfinance on empowering women. The study was based on household sample data collected from two representative districts each of the five different states in India ie. Orissa, Andhra Pradesh, Tamil Nadu, Uttarprades, and Maharashtra for 2000 and 2003. The data was analyzed over two sub-samples namely SHG members and a control group comprised of non-SHG members. The study observed a significant and higher empowerment of SHG members, in comparison with the members of the control group, though not in the same degree to all. It further revealed that the variances of the women empowerment have decreased overtime from 7.57 to 1.66 in case of SHG members and from .33 to .20 in case of non-SHG members.

Samapti Guha\textsuperscript{77} (2007) in her working paper ‘Impact of Competition on Microfinance Beneficiaries: Evidence from India’ made an attempt to study the impact of rising competition of Micro Finance Institutions on their clients in India. The study was based on primary data collected from 1074 members of 111 SHGs spread over 22 villages of South 24 Parganas District in West Bengal. The study revealed that SHG members have delayed in repaying loans because of ‘double-dipping’ and the financial burden due to the presence of higher number of children.
in the family. It was also observed that the members who had financial hardship during the group formation are very good in repaying the group loans. She also pointed out that the joint liability lending is successful only when the source of credit is limited.

In a working paper ‘Microfinance, Self–Help Groups and Empowerment in Maharashtra’ Raghav Gaiha and Mani Arul Nandhi (2007) analyzed the benefits of microfinance through self-help groups on the basis of survey conducted in six selected villages in Pune District of the state of Maharashtra. The data for the analysis was collected from SHG members, a control group, and representatives of agencies like banks, NGOs, Official Agencies, and Panchayats. The study carried out a detailed analysis of whether credit channeled through SHGs raises incomes, and savings, reduces dependence on local money lenders, leads to greater autonomy in household decision-making, reduces domestic violence against women, broadens their public domain, and induces a greater sense of bonding/reciprocity and building of associational capital. The major finding of the study was that the disadvantaged group used the loans largely for the health and education of children and for production-related expenses. It was also pointed out that the leaders of SHGs display greater empowerment than the other members.

S.Venkat Narayan (2007) in his study, ‘Women Empowerment and Kudumbashree: A women Oriented Poverty Alleviation Programme in Kerala’, based on field level in-depth interviews in Alappuzha Municipality and Muhamma Panchayat revealed that Kudumbashree has made a significant impact on reducing the poverty of poor families and kept them from falling back into a vicious circle of poverty. It was also reported that in the sphere of women empowerment, Kudumbashree has not been able adequately to address the issue of gender inequality in the power relations within the household and the society.

In a Final Draft Copy ‘Microfinance and the Rural Poor: Impact Assessment Based on Fieldwork in Madhya Pradesh, India’, Niranjan Sarangi (2007) examined the extent to which microfinance services have been successful in targeting the poor and the impact of the programmes on household income. The study was based on household level data collected both from participant and non-participant group of households in Shahpur and Sehore blocks in Mahya Pradesh
by following a multistage stratified random sampling method. In selecting the participant group of households, due representation was given to the three most popular group based micro finance programmes in India viz. government supported Swarnajayanti Gram Swarozgar Yojana (SGSY) programme, NABARD’s SHG-Bank linkage programme, and World Bank promoted SWASHAKTI SHG programme. It was observed that many of the very poor are excluded from the programme and the gains from participation of the programmes are mostly associated with the better off section of households, particularly those with high per capita income or large land holdings. The inability to contribute to group fund is identified as the cause to many for not joining in the group. Another reason cited was the rejection by the group as the quorum for the group formation was over. The study also opined that the exclusion of the poorest households is a matter of concern for the policy makers as it questions the hypothesis that microfinance is a tool for poverty alleviation.

In the conference draft copy entitled ‘Micro-finance Life spans: A study of Attrition and Exclusion in Self Help Groups in India’ Jean-Marie Baland, Rohini Somanathan and Lore Vandewalle (2007) studied member attrition and group failure in self-help Groups which is the dominant institutional form in Indian microfinance. The study was based on survey data on women SHGs formed during 1998-2006 by PRADAN, a non-governmental organization, in the districts of Keonjhar and Mayurbhanj in Orissa and in Raigarh of Chatisgarh. The data collected for the study relates to 1103 SHGs and 16892 women who at any stage, had been members of these groups. The study observed that 10% of the SHGs created over the period 1998-2006 are no longer active and 20% of women who joined a group are no longer part of the SHG network. The study also noticed that the presence of educated members is strongly associated with longer-lived groups and the presence of other SHGs in the area also has a positive effect on group duration. Difficulty in saving the amount required by the group or in repaying loans and conflict with other group members were cited as the frequent reasons for the dropouts of members. The paper also pointed out that rates of group failure and member attrition are not insignificant and the remote, disadvantaged communities are most likely to be deprived of credit through these institutions.
In a study report entitled ‘Sustainability of Microfinance self-help groups in India: Would Federating Help’, Ajai Nair\(^{82}\) made an attempt to analyse the potential of SHG federations in making SHGs sustainable. The study revealed that SHG federations create economies of scale, reduce promotional and transaction costs, reduce default rates, enable provision of value added services and increase empowerment of the poor.

In an article ‘Sustainable Microentrepreneurship: The Roles of Microfinance, Entrepreneurship and Sustainability in Reducing Poverty in Developing Countries’ Guy Vincent\(^{83}\) stated that microfinance serves as a means to empower the poor, and provides a valuable tool to assist the economic development process. Besides, it was revealed that in most developing countries, micro enterprises and small-scale enterprises account for the majority of firms and a large share of employment.

In an article entitled ‘Empowering Women through Self-Help Groups: Role of Distance Education’ M.K Ghadoliya\(^{84}\) reported that the scheme of microfinancing through Self-help Groups (SHGs) has transferred the real economic power to the hands of women and has considerably reduced their dependence on men.

In an article entitled ‘Micro Finance: Indian Experience in Rural Financing and its Role in Poverty Alleviation’ Saundarjya Borbora\(^{85}\) stated that microfinance programmes have succeeded in generating self-employment in many countries by providing access to small capital to poor people.

Girija Srinivasan\(^{86}\) in her article entitled ‘Financial to social capital – role of Banks’, stated that the Indian Microfinance sector is dominated by Self-Help Groups and their linkage to banks and NGOs, as Self Help Promoting Institutions, transform the “beneficiaries into borrowers” leading to the establishment of systems and structures in which a sustainable process of linking the poor borrowers to sources of capital and other financial services with formal financial institutions is achieved. The study also observed that the cost per unit of bank loan through SHGs is lower than that of the direct loans to small borrowers either under government sponsored schemes or otherwise and its risks costs are negligible.
In an article entitled ‘Comments on Microcredit for the Poor’, Zvi Galor\(^\text{87}\) stated that the introduction of the notion of Non-Agricultural Employment in the rural area is one of the more efficient ways for rural development. It was also suggested that micro credit should aim not only at the advancement of agriculture, but also at the creation of Non-Agricultural Employment in the rural areas of the developing world by promoting the Small Scale Enterprises.

In an article entitled ‘Re-orienting Banking with the Poor- the SHG-Bank Linkage Way’, S.M. Sheokand\(^\text{88}\) opined that the SHG linkage programme ‘per se’ is not a poverty alleviation programme whereas it is basically a graduation process for socio-economic empowerment of the hard-core poor, providing financial services to them and preparing them to take up activities and bank credit for poverty alleviation. It is a slow countervailing process requiring time, efforts and training on the part of the linkage partners and cannot be treated as panacea for all socio-economic problems like unemployment, poverty. The study also highlighted some of the striking new approaches followed by the SHGs and the banks under the linkage programme which could be considered as the best practices contributing to their continued healthy growth in the rural areas of India. The best practices pointed out in the study at group level were homogeneity and affinity among members, regularity in savings, regularity in group meetings, collective decisions, loan availability at doorstep without hassle, non-influence of subsidy syndrome, social engineering, and building of common fund as main bondage among members.

Y.S. Nanda\(^\text{89}\) in his article ‘Significance of Establishing linkages with Self-Help Groups and Banks’, reported the objectives of the linkage programme as (a) to evolve supplementary credit strategies for meeting the credit needs of the poor by combining the flexibility, sensitivity and responsiveness of the informal credit system with the strength of technical and administrative capabilities and financial resources of the formal financial institutions (b) to build mutual trust and confidence between bankers and the rural poor and (c) to encourage banking activity, both on the thrift and credit sides, in a segment of the population that formal financial institutions usually find difficult to reach.
Sarojini Ganju Thakur and Anand Mohan Tiwari\textsuperscript{90} in their article ‘Whether SHG-Based Micro-Credit Programmes Can Remove Poverty? A Case Study of SHG-Based Programmes in Patan District of Gujarat’ reported that the organization of Self-Help Groups, especially for microfinance and micro enterprise development programmes, has been widely accepted as a development strategy for poverty reduction in India.

R.M. Vasanthakumari and Vani J. Sharma\textsuperscript{91} in their paper ‘Micro Finance: Theoretical Framework and Empirical Evidence – An Indian Experience’, highlighted the strengths and weaknesses of Indian microfinance sector and also pointed out a few issues of concern for strengthening the viability of the microfinance programmes. Broad-based definition of microfinance, adoption of multimodel approach, greater freedom to microfinance institutions, creation of Micro Finance Development Fund in NABARD, computerization of microfinance operations and upscaling the outreach to the urban poor are identified as some of the best practices followed under microfinance sector in India. The study concluded that microfinance market in India has made rapid strides both in terms of SHGs linked with the banks and the number of beneficiaries covered. However they opined that the basic principles of microfinance should not be diluted and also bureaucratic pressures should not be incorporated for attaining faster upscaling and mainstreaming of microfinance sector.

Malcom Harper\textsuperscript{92} in his paper ‘Why are Commercial banks not entering the microfinance market?’, examined the reasons for the disappointing performance of commercial banks in the modern microfinance market and suggested remedies for solving the related constraints which are grouped mainly under institutional, social and economic categories. The reasons were identified in relation to SHGs, NGOs, Banks and policy makers and reported that the constraints lie mainly within the banks. Lack of banker’s knowledge and skill, organizational factors of banks, negative attitude of bankers, banker’s doubt to the profitability of microfinance operations, and external factors such as government policies were the reasons cited for reluctance on the part of bankers to become involved in microfinance.

The above mentioned review of literature highlighted that a good number of studies have taken place in various segments like Self Help Groups, Micro
enterprises, Micro finance, women empowerment and similar poverty eradication mechanisms. Kudumbashree project is a poverty alleviation programme launched by the government of Kerala in 1998 to eradicate absolute poverty from the state within a period of 10 years by empowering women through collective action. It is the right time of evaluating the performance of Kudumbashree project as to whatever it could attain in specific objectives. So far no comprehensive studies have taken place in this direction. In this background the present study is proposed.
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