CHAPTER – II
OBJECTIVES, METHODOLOGY AND SURVEY OF LITERATURE
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The main purpose of this chapter is to specify the objectives and methodology of the study. An attempt is also made to present a brief survey of literature pertaining to the area of study.

OBJECTIVES OF THE STUDY:

The major objective of the study is to assess the performance of the microfinance programme in terms of generation of income and employment of the beneficiaries under Govt. SHGs and the SHGs run by Private MFIs in Guntur District of Andhra Pradesh. The following are the specific objectives.

i) to understand the socio-economic profiles of the sample beneficiaries of SHGs of the microfinancing programme;

ii) to assess the contribution of various financial institutions in support of the micro finance programme in India;

iii) to evaluate the impact of microfinance on income and employment generation of the sample beneficiaries under Govt. SHGs and those operated by Private MFIs, as a comparative study, to know the variance in their contribution.

iv) to examine the pattern in the sanction of loans, their utilization and repayment by the sample beneficiaries under the Govt. SHGs vis-à-vis the Private MFIs.

v) to elicit the views and opinions of the sample beneficiaries on the role, functioning and operation of the Govt. SHGs and those operated by Private MFIs.
vi) to suggest suitable policy measures that could be followed by the policy-makers to make the microfinance a useful one to the beneficiaries.

METHODOLOGY OF THE STUDY:

Scope of the Study:

This study covers a time period of six years from 2005 to 2011, for the purpose of secondary data. The data have been used for the evaluation of the performance of the prominent institutions like NABARD, Commercial Banks, RRBs and DRDA, which are closely associated with the development of microfinance in India.

Similarly, primary data pertaining to the opinions, views and perceptions of the beneficiaries are collected through a questionnaire during November 2008 and February 2009 from the study area.

Guntur District of Andhra Pradesh state was purposively chosen for the study since the researcher hails from the same district.

Statistical Tools adopted:

The data were analysed with the help of tables, percentages and compound annual growth rates in addition to some statistical tools like ANOVA and tests of significance.

Sampling Technique:

A multi-stage-stratified-random-sampling technique is used for the finalization of the size of sample beneficiaries for the study. Two groups of sample beneficiaries were selected for having a comparative study – The first group of sample beneficiaries is selected from Govt. SHGs and the second group of beneficiaries represents the SHGs operated by the Private MFIs in Guntur District of Andhra Pradesh.
In the first stage two mandals were selected from each of the three Revenue Divisions – Guntur, Narasaraopet and Tenali – of the Guntur District. One mandal with the largest number of Self Help Groups and another with the lowest number of SHGs. Thus six sample mandals were selected for the study.

In the second stage, two sample villages from each of the six sample mandals were selected, one representing the largest number of SHGs and the other representing the lowest number of SHGs. Thus the total number of sample villages selected was 12.

In the third stage, 6 SHGs were chosen at random from each of the 12 sample villages – thus taking a total number of 72 sample SHGs. Similarly, from each of the 72 samples SHGs, three households (beneficiaries) were chosen at random, thus making the total sample size of the beneficiaries 216, having equal number of beneficiaries from SC/ST, BC/Minorities and Other communities. The same procedure was adopted for choosing the households for both Govt. SHGs and the Private MFIs.

**Limitations:**

The study is limited only Guntur district of Andhra Pradesh state. Because of the time and the financial constraints the study is restricted the size of sample to 216 beneficiaries from each of the Govt., and Private microfinance agencies. However, it is reasonably sufficient number to generalize the inferences. The study could not cover other legal and administrative aspects which govern the operation of the microfinance programme.
SURVEY OF LITERATURE:

1. Institutional Support:-

Kallur.M.S. and Birada. A.A. (2000)\textsuperscript{56} in their micro level study aimed to examine the role of non-governmental voluntary organizations in promoting the micro credit institutions and to comment on their sustainability in the years to come. The study was based on secondary data. The study has thrown light on the origin and the nature of micro credit organization and its superiority over macro ones in catering to the need of farmers. It also revealed that as a result of continuous efforts of NABARD, 255 groups linked together as on 31\textsuperscript{st} March 1998 and had increased to 14, 317 covered by 30 Commercial Banks, 101 RRBs (Regional Rural Banks), 17 Co-Operative Banks, 260 NGOs in 19 states and two union territories a involving bank loan of Rs. 23.62 crore and NABARD refinance of Rs. 21.38 crores. The study also discussed the role of micro credit organisations with particular reference to the Indo-Swiss project and their sustainability and concluded that the NGOs have succeeded in promoting SHGs.

Kumaran.K.P (2002)\textsuperscript{57}, in his study primarily intended to document the experiences of SHGs in promoting micro enterprises through micro credit intervention. The study was conducted in the Pune district of Maharastra state. For the purpose of the study 15 sample cases of SHGs were selected on a random basis. Among them 10 groups were promoted jointly by NGOs and Banks. While the remaining five of them were formed by District Rural Development Agency.


Lalitha N and Nagarajan B.S (2002) conducted a critical study on the functioning of the Self Help Groups (SHGs) in selected district of Tamil Nadu. The study was undertaken to document the efforts of NGOs in promoting SHGs. The objectives of the study were to trace the structure and modalities of Self Help Groups, study the functioning of the SHGs, examine the role of SHG in promoting empowerment of women, investigate the group dynamics of SHGs, identify the factors which contributed to the success / failure of the groups and study the income generating programmes promoted by SHGs. The study was based on multistage sampling technique. It had been carried out in three districts. NGO who had organized SHGs for more than four years were identified. Out of 14 institutions, nine NGOs were selected and two SHGs from each NGO were selected on the basis of non-proportionate random sampling method. The study was based on survey method and had covered both secondary and primary data. The study highlighted the facts that SHGs were people’s institutions and with their support, the women could march towards empowerment and that the group could promote individual and group venture of income generating activities under the effective guidance of NGOs. The study also revealed that effective leadership, group cohesiveness, savings, regular meetings, peer-group pressure, linkage with other institutions and effective supervision by the NGOs were the factors which contributed to the success of the groups.

Virender Kumar and Sharma, H.R. (2007), in a study titled “Micro-finance in mountainous states (Disparities in Outreach)”, relied on secondary data for the period 2002-04. The objective of the study is to examine the disparities in growth an outreach of micro finance in these states with an emphasis on Himachal Pradesh. The

results revealed an increase in the share of the number of Self Help Groups linked to the banks in these states during the study period. However, the share of these states in total disbursements remained stagnant, Himachal Pradesh and Uttaranchal accounted for the largest share of SHGs linked to banks and the highest loan disbursements. Within the North-Eastern Region, Assam dominated the micro finance activities.

The credit per SHG, for all hill states put together, was 70 per cent of the National average. The disparities in outreach were visible not only among the states but also within each of these states. There is a need to broad-base micro financing operations not only in states like Jammu and Kashmir and North-Eastern states but also extend the outreach in a more balanced manner among the districts within these states. In Himachal Pradesh, the Bank Linkage Groups were more active in districts with low poverty. This calls for strengthening of the bank linkage programme in districts with linkage programme in districts with relatively high level of poverty.

**Dr. Tulika Chandra (2008)**[^1], in a paper “Institutional support for women empowerment in India – Special Reference to Mahila Cooperative Bank”, gives a detailed account of the concept of empowerment. It briefs on the institutional interventions for women empowerment in India – the government, the NGOs, SHGs and the Financial Institutions. Do the organizations that are lead by women for women respond to women’s needs and help in their empowerment? The paper answers the question by deliberating on a few success stories of Mahila Cooperative Banks and concludes with the suggestions for improving the same. The author gave the following suggestions. More active and genuine support of government, training facilities for upgrading managerial capabilities of women are necessary. More women cooperative banks especially in rural areas are to be started. An effective linkage

should be established between various institutions like the government and NGOs, Banks and the SHGs. Last but not least, effective awareness programme for women regarding their rights be conducted.

Mahendra, P. Varman (2008), examined to benchmark the best practice of MFIs thereby to estimate the efficiency and its determinants. For the efficiency analysis the Stochastic Production Frontier Approach is followed. The results from the regression analysis lead to conclude that size of MFI is important in the determination efficiency of MFIs. The second important conclusion is that the MFIs debt-equity ratio should be minimum, else it becomes less efficient. This is because the cost of funds increases and thereby it reduces the potential output. So MFIs should borrow less and plough the profits inside. According to the technical estimates the MFIs namely IASC, KBSLAB, ADARSHA & CNNK are performing well having technical efficiency levels above 80 per cent, Stain Credit Care being the Frontier of 100 per cent efficient or best practicing MFI. Further the analysis also reflects that, being an NBFI the chances to have better technical efficiency is more than being an NGO. So the study concludes that it is appropriate to benchmark the best practice MFIs at certain intervals in such a way that it would show the path to success to the other MFIs.

Dr. Yadagiri, M. and Prof. Gangadhar, V. (2008), micro-finance has become a significant poverty alleviation programme to provide the necessary capital to the poor for starting their own business. Micro-finance has been receiving a significant amount of attention all over the world, especially in developing countries. It has emerged as an important mechanism to produce financial services to the poor.


In the broader sense, the aim of microfinance is to develop habit of savings and financial vision among the rural poor, such that they are able to save, seek credit and know several financial related aspects and thus improve their financial position and living standards. The focus of micro-finance is to facilitate the shift from induced development from the top to initiated development from the bottom. Banks are already doing their bit towards this end but a lot is yet to be done. The vast potential and opportunities of micro finance in India are yet to be fully tapped. The Informal Financial System of micro finance is not a new concept in India. It operates in a localized market and has the full information about its clients. The Formal Financial Institutions are the extensive traditional sources of micro-credit. The different types of formal financial institutions including non-governmental organizations and micro finance institutions in India are practicing different approaches to micro finance.

Anupam Karmakar, (2008), discussed the subject titled “Indian Micro Finance – An Avenue towards Human Capital Development”, micro finance and micro finance institutions have gained immense importance due to expansion of banking system and constraints on banking entities. Micro finance is gathering momentum to become a major force in India. The Self Help Groups (SHG) model with bank lending to groups of (often) poor women without collateral has become an accepted part of rural finance. SHG-based microfinance nurtured and aided by NGOs, have become an important alternative to traditional lending in terms of reaching the poor without incurring any operating and monitoring costs.

The government and NABARD have emphasized the need of working with NGOs and SHGs. Over half a million SHGs have been linked to banks over the years but a handful of states, mostly in South India, account for over three-fourth of this

figure with Andhra Pradesh being an undisputed leader. In spite of the impressive figures, microfinance in India is still presently too small to create a massive impact in poverty alleviation, but if pursued with skill and opportunity, the development of the poor, is possible, it holds the promise, to alter the socio economic face of the India’s poor.

Nedunchezian, V.R. and Sivasankaran, N. (2009), discussed the need for identification of the stakeholders of the micro finance programs, besides suggesting a list of parameters to be considered in assessing the performance of the stakeholders. The stakeholders of the micro finance industry include the below poverty-line families, the micro financial institutions, the affinity groups, the mainstream financial institutions the regulatory authorities and the companies which avail the benefits by linking their businesses to the micro credit channels.

2. Poverty Alleviation:-

Osman, (2000), in his article remarked that micro-finance schemes alone cannot alleviate poverty. The battle for total eradication of poverty requires combining micro-finance schemes with parallel, complementary programmes addressing the social and cultural dimensions of want, privation, impoverishment and dispossession.

Dwivedi. H. K, IAS (2004), in this study highlighted on cooperatives and self help groups – an experience poverty reduction initiative under SGSY in north 24 parganas-policy implementation for structural integration. The paper examines the

aspects of organizational and functional synergy based on the field experience of institutional integration under Swarnajayanti Grameen Swarozgar Yojana (SGSY) and seeks to address policy issues of organizational re-engineering in the context of current development initiatives concerning the poor. The study revealed the field experience that demonstrates that when SHGs get the scope of being integrated with functional cooperatives, they can develop symbiotic relationship. Both the institutions have strong similarities based on principle of ‘self help mutual aid’. Their integration is mutually supportive.

A study conducted by Dr. Joy Deshmukh, titled “Women’s SHGs in Andhra Pradesh – A Participatory Poverty Alleviation in Action”, (2004)\textsuperscript{67}, the author says that capacity building has been an important component in scaling up of Andhra Pradesh, poverty alleviation initiatives. The author also says that the primary aim of SHG – Bank Linkage is to integrate informal savings and credit groups with main stream banking, to provide them with credit to enhance their fund base.

The article by Dr. Rasis Ahmad, “Role of Micro-Financing in Alleviation of Poverty”, (2004)\textsuperscript{68}, evaluates the progress of Micro Financing Programme in India and its impact on rural poverty. It is found that the Micro Financing through Self Help Groups – Bank Linkage Programme of NABARD is working very effectively and the credit needs of the poorest of the poor of rural society are catered by the rural financial institutions through SHGs. Because of this, the socio-economic status of rural folk, especially of rural women is improving and poverty is reducing.


\textsuperscript{68} Dr. Ahmad. R, “Role of Micro-Financing in Alleviation of Poverty”, \textit{Monthly Public Opinion Surveys}, June 2004, P. 6-11
Sinha, (2005)\(^6\), in his study has observed that micro-finance is making a significant contribution to both the savings and borrowing of the poor in the country. According to him the main use of micro credit is for direct investment. There is of course some fungibility, depending on household credit requirements at the time of loan disbursement. Some studies reveal that micro-finance programmes have positive as well as negative impacts on women. Some researchers have questioned how far micro finance benefits women (Goetz and Sen Gupta, 1996). Some argue that micro – finance programmes divert the attention of women from other more effective strategies for empowerment (Ebdon, 1995). In some cases women’s increased autonomy has been temporary. It only benefits women who are already better off. But in most cases the poorest women are least able to benefit because of their low initial resources base, lack of skill and market contact.

Sahu and Tripathy, (2005)\(^7\), in their edited book observe that 70 per cent of world’s poor are women. Access to banking services is important not only for poverty alleviation but also for optimizing poor people’s contribution to the growth of regional as well as the national economy. Self Help Groups (SHGs) have emerged as the most vital instrument in the process of participatory development and women empowerment. The rural women are the marginalized groups in the society because of socio-economic constraints. They remain backward and occupy the lower position of the social hierarchical ladder. They can lift themselves from the morass of poverty and stagnation through micro finance and formation of Self-Help Groups.

Tazul Islam, (2008)\textsuperscript{71}, in his study – the Nobel Peace Prize to Professor Dr. Muhammad Yunus and the concept of Grameen Bank (GB) has refreshed the public’s interest in GB and microfinance in general. The author looking into the GB model of microfinance argues that there is a need to take stock of the services currently being provided by Micro Finance Institutions (MFIs) for the poor clients. The micro finance industry has reached a critical stage in its development, with MFIs focusing on financial sustainability through their credit-driven models, failing to make any significant achievement in poverty alleviation. This study examined micro-credit’s poverty-alleviating ability and argues that micro credit has insurmountable limitations as a model of sustainable poverty alleviation. Developing client-responsive, flexible, and quality financial and non-financial services is imperative now. Thus, the more appropriate and higher the quality of services on offer, the better will be the impact on poverty alleviation.

3. Entrepreneurial or Socio-Economic Development:-

T.R. Gurumurthy, in his article “SHGs Empower Rural Women” (2000)\textsuperscript{72}, states that SHGs disburse micro credit to rural women. This makes them enterprising and encouraging them to enter into entrepreneurial activities. Credit needs of rural women are fulfilled totally through SHGs. The author says that SHGs enhance equality of status of women as participants, decision makers, and beneficiaries in the democratic, economic, social, and cultural spheres of life. SHGs encourage women to take active part in the socio economic progress of our country.

Jeffrey Ashe and Lisa Parrold, (2001)\textsuperscript{73}, state in their study on the Women’s Empowerment Programme conducted in Nepal, that 68 per cent of women played the decision-making roles. These are mostly in the areas of family planning, children marriage, buying and selling property, and sending their children to schools and in all other areas in the decision-making, traditionally men dominate.

Kapur, (2001)\textsuperscript{74}, in her study the analysed and answered the challenging questions as to why despite all the efforts and progress made, still there continues to be so much of gender discrimination and what strategies, actions and measures to be undertaken to achieve the expected goal of empowerment. She opined that women’s empowerment is much more likely to be achieved if women have total control over their own organizations, which they can sustain in both financial and managerial matters without direct dependence on others.

Manimekalai, N. and Rajeswari, G., (2001)\textsuperscript{75}, studied the impact of SHG in creating women entrepreneurship in rural areas of Tamilnadu by taking 150 SHG members. They found that the SHGs have helped to initiate micro enterprises including farm and non-farm activities, trading and service units. It was reported that there was significant difference in the mean performance of the entrepreneurs based on their age, education and previous experience. The micro finance has facilitated the women to have economic and social empowerment; it has developed a sense of leadership, organizational skill and management of various activities of a business, right from acquiring finance, identifying raw materials, marketing, etc, by themselves.


Jothy, K. and Sunder, J., (2002)\textsuperscript{76}, found in their study of evaluating the programme of Tamil Nadu Mahalir Thittam that SHG were currently involved in economic activities such as production and marketing of agarbathis, candle and soap, ready made garments, pickles, appalam, vathal, fur toys, bags, palm leaf making, herbal products, fancy seashell, ornaments, eatables, coir mats and other coir products, mattress, chappals, leather goods etc. In addition, the SHG women monitor the normal functioning of the ration shops, maintain vigil to prevent brewing of illicit group, help the aged, deserted and widows to obtain loan.

Pattanaik, (2003)\textsuperscript{77}, in her study she reveals that SHGs are continuously striving for a better future for tribal women as participants, decision-makers and beneficiaries in the domestic, economic, social and cultural spheres of life. But due to certain constraints like gender inequality, exploitation, women are put to torture and to tackle this problem Self Help Groups are to be organized properly and more effectively.

Ramakrishna and Krishnamurthy, (2003)\textsuperscript{78}, have examined the impact of SHGs on the social and economic empowerment of the sample households and studied the role of SHGs in obtaining formal credit and found that the SHGs have positive impact on women beneficiaries. The study results have also shown positive impact on the economic conditions of the beneficiaries. Further, the living standards of the beneficiaries in terms of food intake, children education, health, status and financial independence have also been improved.

The book, “Strategies for the sustainability of self help groups”, (2004) edited by Dr. M. Indira Devi, examines the concept of sustainability of SHGs and various related issues. It also throws light on the experiences of SHGs in Southern India, the various problems faced by them, finally suggesting suitable strategies for their sustainability.

The book is divided into four segments. The first segment deals with the concept and sustainability of SHGs and related issues. The second segment covers the experiments and experiences of SHGs in various districts of Andhra Pradesh. The third segment focuses on the obstacles encountered by SHGs on the way to sustainability. The final segment deals with strategies for sustainability.

Tamil Selvi and Dr. Radha Krishnan, (2004), in their article ‘on the role performance of SHG leaders’, stated that within the SHG, the group leader is the key person on which the success of the SHG depends. The study in Salem district has examined the role performance of SHG leaders and identified the activities which are essential for the health of the SHG. It was observed that essential activities received more attention from the leader and other activities needed to be stepped up. Roles like working for improvement of socio-economic development of the members and disseminate information to members about government development programmes and welfare schemes were performed by less number of leaders. The leaders were to be motivated further to perform better.

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K.K. Tripathy in his articles “SHGs – A Catalyst for Rural Development” (2004)\(^81\), says that SHGs formed and developed under various programmes provide a great opportunity for convergence of various activities of various ministries and organizations. He says that the groups, while aiming at promotion of savings and credit, should work as pressure groups to address social issues like education, health, lack of access to natural resources etc. He also mentions that the necessary training could be given to the SHG members to create awareness on community health, traditional and modern agricultural practices, micro credit, veterinary practices, and water resource management.

The article by Muhammad Yunus, “Grameen Bank Micro Credit and Millennium Goals” (2004)\(^82\), traces the evaluation of the ideas and practices of micro credit as pioneered by the Grameen Bank of Bangladesh. The author says the micro credit programmes have grown providing a wide range of services to meet the economic and social needs of citizens mostly poor women. It comes up with suggestions regarding emerging issues of financial self-reliance and institutional sustainability of micro credit programmes.

Suma Hasalkar, Suhasini Rao Chhaya Badigar, (2005)\(^83\), their present study focuses on the various enterprises taken up by the Self Help Groups in the selected area and the identification of entrepreneurial qualities of women members of these groups organized in the rural areas of Dharwad District. The study revealed that out of the 15 Self Help Groups, three were registered and all groups had the bank

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account with joint signatories and conducted regular meetings. As high as 85.97 per cent of members participated in the wholesale purchase and sale of consumer goods with marginal profit to the society or self help group. The traditional enterprises of leaf plate production and marketing was taken up by maximum percentage of women (31.7 percent). About 40.2 percent members were identified to have the quality cooperation followed by the quality ‘contribution of new ideas in meeting’ (17.95 percent) and purchasing abilities (17.56 percent). Qualities like ‘innovative ideas’ and ‘self confidence’ were identified in the least percentage of members of the selected Self Help Groups.

Alka Srivastava, (2005), in his study ‘women’s self help groups: findings from a study in four Indian states’. The data collected from a micro sample of women members of SHGs is from four Indian states –Bihar, Chattisgarh, M.P and U.P. The total sample size from all four states was 3063. The present study, conducted by the Indian institute, focuses on the context to which SHGs build up confidence and mutual support for women striving for social change by establishing a forum in which they can critically analyse their situation and devise collective strategies to solve their problems. It also sought to examine the impact of SHGs in the economic sphere, and to assess how these SHGs are working for the establishment of gender equality. The total SHGs studied were 613 and from each of the group five members were interviewed. The composition of the sample was 806 members from Bihar, 753 from Chattisgarh, 754 from M.P, and 750 from U.P. The case studies to provide grounds for hope, for instance, with respect to the role of women SHGs in the rescue operations of bonded labourers, assertion of dalit rights, and in tackling issues of domestic violence and alcoholism.

Anant Kumar, (2006)\textsuperscript{85}, assumed that Self-Help Groups will play a larger role in its contribution towards improving women’s health and empowerment as well as achieving ‘Millennium Development Goals’ in developing countries. These assumptions are largely based on the global neo-liberal agenda which suggests that the State should withdraw from social provisioning. The paper reviews scope and limitations of Self-Help Groups in improving women’s health and empowerment focusing on empirical work undertaken in one of the Indian States.

According to the researcher, the functioning of SHGs has been viewed only from an economic perspective till date. The existing approach emphasizes development of people and women in particular, in case of women SHGs. The paper explores the extent to which SHGs can be involved in attaining better health for women and children.

Frank Tesoriero, (2006)\textsuperscript{86}, this article reports on an evaluation of women’s Self Help Groups in an area in south India. Groups were evaluated, not in terms of their success as micro credit schemes, from a financial perspective, but in relation to their contribution to gender development. Evidence emerged that women perceived changes in their identity towards working collectively to influence for change at the village and panchyat levels. They engaged in community and social action programmes, both at the local level and by joining with issues beyond the local. When considered within constructs of empowerment, capability, poverty, citizenship, and participation in democratic processes, such SHG outcomes, and the community development processes that accompany their work, can be seen to make a modest but significant contribution to broader transformations of oppressive structures.


Gupta and Gupta, (2006)\textsuperscript{87}, in their article, ‘Economic Empowerment of Women through SHGs’ explained that the project of SHG was started at Chandigarh in the year 2003 by Punjab Engineering College for Economic Empowerment of Women. Three SHGs namely Shakti, Pragati and Prerna were formed. Janata colony located in Punjab was chosen to start this as pilot project. The project was funded by Commonwealth Youth Programme Asia centre, Chandigarh. Shakti and Pragati SHGs were involved in the stitching work. They stitched the uniforms of the students of Punjab Engineering College. The Prerna SHGs was involved in the manufacture of murabba and pickles, which were being sold successfully.

Jai Ram Ramesh, (2007)\textsuperscript{88}, views that Self-Help Groups are the major form of delivery of microfinance in India, which have brought about dramatic changes in the lives of lakhs of women. In Andhra Pradesh, which has the largest network of SHGs and where the government has been a strong supporter, they have gone beyond provision of credit and assumed many non-traditional responsibilities. The Andhra model is the one that other states should consider replicating.

Sood Archna, (2007)\textsuperscript{89}, in the research article, “Self Help to Success” the Research Scholar examined that the story of the tribal women’s Self-Help Group of Kohima town has been a source of inspiration to other groups of women. They quickly mastered various skills to produce items having demand in the market and also picked up the nuances of financial matters. They became more conscious of the importance of their children’s education. They are also more aware of healthcare of their family and want to conduct healthcare programmes for the community. The


\textsuperscript{89} Archna Sood, (2007), “Self-Help to Success”, Yojana, Vol.51, No.9, October, PP. 43.44.
lesson they want to pass on to other women is that early to learn and early to work together makes you healthy, wealthy and wise.

**Debotosh Sinha, (2008)**, the researcher observes that, it is needless to say that in today’s political economy of development adequate recognition of political, economic and social participation and leadership of women are strongly emphasized. The social status of women is a reliable index of the general empowerment of the society. Empowerment implies an overall positive change in the physical quality of life, this positive change for the better, encompasses economic as well as social aspect. Therefore, development not only calls for economic growth but also the equitable distribution of the gain made from economic growth. In other words development implies growth with justice and which includes health, housing, education and welfare.

The finding of this study, attests to the positive to a certain extent, impact of the Self-Help Group movements in the Bolpur - Sriniketan Block of Birbhum District. This study reveals that the vast majority of the women of Self-Help Groups have been able to achieve consciousness about the function of local self-government, politics, health awareness and child health care. They are also showing a positive attitude towards self-reliance and small family norms as well as acceptance of services provided by developmental agencies.

**Subrahmanyam, P.V.V., (2008)**, has followed three major approaches to his ‘study of empowerment of women’. One approach – the integrated development approach – views women’s development as a key to the advancement of family and

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community. Another approach – the conscious raising approach – asserts that women’s empowerment requires awareness of empowerment strategies. The third and the most widely used approach – the economic empowerment approach – attributes women’s subordination to lack of economic power. It focuses on improving women’s control over material resources and strengthening women’s economic security. The focus of this approach is on the promotion of self-employment through micro credit. These three approaches are complementary to each other.

Nevertheless, the present study focuses on the economic empowerment approach to analyze the Self Help Groups of women supported through micro credit. The study runs across various academic and pragmatic issues. It presents a range of government’s planned efforts of poverty-eradication and empowerment of women. In total, the study sample constituted 250 women participants from 50 groups representing 10 economic activities in two mandals of East Godavari district. The study is mainly based on primary data though the secondary data has been made use of. The findings presented would help to understand what women Self Help Groups strategy has accomplished for rural women in terms of empowerment over the years.

4. Income & Employment Generation:-

Awasthi. P.K, Deepak Rathi and Vimla Sahu, (2001)\(^2\), in their study on ‘the impact of SHGs on economic status of women’ in Madhya Pradesh, observed that the SHG women were engaged in Mahua, mushroom cultivation, amachur, papad making, pisciculture, nursery etc. with the group loan at 2 per cent to 4 per cent interest per month. They realised an increase in income and employment. SHGs have made a positive impact on creating leadership, improving literacy, consciousness

about health and hygiene and skill formation among the group members. However they suffered from lack of motivation, infrastructure, forward-and-backward linkages, insufficient loan, inadequate provision of marketing and inputs, systematic monitoring, follow up etc.

Puhazhendhi and Satya Sai, (2001)\(^{93}\), have studied on ‘Economic and Social Empowerment of Rural Poor through Self-Help Groups’ in 223 SHGs functioning in 11 states representing four different regions across the country. They reported that there was an increase in the average value of assets comprising livestock and consumer durables by 72 per cent from Rs. 68.43 crore to 117.93 crores between pre-SHG (1992-93) and post-SHG (1999-2000) periods. The net income per household increased by 33 (per cent) from Rs. 20,177 to Rs. 26,889 during same period.

Radha Krishna Rao, (2001)\(^{94}\), says in a success story of Kerala model of women’s empowerment, how state made significant progress in emphasizing its women fok through a process of democratic decentralization. This innovative decentralized development process led to an active and creative participation of public in decision-making and projects implementation at local level. This process of democratic decentralization emphasized the involvement of women at every stage of development at local level. Women involved themselves in political place for the first time. The entire planning process with thrust on women helped women to come out of their ‘cocoon existence’ and work for their development. Dissemination of information, training programmes, self-employment opportunities enhanced quality of life for women in the state.

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Tyagi Omber Singh, (2001)\textsuperscript{95}, argues that women in rural areas are still living in agony of social exploitation within their families by their own near and dear ones. In spite of working for minimum 17 long hours a day, rural women never get acknowledgement or credit. Real empowerment to women is possible when society and man in particular, sensitize for the cause of women and recognize her as the partner with equal status and dignity and not as slaves.

A study conducted by NABARD, (2002)\textsuperscript{96}, covering 560 households from 223 SHGs in 11 States of India elucidated that there has been a positive, perceptible and wholesale changes in the standards of SHG members in case of assets, increase in savings and borrowing capacity, income generation activity and income levels. The average value of assets including livestock and consumer durable has increased considerably. The housing condition of the people is improved, from the mud walls and thatched roofs to brick walls and tiled roofs. Almost all members developed savings habit in the Post SHGs. The trend of consumption loans has come down in contrast with the loan for income generating purpose has increased considerably during the Post-SHGs period. Similarly the overall repayment of loans improved and the average net income per household has increased about 33 per cent. The empowerment increased by 18 per cent between the pre and the post SHG periods. It should be noted that after association with the SHGs, they have improved their self-confidence, self-worth and communication. In addition to this, they involved in addressing various social evils and problems of the society.


Rao, (2002)\textsuperscript{97}, points out that the existing formal financial institutions have failed to provide finances to landless, marginalized and disadvantaged groups. The origin of SHGs could be treated as mutual aid in Indian village community. SHGs encourage savings and promote income generating activities through small loans. The experience available in the country and elsewhere suggests that SHGs are sustainable.

Sunder Raj. D, (2004)\textsuperscript{98}, in his article on ‘SHGs and women’s Empowerment’ has focused on the conceptual framework of the ‘self help’ as a tool for empowerment. The observation that SHGs contribute significantly to the overall development of women in rural areas is strengthened and the various aspects of rural life where the empowered women can contribute are delineated. The SHGs are a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes.

Narasaiah, (2004)\textsuperscript{99}, in his study mentioned that the change in women’s contribution to society is one of the striking phenomena of the late twentieth century. According to him micro-credit plays an important role in empowering women. Giving women the opportunity to realise their potential in all spheres of society is increasingly important.

Rekha, (2004)\textsuperscript{100}, says women are integral part of economy. The all-round and harmonious growth of a nation would be possible only when women are considered as equal partners in progress with men. She also says that effective empowerment of women is essential to harness the women labour in the main stream of development.


**Malhotra, (2004)**\(^{101}\), in her book has examined how women entrepreneurs affect the global economy, why women start business, how women’s business associations promote entrepreneurs, and to what extent women contribute to international trade. Her study explores the potential of micro-finance programmes for empowering and employing women and also discusses the opportunities and challenges of using micro-finance to tackle the alleviation of poverty.

According to her, the micro-finance programmes are aimed at increasing women’s income levels and control over income leading to greater levels of economic independence. These programmes enable women’s access to networks and markets, access to information and possibilities of playing of other social and political role. They also enhance perceptions of women’s contribution to household income and family welfare, increasing women’s participation in household decisions about expenditure and other issues leading to greater expenditure on women’s welfare.

**Cheston & Kuhn, (2004)**\(^{102}\), in their study concluded that micro-finance programmes have been very successful in reaching out to women. This gives micro-finance institutions an extraordinary opportunity to act intentionally to empower the poor women and to minimize the potentially negative impacts on women.

**Manimekalai, (2004)**\(^{103}\), in his article commented that to run the income generating activities successfully, the SHGs must get the help of NGOs. The bank officials should counsel and guide the women in selecting and implementing

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profitable income generating activities. He remarked that the formation of SHGs have boosted the self-image and confidence of rural women.

Nanaware. H. S and Mahadik. T. J., (2005)\(^{104}\), in their paper an attempt is made to examine the impact of Self Help Groups in Malshiras tehsil, in Solapur District of Maharashtra. The study is based on the primary data as well as secondary data. The primary data were obtained from 110 beneficiary members of SHGs selected randomly (66 members from Below Poverty Line (BPL) SHGs and 44 members from Above Poverty Line (APL) SHGs) with the help of pre-tested questionnaire. The secondary data are obtained from Malshiras Panchayat Samiti office. The study revealed that the majority SHGs were of woman. It is interesting to note that majority of the members of SHGs do not take loans from the money lenders. Their income and employment have increased due to SHGs. The study suggests that there is need to involve NGOs in this programme and initiate the minor irrigation projects by SHGs. Besides, it is essential to stop the subsidy facilities to SHGs.

Debnarayan Sarker and Sudipta De., (2005)\(^{105}\), in their paper examine ‘the empirical evidence of Self Help Group led micro credit programmes in West Bengal’ targeting the poor, increase in their income and the positive social implications of these programmes. The study shows that micro credit programme is found to be income generating for all of its beneficiaries, who receive loan only from micro credit source, although income generation is small for the size of credit. But the extent of coverage of target group is small as its beneficiaries remains unexplored. However, the impact of micro credit programme has been effective in making some positive


social changes in all member households, irrespective of the beneficiaries of micro credit.

**Arjun, Y. Pangannavar, (2008)**, stressed that in rural India the poorest among the poor are women. The women empowerment through self-help programme could help alleviation of poverty.

The entire comprehensive poverty eradication programmes implemented by Government, however, have two different objectives viz, creation of self-employment and wage-employment in rural area and food security to the rural people. But the major problem of these programmes is to organize public works to create durable assets by assigning them to contractors. The contractors recruit the labourers at low wage, complete the work in short-period and maximize their profits. But the solution to the rural poverty will require that the small farmers must be also given an access to land-augmenting innovation along with programme of well-conceived public works. In addition, the rural industrialization with labour-intensive technique should also be taken seriously for alleviation of rural poverty. The author believes that Self-Help Groups Programme is the right approach to create self-employment opportunities so as to supplement the income and assets of the rural poor. The SHG programme provides the rural poor women the access to micro-credit. It encourages rural women’s entrepreneurship and their empowerment. To resume the SHG programme is the right participatory approach for eradication of rural poverty and it is a paradigm of rural development.

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Virender Kumar, Sharma, R.K. and Sharma, H.R. (2008)\textsuperscript{107}, have attempted to examine whether the microfinance activities have helped in this pursuit of economic empowerment or not and to study the impact of microfinance activities on employment, income and empowerment in Himachal Pradesh. The study was conducted in three districts of Himachal Pradesh namely, Kangra, Mandi and Solan. Since these districts accounted for the largest number of the Self-Help Groups (SHGs) in the state. Using appropriate methodology for sample selection, a sample of 150 members households and 90 control households was chosen from the thirty SHGs in these districts. The non-participating households in the neighbourhood of the selected number households of the groups constituted the control group. This study revealed that the microfinance did make a significant ‘first round impact’ on income, employment and poverty of the member households. However, credit alone is not enough to graduate rural households successfully from ‘survival activities’ to more productive enterprises and realize larger ‘second round impacts’ on income, employment and poverty. The structural constraints such as low skills, lack of training and market infrastructure have started emerging as binding constraints that need to be addressed on priority to make microfinance as an effective instrument against the scourge of unemployment and poverty.

5. Capacity Building:-

Cheston and Kuhn, (2002)\textsuperscript{108}, referring to a report by UNIFEM, on ‘Progress of the World Women’, state that gaining the ability to generate choices and exercise bargaining power, developing a sense of self-worth, belief in one’s ability to secure


desired changes and the right to control one’s life are important elements of women empowerment. Empowerment is an implicit, if not explicit, goal of great number of micro-finance institutions around the world. In order to be empowered, the woman needs access to the material, human, and social resources necessary to make strategic choices in her life. Historically women had no access to material resources like credit, property, and money, but excluded from social resources like education or knowledge of some business. Women empowerment results when they have the ability to use the resources to meet their goals.

Erhard W. Kropp and Suran B.S, (2002)\(^{109}\), opines that the SHG-Banking pioneered and promoted by NABARD has emerged as a primary microfinance service mechanism for the poor in India who know nothing about banking. The multiple initiatives led by capacity building programmes have made tremendous inroads into the conventional banker’s mindset. They now view SHG-Banking as a new dimension of quality portfolio with very low risks and with marginal increase in operating costs. The dimension and flexibility in SHG-banking now practiced in India is unmatched in world's banking system. Being predominantly groups focused, the SHG-Banking is the first step towards feminization of the (micro) banking portfolio of Indian banks. Stimulating self- help of the poor does spark off the entrepreneurial enthusiasm, risk mitigation mechanisms in low-income households. It also serves as an entry-road to overcome poverty and addressing other crucial social issues.

Sudha Rani, Umadevi K.D and Surendra.S, (2002)\textsuperscript{110}, had undertaken a study to evaluate the social status of women in house management, leadership qualities, health and sanitation and economic status after participation in the Self Help Groups. Out of 600 SHGs established by Padmavathi Mahila Mandal, Tirupathi, Andhra Pradesh, 50 SHGs were randomly selected for the study. From each group selected two women members were selected randomly. The study was based on primary data and a specially designed rating scale was administered to the sample to collect the information. The findings of the study revealed that, in all the above four aspects undertaken to study there was positive correlation between the women’s educational status and empowerment. The study observed that the participation in SHGs enhanced the empowerment of women in these four aspects. Self-confidence among the women increased. Their decision-making power also increased during the period of participation.

Krishnaiah, (2003)\textsuperscript{111}, believed that ‘Rural development paradigms and poverty reduction strategies’ have been evolving over the years on the basis of emerging theoretical insights and implementation experiences. The Government of Andhra Pradesh has adopted ‘a model of participatory development with social mobilization and capacity-building of the poor as the supporting planks for poverty reduction in all its dimensions’.

In the paper ‘Building on Success- the Next Challenges for Microfinance’ (2006)\textsuperscript{112}, written by Robert Eichfield and Henry Wendt, the authors talk about the growth of the microfinance sector and its astonishing success in harnessing capital

markets to alleviate global poverty. They feel that expansion of micro finance and its integration with the global banking system can create the economic opportunity for many and unite communities. Micro Insurance, covering health, life, agricultural, and livestock risks is also coming up. The authors also say that technology companies are entering the field by designing data processing and telecommunications systems serving micro finance units and small business at the village level and micro finance units now are being integrated with the capital markets.

6. Utilization of Revolving Fund and Loans:-

Rekha Gaonkar, (2001), studied on ‘Working and Impact of Self-Help Groups in Bardez and Biochim Talukas of Goa’ and found that individual loans were mostly used for productive purposes and the rate of recovery was hundred percent and also members improved savings, consumption expenditure and self-confidence, productive use of free time to improve the hidden talent was also noticed.

Sankar Chattarjee, (2003), has carried out a study in Jaunpur in U.P. The study brought out some of the important issues of implementation of SGSY in the district. In Shahgang block, altogether 195 SHGs were formed and 55 were graded in the first stage. Again, out of 55 SHGs, 34 were given revolving fund and 22 SHGs were benefited by CCL. Out of 22 SHGs, 8 were graded in the second stage. But finally bank loans were extended to 2 SHGs to start economic activities. It is unfortunate to mention that out of 195 SHGs only 2 SHGs could be assisted in the final phase, which means only one per cent achievement. Mainly branch managers were not cooperating in the regard. The main objection of bankers was that in some of the SHGs, a few defaulter members were included. They were defaulters in the sense

earlier they were given bank loan under IRDP or other programmes. The bank officials have suggested that if these members are excluded from the group, then the SHG could be considered for extending bank loan.

The article “Indian Banking System and Micro Finance” (2004)\textsuperscript{115}, by J.C. Mishra and R.K. Thanvi suggests that Micro Finance has emerged as one of the most suitable and effective tools for enabling the poor and disadvantaged sections of the society to have access to institutional credit. The authors feel that the Indian Banking System has shown a willingness to experiment and accept the micro finance movement in a way that has no parallel anywhere in the world. With 504 banks providing access to credit to 116 lakh poor families through 30,942 participating branches supporting only 7 lakhs SHGs, the micro finance movement in the country has come to the recognized as the largest in terms of its out reach.

Ajai Nair, (2005)\textsuperscript{116}, Using a case study approach, Nair explores the merits and constraints of federating. Three SHGs federations that provide a wide range of services are studied. The findings suggest that federations could help SHGs become institutionally and financially sustainable because they provide the economies of scale that reduce transaction costs and make the provision of these services viable. But their sustainability is constrained by several factors - both internal, related to the federations themselves, and external, related to the other stakeholders. The author concludes by recommending some actions to address these constraints. This paper - on ‘product of the Finance and Private Sector Development Unit, South Asia Region’ - is part of a larger effort in the region to study access to finance in India.


Das Gupta, (2005)\textsuperscript{117}, in his article commented that a paradigm shift is required from “financial sector reform” to “micro finance reform”. While the priority sector needs to make loan mandatory, micro credit must be monitored rigorously. Simultaneously space and scope have to be properly designed for providing competitive environment to micro finance services. Extensive database needs to be created by the RBI for understanding micro-finance.

Debrata lahiri, (2005)\textsuperscript{118}, in his study on ‘utilization of credit of Self Help Groups in Midnapur (west) district, of west Bengal, states that though a number of groups have been formed but there have been only four federation Community Development Blocks. The study tries to evaluate the extent of utilization of revolving funds and loan in four community development Blocks, namely Kharagpur –I, Chandrakona –I, Crabeta – I, and Jharagram. The results indicate that hardly 10 per cent of the SHGs are functioning as groups after being made grade – I. Generally, the total amount of Rs.25,000 had been allocated equally among the Swarozgaris which have been utilized by them for as many as 21 economic activities of various types, both farm and non-farm in nature.

Godwin Odo Onogwu and Chukwuemeka John Arene, (2008)\textsuperscript{119}, attempt in their study to evaluate the lending policies of formal and informal micro finance institutions in Enugu state of Nigeria with emphasis on credit demand and access among farmer clients.


The results show that a greater percentage of farmers sources for their loans through informal means, though credit volume from formal was higher. The regression analysis results show that age of farmers, annual income, family size, asset, and initial capital are significantly related to credit demand, but level of education accounts for less demand. The binary logistic analysis results show that chances of the farmers gaining access to credit via formal or informal microfinance will increase when such policy variables an enterprise worth, and repayment rate increases. Their chances of gaining access to credit via formal or informal means will increase when the policy variable and interest rate decreases.

7. Loan Repayment Pattern:-

In his article, “Micro-Credit and the role of Banks, Need for initiatives and commitment” (2004)120, Dr. Amait Patel the author talks about the latest figures that reveal that the number of poor people who benefited from microcredit programmes has grown more than four times from 1997 to the end of 2001. The author says that it has been a course of dismay that India’s performance was most unsatisfactory despite the fact that India has a large number of poor people and rural financial intermediaries are quite capable if they have their willingness and commitment in this area. The author also feels that those there is no dearth of financial resources, no problem of repayment under the microcredit programme, there is a need for well-organized and committed microfinance institutions for channelising credit and making it available to the poor households individually or in groups in India.

120 Dr. Patel, A., “Micro-Credit and Role of Banks; Need for initiatives and commitment”, Kurukshetra, February 2004, P: 4-10.
Debnarayan Sarkar, (2008)\textsuperscript{121}, states that when Grameen II, launched by Bangladesh’s Grameen Bank in 2000, tailors the terms of micro credit to the diverse requirements of its borrowers, in India, despite prompt repayments, 78.7 per cent of Self-Help Groups who were previously financed by mainstream banks did not receive additional credit in 2005-06. This study traces the fundamental differences in the provision of micro credit between Indian mainstream banks and the Grameen Bank in Bangladesh.

Baljit Singh, K.S. Suheg and Sanjay Kumar, (2008)\textsuperscript{122}, examined the loan disbursement pattern of different credit institutions under Self-Help Group approach in their study on ‘Loan Disbursement Pattern under Self Help Group – A Comparative Study of Karnal District of Haryana’. The Recovery performance of sample branches was between 80 to 100 per cent under SHGs when compared to the recovery ranging from 50 to 99 per cent of other loans. The number of defaulters in sample branches had decreased to 758 in the year 2005, which were 850 in 2003 and 786 in the year 2004.

8. Marketing Facilities:-

Ramanathan, V. and Rajamohan, S. (2008)\textsuperscript{123}, concluded that with the vast majority of Indians still living in rural areas, the consumer durable companies and Fast Moving Consumable Goods (FMCG) companies are waking up to the huge potential in rural markets. Rural consumers have also become aware of the various goods and brands that are variable in urban areas. The rising trend of Self-Help Groups (SHGs) has only added to the business activity in the rural region. Marketing


companies thus see SHGs as major tools for marketing in rural areas. Since SHGs are well-entrenched in rural areas, they are equipped to take the additional role of marketing the consumer goods. The companies can avoid unnecessary marketing and advertising expenses, if their products are sold through the SHG. The author identifies and focuses on the possibility of adding the emerging SHGs as channel partners to promote consumer products in rural Tamil Nadu. The study offers suggestions to handle the SHGs in the channel system while promoting consumer products.

The summary of the above literature helped the researcher not only in identifying the strengths and weaknesses of the micro finance programme but has shown the space for further research. In the light of the above the present research project has been taken up, with the specific objectives and methodology.