

**IMPACT OF VARIOUS FORMS OF MICRO FINANCING  
ON WOMEN**

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**Submitted to  
Department of Women and Child Development  
Ministry of Human Resource Development  
Government of India**

**2004**

## Preface

This study on “Impact of Micro Financing on Women”, sponsored by Department of Women and Child Development, Ministry of Human Resource Development, Government of India, has been carried out in Tiruchirapalli district of Tamil Nadu, taking 110 SHG women from 90 SHGs. These SHG women were drawn from five different models namely NGO Facilitated, where the NGO acts as a linking agency in getting the loan from the bank, NGO intermediated in which the NGO acts as a financial intermediary, Directly Bank Linked, where the banks themselves forms SHGs, NGO guided but self – supported in which the NGO will be guiding in forming the group but will not entertain in either arranging for finance nor linking with banks. The fifth model is completely self-supported which has been formed and functioning independently without getting any assistance from outside agencies. The purpose of the research was to examine the model wise performance of SHGs in terms of access to credit, outreach, institutionalizing the credit, reducing the transaction costs, socio-economic impact created, the behavioral outcomes and empowerment of women in decision making affairs of family and society etc. An attempt has been made to understand the inter-relations among the SHG women, NGOs, banks and other development organizations, and their impact on the lives of women. All these have been done as to which model would sustain and would have long run stability and their implications on formal credit sector.

The research project of this magnitude and complexity which really require, the methodology of descriptive, exploratory, survey, observation, and case study techniques would not have been accomplished without the help and co-operation of several individuals and of course the dedicated work of the Field Investigators. I would like record my special thanks and appreciation to officials at all levels in the Mahalir Thittam, Tamil Nadu Women Development Corporation, District Rural Development Agency, Lead Bank, National Co-operative Union, Sample NGOs, etc for not only providing access to data but also spared time in discussing various issues related to SHGs and micro financing. I

would like to thank the project officer **Mr. Jaganathan**, APOs of Mahalir Thittam the present PO, Lead bank Many **Mr. Ramadoss**, DR DA PO, **Mr. Monoharan**, VAO, Director of SEVAI, **Mr. Govintharaj**, **Mr. Elangovan**, Gramodhaya, **Mr. Rex**, New Life, RGC, Sherif PDF, **Mr. I. Ambalavanan** and CSI Project Director and **Jayashree**, Project Officer of Women Development Lalgudi, National Co-operative Union, **Ms. Senthamarai and Anbalagan** of Anbil, Trichy District Co-operative Society.

I am extremely thankful and place on record my deep sense of gratitude to the field investigators consisting of Ms. N.Geetha, K.Kalaichandran, A, Sankaran and A.Balasubramaniam for their excellent field work. I owe a great deal for their painstaking and meticulous effort in carrying out the arduous tasks of locating the respondents and interviewing several SHG women with dedication.

I have benefited from discussion with the Professor and Head of the Department of Economics Dr. V.B Athreya, my guide and Professor of Economics and at present the Vice Chancellor of Bharathidasan University, Dr. C.Thangamuthu and my Colleagues, Dr. S.Iyyampillai and Dr. M.Ravichandran at various stages in completing this study. I owe a lot for all their support and suggestions, criticisms in conducting this work.

I also express my sincere thanks to the University officials specially Registrar of Bharathidasan University for his encouragement and timely sanction of financial advances which enabled to complete the work in time.

**N. MANIMEKALAI**

# Contents

**Preface**  
**List of Tables**  
**Executive Summary**

<b>Chapter I</b>	<b>Introduction</b>	<b>1</b>
<b>Chapter II</b>	<b>Concepts and Review of Literature</b>	<b>17</b>
<b>Chapter III</b>	<b>Micro Finance through SHGs-An Overview</b>	<b>49</b>
<b>Chapter IV</b>	<b>Profile of the Study Area and Sample NGOs</b>	<b>60</b>
<b>Chapter V</b>	<b>Analysis and Discussion</b>	<b>84</b>
<b>Chapter VI</b>	<b>Summary of Findings and Conclusion</b>	<b>165</b>

**Annexures**

**Bibliography**

## **List of Tables**

- Table 4.1 Distribution of Blocks as per their Backwardness**
- Table 4.2 Cropping Pattern in Tiruchirapalli District**
- Table 4.3 Horticulture Crops Cultivated in Tiruchirapalli District**
- Table 4.4 Distribution of Livestock in Tiruchirapalli District**
- Table 4.5 Distribution of Small and Tiny Industrial Estates in Tiruchirapalli**
- Table 4.6 Distribution of Banks in Tiruchirapalli District**
- Table 5.1 Regional Spread of SHGs in India Financed by Banks [Rs. In Million]**
- Table 5.2 SHG – Bank Linkage-Highlights in India (March 2000 to March 2002)**
- Table 5.3 SHG BANK Linkages –Physical & Financial Progress of Commercial Banks**
- Table 5.4 Expendable Fund Support for Credit Delivery Innovations Details [ Rs]**
- Table 5.5 District-wise performance of SHGs in Tamil Nadu by NABARD**
- Table 5.6 SHG Through Co-operative Banks Upto 31st March 2002 [Rs. Million]**
- Table 5.7 SHG-Bank Linkage-Physical & Financial Progress of Participating RRBs**
- Table 5.8 Block-wise distribution of female population, SC/ST population and the percentage of SHGs to female and SC/ST population in Tiruchirapalli.**
- Table 5.9 District-wise Rural-Urban SHGs of Mahalir Thittam in Tamil Nadu**
- Table 5.10 NGO-wise SHG formed & the per capita savings in Tiruchirapalli**

- Table 5.11 Model-wise Distribution of sample SHGs in Tiruchirapalli**
- Table 5.12 Model wise distribution of the Sample Respondents by Community**
- Table 5.13 Model-wise distribution of the Respondents by Occupation**
- Table 5.14 Model-wise Distribution of Sample respondents by Education**
- Table 5.15 Model-wise Distribution of Sample respondents by Age of the Members**
- Table 5-16 Model wise Distribution of Sample respondents by Marital Status**
- Table 5-17 Model-wise Distribution of Sample households by Nature of Family**
- Table 5.18 Model-wise Distribution of Sample households by Family size**
- Table: 5.19 Model-wise Distribution of Sample Households by Income [in Rs]**
- Table 5.20 Age-wise Distribution of the Sample Households by Income**
- Table 5.21 Model-wise Distribution of Sample households by No. of earning Members**
- Table 5.22 Model-wise Distribution of Sample households by Region of Origin**
- Table 5.23 Model-wise Distribution of Sample households by Contribution of Income by Husband**
- Table 5.24 Model-wise Distribution of Sample households by nature of support to household activities by Husband/ other members of the family**
- Table 5.25 Factors influenced to join SHG in a particular group**
- Table 5.26 Model-wise distribution of sample respondents by Choice of group decided**
- Table 5.27 Distribution of the SHGs by Age**
- Table 5.28 Model-wise distributions of sample households by number members in the group**
- Table 5.29 Model-wise distribution of sample respondents by the position in group at the start up.**
- Table 5.30 Model-wise distributions of sample households by nature of position at present.**
- Table 5.31 Distribution of the Respondents by nature of entry into SHG**
- Table 5.32 Model-wise distributions of sample respondents by savings.**
- Table 5.33 Model-wise distributions of sample SHGs by subscription amount**
- Table 5.34 Age-wise distribution of sample SHGs by revision in group saving**
- Table 5.35 Model-wise distribution of sample SHG s by revision in interest rate**
- Table 5.36 Age-wise distribution of sample SHGs by revision in interest rate**
- Table 5.37 Model-wise recovery rate of group loan**
- Table 5.38 Age-wise distribution of sample SHGs recovery rate.**

<b>Table 5.39</b>	<b>Factors influenced to join SHG</b>
<b>Table 5.40</b>	<b>Frequency of Group Meeting of the Sample SHGs</b>
<b>Table 5.41</b>	<b>Model-wise distribution of sample SHGs by action taken for absence for group meeting</b>
<b>Table 5.42</b>	<b>Average Percentage of Attendance</b>
<b>Table 5.43</b>	<b>Percentage of members participating in meeting</b>
<b>Table 5.44</b>	<b>Level of participation</b>
<b>Table 5.45</b>	<b>Areas in which members participate and intervene</b>
<b>Table 5.47</b>	<b>Utility of SHGs</b>
<b>Table 5.48</b>	<b>Distribution of the Sample Units by their Product Line</b>
<b>Table 5.49</b>	<b>Type of Activity</b>
<b>Table 5.50</b>	<b>Nature of Activity</b>
<b>Table 5.51</b>	<b>Distribution of the sample units into new and Traditional Categories</b>
<b>Table 5.52</b>	<b>Kind of Ownership [Group or Individual Based]</b>
<b>Table 5.53</b>	<b>Sources of Motivation to participate in training</b>
<b>Table 5.54</b>	<b>Sources of motivation to choose this Activity</b>
<b>Table 5.55</b>	<b>Mean Growth Performance of Sample Enterprises from the start up to present (in Rs).</b>
<b>Table.5.56</b>	<b>Channels of market for the product</b>
<b>Table 5.57</b>	<b>Sources of raw material for the product</b>
<b>Table 5.58</b>	<b>Model-wise Average monthly Income during pre and post SHG periods</b>
<b>Table 5.59</b>	<b>Number of SHG women who held that Consumption Expenditure Improved</b>
<b>Table 5.60</b>	<b>Models-wise distribution of the average savings of the sample respondents during pre and post SHG periods</b>
<b>Table 5.61</b>	<b>Model-wise Size of Asset Holdings during Pre and Post SHG situation</b>
<b>Table 5.62</b>	<b>Models-wise distribution of the average borrowings of the sample respondents during pre and post SHG periods</b>
<b>Table 5.64</b>	<b>Average loan and No of times the group loan Availed</b>
<b>Table 5.65</b>	<b>NGO-wise Scoring and Empowerment Status – Post SHG</b>
<b>Table 5.66</b>	<b>Model-wise Scoring and Empowerment Status</b>
<b>Table 5.67</b>	<b>Model-wise Empowerment status in the pre and post SHG Situations</b>
<b>Table 5.68</b>	<b>Average percentage of Transaction Cost of SHG and Other Micro Financing</b>

## Executive Summary

This study has been conducted to examine the impact of the various forms of micro financing on women taking Tiruchirapalli district of Tamil Nadu as the study area.

### **The objectives of the study were:**

- [i] to examine the upcoming institutionalization of small credit lending /micro financing and its impact on women's empowerment as against informal lending;
- [ii] to analyse the impact of micro financing, outreach and performance, socio-economic impact on women;
- [iii] to analyse the achievement of micro financing in terms of savings, access to credit, reduction in transaction costs, etc;
- [iv] to bring out the behavioural outcomes such as asset holdings, family expenditure pattern and education of the children etc. and
- [v] to assess the empowerment of women in terms of decision making within and outside family matters.

To study these objectives a study was conducted in Tiruchirapalli district of Tamil Nadu taking five categories of SHG micro financing models were identified and their comparative performance and achievements were analysed in both rural and urban Tiruchirapalli district. The sample has been distributed such that more than nearly 50%, followed by NGO intermediated where NGOs acts as a financial intermediary accounted for 36%. The remaining were distributed into three models namely, directly bank linked SHGs by the PACBs [9%], NGO guided but self-supported [4.5%] and only one SHG which is completely initiated on its own and laid down the rules of the group following the neighbours and independently functioning neither with the guidance nor with the financial support of external agencies, including government. These 110 SHG members were drawn from 78 SHGs as some times, more than one members of the same group with different trades would have been taken.

The data collected in this study were both quantitative and qualitative from 110 members hailing from both rural and urban areas in five models of SHGs. In addition to this to find out the impact, apart from collecting the pre and post SHG information, a control group of non-participating members have also been chosen from the neighbouring areas of the SHG households mainly to find out whether the variations in membership could be explained by variation in membership.

The major findings are summarized below:

The secondary data analysis revealed the following.

- ?? As per the NABARD data, the national level performance showed that the Southern region continues to be in the fore front and the north-eastern lagging behind with lower number of SHGs, women enrolled, savings done etc.
- ?? The percentage of women groups covered by NABARD has been more than 90%
- ?? The RRBs lead in the beginning with highest amount of loan but it was later the co-operative banks. The Commercial banks did the least.



- ?? The public sector banks did taking the public and private sector banks, more than 90% of the assistance.
- ?? District wise performance for Tamil Nadu as per NABARD data revealed that Dharmapuri was in the forefront with larger number of groups, women enrolled, per capital savings, group savings etc, followed by Madurai, Tuticorin etc.
- ?? The state level performance in terms of Mahalir Thittam of Tamil Nadu Corporation for Women Development revealed that the co-operative banks have extended support in which the District Co-operative Bank of Dharmapuri stood first, followed by Kumbakonam, Virudhunagar and Thanjavur.
- ?? As per Mahalir Thittam data, the district level performance in terms of number of groups, women enrolled, savings done etc, Tiruchirapalli has been in eleventh position. Villupuram stood first followed by Kancheepuram and Coimbatore.
- ?? The ratio analysis of rural to urban in terms of SHGs formed, women enrolled, per capita savings, per group savings etc revealed that Chennai has been completely urban and in certain districts like Nilgris, Kanyakumar, Theni and Coimbatore, the urban groups were more than rural. In all the other districts and in total, the rural has been more than urban.
- ?? The district wise performance of Tiruchirapalli indicated that only less than 50% of the SC'ST households under BPL categories could be covered. The BPL households in the district has been 21.35% and only 5.9% of the BPL households in total were able to be captured by Mahalir Thittam SHG programme. Hence there is a long way to go to alleviate poverty through the micro financing and SHG.
- ?? NGO-wise, as many as 17 NGOs were recognized by Mahalir Thittam, but only five NGO namely SEVAI, Gramalaya, Gramodaya, ECG and Care could account for more percentage of groups formed, women enrolled, savings mobilized etc, BPL households covered etc.
- ?? The profile of SHG members households discussed in this section revealed that the sample SHG households discussed in the above section revealed that the model wise the NGO facilitated is the dominant group in the sample district followed by NGO intermediated and directly bank linked. The rural urban distribution tells that a slightly higher percentage of the groups were found in rural areas in the sample.
- ?? Majority were from backward community with relatively lower percentage of SC/STs, indicating that the SHGs of the sample area in the beginning failed to follow the criterion of identifying the BPL households.
- ?? The previous occupational status showed that the majority were engaged in paid employment or self employment relating agriculture and few were doing only house keeping.
- ?? The pre and post SHG change in occupational status revealed that nearly half of them were housekeepers and now assumed some occupation or became member of SHGs. Another considerable change has been observed

- with the non-farm employment category where in nearly 43% are engaged in the post SHG which was very low in the pre-SHG.
- ?? The educational status revealed that it has both illiterate members as well as graduates.
  - ?? The age of the members ranged from below 30 to above 50
  - ?? Majority of the members are married as unmarried are not encouraged to join
  - ?? The nature of family revealed that nearly three fourth live in nuclear families.
  - ?? The size of the family is small with four to five members
  - ?? The annual income of the households ranged from Rs. 2000 to Rs.8000, which indicates that, the sample households very much belong to BPL households. But while giving the income details there were some underestimation, which must be allowed to.
  - ?? The sample households have more than one earning members on an average.
  - ?? The family members support the group economic activities and in other affairs, monetarily, physically and emotionally
  - ?? The members of the group had their origin from both rural and urban areas.
  - ?? The income contributed by the husbands ranged from 25% to 75%.
  - ?? The choice of a particular group has been on the considerations of residence proximity and homogeneity of interests
  - ?? The choice of group was decided by self as well as the NGOs in majority of the cases.
  - ?? The age of the ranged from below to above 6.
  - ?? Average number of the members were 17.4, ranging from 15 to 20.
  - ?? The positions held by the members in the group do not show much change except a slight change in the representatives, from the initial to current periods.
  - ?? Majority of the [60%] members have joined the group voluntarily without persuasion.
  - ?? The weekly savings ranged from Rs. 15 to Rs. 100.
  - ?? Nearly 58% of the groups have brought revision in savings and 33% in interest.
  - ?? The recovery performance has been ranging from 95% to 100%.
  - ?? The meetings are conducted weekly, fortnightly or monthly.
  - ?? Absence is severely punished either with penalty or warning.
  - ?? Majority of them participate in more than fourth fifth of the activities.
  - ?? But the level of participation indicated that more than 80% participate only once in the meeting.
  - ?? The areas in which they participate include distribution of loan, questioning the accounts, revising the interest, savings, organizing campaigns, meetings, members to attend the seminars etc.
  - ?? Factors to join the group were include, to gain social prestige, success of other groups and to do social service.

- ?? The utility of the SHGs primary has been a source of consumption and productive loan, bridge between the banks and the members, link with other officials, elevating the social status etc.
- ?? Nearly 75% of the women chosen to economic activities were found in non-farm activities.
- ?? The nature of activities was predominantly regular and only 13% had chosen to seasonal nature.
- ?? Nearly 21% had chosen to completely new activities and other though chose to traditional nature of activities, modernized later.
- ?? The kind of ownership of the activities implied that they are mostly individual based except 30% group based activities.
- ?? The motivational sources to choose to particular activity include, NGOs, Banks and the Self.
- ?? The sources of motivation to have training include self and NGOs.
- ?? The model wise performance indicated that the NGO facilitated model registered better growth in terms of growth of investment, turnover, borrowings, profit, employment etc.
- ?? Channels of marketing chosen include, agents, self and members
- ?? Sources of raw material include mostly local for more than 60% of the units.
- ?? Monthly income has been found to increase on an average of Rs. 110 per member, the maximum has been by NGO facilitated and NGO intermediated. Other members' income increased by Rs. 562 due to SHG and the Household income increased by Rs. 643.
- ?? Nearly 43.71 percent of the women held their consumption expenditure pattern have improved due to SHG and the incremental income realized. The major improvement in percentage terms has been realized on education, followed by clothing, festival and food expenditure. So SHG intervention has contributed to raise the income and expenditure of the households
- ?? The savings performance has shown that there has been a decline in the average size of savings during pre and post SHG situation, which was mainly influenced by NGO intermediated model primarily as these women were saving through chit funds for borrowing sake, which have inflated the saving figure.
- ?? The size of increase in asset holdings has also been taken as one of the indicators of creating an impact in the economic life of the SHG women. Accordingly it was analysed that the asset position has shown a marginal increase and it was claimed that it is due to SHG.
- ?? The borrowing performance of the pre and post SHG periods revealed that it has almost doubled on an average during post SHG periods. However, in certain categories, it has declined, perhaps the members who have borrowed from outside with higher interest rate would have stopped and the chit funds sources must have been given up. Around 10% remain without borrowing, who just save and be a member of the group.

- ?? The empowerment index developed taking as many as 260 variables of both economic and social affairs, revealed that model wise, except the NGO guided but self-supported models, all others have said have empowered in the post SHG situation compared to pre SHG. NGO wise, it was observed, the ECG group members have been found to be highly empowered and other have attained the status of being empowered. But the PDI groups have not been empowered. The ECG groups are highly empowered because, they are quite old, more than 90% have initiated enterprises with bank loan and also participated in various other community development activities. On the other hand the PDI groups remain self-supported with petty trades or just with group savings, not much involved in community development activities, etc. and therefore scored very less and lagged behind.
- ?? The pre and post SHG empowerment Index levels indicate that in the economic spheres the pre SHG scores were relatively higher than social spheres. The improvement between the pre and post SHG empowerment levels indicates that the economic index showed a relatively lower improvement than social empowerment, the latter showed a three fold increase than the former which have just doubled during the pre and post SHG situations. However, the composite index tells that the sample women have achieved only 65% level of empowerment and to become perfect achievers and fully empowered, they have to still cross nearly 35%, which will be contributed by both economic and social empowerment indices.
- ?? The transaction cost differences of various micro financing were computed and observed that the maximum transaction cost including interest has been incurred in the micro financing of IRDP, DWCRA etc, though they are formal credit, followed by informal credit source of traditional money lenders. The least has been by the informal but organized credit by the SHGs called group lending allowing that their interest income earned will go back to the group. And hence, though they charge relatively higher interest than the formal credit leaving the interest aspect, SHG group loan has said to have incurred less than the other categories.
- ?? The SWOT analysis revealed that the SHGs have sufficient strength and opportunities such as regular and compulsory saving, very high or cent percent recovery performance, excellent financial discipline with transparency, and above all able to bring about a sea change in their attitude and behaviour which lead them to become better decision makers and participants in social and community affairs, which all would overcome the weaknesses such as the lack of accountability, not being registered etc in future.

In a nutshell, it must be stated that this study while analyzing the impact of various models of SHGs on women arrived that SHGs have created a positive impact in both social and economic spheres. However, from the

sustainability aspects, without going by the figures and values of empowerment index, completely self-supported with people participation may have a better chance of being sustaining followed by the NGO guided by self-supported models. Though these models have exhibited poor index in terms of various indicators, they might show a better index in future in terms of sustainability, being independent and democratic. Hence SHGs with people's participation without the dependence on external agencies must be encouraged in future years to come. However, given the poverty and backwardness of the households, the directly bank linked groups wherein banks themselves directly reach the poor may be encouraged to bring empowerment and create other impact in the lives of women.

## **Chapter I**

### **Introduction**

“If you want to awaken country first awake women. If a woman is awakened a family is awakened and a family is awakened, a village is awakened thereby entire country is awakened.”

Jawaharlal Nehru

Women form a part of a human resource. Unless this section of the population is given opportunities to prove their capabilities, the development would be imperfect. It was in the ancient period the women were recognised equally with men and in fact they were head of the households and participated equally in decision making like men. It is only when surplus emerged and commercial production started, markets came to play a role. It is in this juncture there came a change in the role of male and female. There came the gender division of labour mainly bringing men to outside, paid employment and women in unpaid and domestic work. The gender disparity was the result since this period and women had continuously and constantly discriminated in getting their due share in the development process. The gender disparity prevailed in various areas including literacy, education, nutrition and health, employment, decision making, participation in politics and executive positions, property rights, etc. This discrimination has been the outcome of the gender division of labour making the men to go out and market their services and so also act as the head of the household, decision-maker etc. On the other hand making women to remain at home to continuously perform the domestic activities such as taking care of the children, cook and wash for the family which have not been recognised as work till 1981 Census in India. As a result of making the men as breadwinners of the family, the female members also started assigning themselves a secondary role next only to men and as such they are treated as secondary citizen in the society.

Women form a vital part of the Indian Economy, who constitute one third of the labour resource, and primary member contributing in the survival of the family. It is true that women form the backbone of agriculture sector, comprising the majority of agricultural labourers in India. Gender divisions in agriculture are stark, with all activities

involving manual labour assigned to women, while all operations involving machinery and drought animals generally performed by men. Female agricultural labourers are among the poorest sections of Indian society. Agricultural wages for women are on an average 30-50 percent less than those for men.

It is true that the poorer the family, the greater is dependence on women's income. Despite several progress made since independence in the lives of women, a gender analysis of most social and economic data demonstrates that women in India continue to be relatively disadvantaged in matters of survival, health, nutrition, literacy and productivity.

### **Micro Finance and Rural Poor:**

The micro finance that is popular at present is not new. The micro credit and lending had been in practice since man started trade. The micro credit, which is claimed to be contributing to women through SHGs, was in existence prior to it in the name of IRDP, DWCRA etc. In all these programmes finance has been the central focus. Given that finance is backbone of all economic activities, in alleviating poverty the Financial Institutions and the micro credit assume significance. They play a significant role in transferring funds from surplus to deficit sectors but hardly the formal banks concentrate on rural poor borrower particularly in backward areas. The banks that dealing with rural borrowers may not be profitable or financially sustainable feel it. It is necessary in the financial dealings to have knowledge about the borrowers in understanding the purpose of loan, ability of the borrowers to repay it and the creditworthiness and strategic skills of the borrowers. Hence the formal sector continued to concentrate on urban borrowers leaving the rural areas to informal lenders. Unlike the urban corporate borrowers, the rural borrowers are ignorant, lack opportunities, run very small-scale enterprises of self-employment category etc. This ignorance is better exploited by the informal lenders who operate in local areas in small scales, having a physical proximity with the borrowers and accordingly has perfect information about the borrowers. Such characteristics are observed with formal sector and hence the transaction cost of investment will be high for the formal sector, given the high risk and low returns on capital of such rural borrowers. So borrowers keep themselves away from formal sector and vice versa.

For the advantages of close proximity, possessing full information, assessing the credit needs, of the borrowers flexible schedule of repayment, credit without collateral, better knowledge on local environment and accordingly adjusting to repayment schedule, making the credit available in the door steps, extending second loan before the expiry of the first loan, without much procedures and formalities, the rural ignorant borrowers bear a heavy cost in the name of higher interest rate for a small size of credit and sometimes failing to pay may lead to shouting from the lenders. In the process the financial institutions in the formal sector loses a newly created market and the rural borrowers also lose cheap and availability large credit. Verification of true credentials by an outside lender may prove to be costly if not impossible [Leland and Pyle, 1977], when market imperfections persist, lenders face the problems of managing the risk of loan default [Von Pischke, 1992]. Raising the interest rate does not resolve the problems either [Stiglitz and Weiss,[1981].

But once the formal sector gets entry, they offshoot the informal lenders by expanding the coverage and reach, with cheap credit there by break the monopoly power of the informal lenders. But it has to be seen whether the access increases, eliminates moneylenders and decreases interest rates. In all these processes of development of financial institutions, continued to be marginalized and lack all center to credit.

Given this background it was felt by the women's associations and other organisations, that there is a need to mainstreaming of women so that the human resource development would be complete, the economic development would be better with the contribution of the other half of the human resource and also the gender disparity will be addressed. However, till the 1970s no organised efforts were made to mainstream the women by extending equal opportunities in education, nutrition and health, economic participation country right asses to credit and decision-making practices both at the household and community. It is since 1975 with the United Nation's declarations of Women Empowerment Decade, every effort towards ensuring gender equality was recognised everywhere. Several approaches have been followed to empower women and address the gender disparities in the society. In the beginning in India the efforts taken to support women were related to welfare programmes in which the women were treated as beneficiaries. Later equity approach was followed in which women were facilitated to be



equal citizens in the field of economic participation. Later the equity approach was replaced by empowerment approach, which emphasised that the women must be given equal power and must come to the mainstream to prove their capabilities. Of late there is a paradigm shift in the development processes by incorporating the gender concerns as an important element of development strategy. Government of Andhra Pradesh has taken up women empowerment as one of the two agenda items recognising the importance and involvement of women to tackle rural poverty and socio-economic issues.

Another aspect to be mentioned is that the women scholars and researchers have advocated that the gender needs may be classified into to practical and strategic gender needs. The practical gender needs are those needs which facilitate the women to engage in the gender stereo type of activities enabling the women to perform their so called household activities with ease. For example, providing support and assistance to engage in activities, which do not question their gender roles of family care taker, say a household enterprise, providing crèche near the work spot of the female, providing a transport facility separately for female etc. The strategic gender needs on the other hand emphasised that as the practical gender needs reinforce the gender roles of female without addressing the gender division of labour, it is necessary that the crèche must be provided near the work spot of male so that the caring of child would no longer be only female's responsibility. Similarly the women must be encouraged and facilitated to undertake economic activities, which were hitherto done only by men. Hence it is necessary that the women be extended with facilities, which would address the strategic gender needs.

It is believed and established theoretically that economic independence of women would empower and mainstream the women. However, there are others who argue that economic empowerment alone will not contribute completely to women's empowerment rather economic empowerment along with social empowerment is necessary so that mainstreaming of women is possible. It is true that women do not have full economic freedom as hardly less than one third of them are able to participate in economic activities that too predominantly in unorganised sector. Only six percent of the women who participate in economic activities are in the organised sector. Another fact is that the women who are interested in self-employment activities are not able to perform due to lack of finance and lack of access to credit, which may be attributed to lack of property

rights. Given that lack of access to credit has been the foremost problem in initiating an enterprise, there is a need to address this issue in order to make the women to participate in economic activities on the one hand and economically empower on the other. Realising these needs, government of India has implemented several schemes of assistance since the 1970s in the name of development and poverty alleviation programmes. The programmes like Integrated Rural Development Programme [IRDP], Development of Women and Children in Rural Areas [DWCRA], Training the Rural Youth for Self-Employment [TRYSEM] and the Entrepreneurship Development Programmes for Women by various agencies including District Industries Centre, Industrial Promotional Agencies etc., which were able to extend some micro credit assistance in rural areas. The IRDP was the single largest credit based poverty alleviation programme of its type anywhere in the world, in terms of magnitude, number of borrowers, level of investment and operational area. IRDP aimed at providing income generating assets and self-employment opportunities for the rural poor below poverty line with specific coverage targets for women [40%], and physically handicapped [3%]. Since the inception of the programme till 1998-99, 53.50 million families have been covered under IRDP at an expenditure of Rs.1370 million. Though there have been patches of good performance, broadly speaking, the experience particularly with the credit linked IRD programme was not found to be as encouraged as envisaged.

The predominance workers in unorganized sector may be due to most of the rural women in India are unskilled, restricting them to low-paid occupations. Women generally have no control over land and other productive assets, which largely excludes them from access to institutional credit and renders them dependent on high-cost informal sources of credit to secure capital for consumption and or productive purposes.

In urban areas, several programmes have been launched to address urban poverty, which includes the Scheme of Urban Micro Enterprises, Nehru Rozgar Yojana and Prime Minister's Integrated Urban Poverty Alleviation Programme and Urban Basic Services for the Poor [UBSP], etc. Within the framework of such multiplicity of schemes, more emphasis was given to individual programme targets and as a result, income generation on sustainable basis was relegated to the place of secondary importance. But most of them have failed, due to three important reasons. [i] leakages at various stages [ii] lack of

commitment on the part of the implementing agencies and financial agencies and [iii] lack of follow-up by the promotional and financial agencies. Hence it was thought that micro financing schemes, which would be taking care of the above issues, would be able to yield a better result. Also it is realised that treating the women as beneficiaries by extending some assistance will not help them to empower rather a people participatory or community participatory sustainable programmes without expecting any support from external agencies would prove to be of success. It is in this background the micro financing programmes of self help group concept emerged. With the view to rectifying the loopholes in the earlier programmes mentioned above, Government of India recently in 1999 combined all the programmes under a single head called Swarna Jayanthi Shahari Rozgar Jojana [SYSY] in urban areas and Swarna Jayathi Swarga Rozgar Yojana [SJSRY] in rural areas. Under these schemes the SHGs are encouraged.

The credit goes to the pioneer attempt made by Prof. Mohammed Yunus in Bangladesh who introduced the concept of micro credit for the first time among the poor women in late seventies under the Grameen Bank and later got momentum in almost every corners of the world. Micro credit programmes are important institutional devices for providing small credit to the rural poor in order to alleviate poverty. This Grameen Bank is the pioneer Micro Finance Institutions [MFIs] later replicated in many other countries both by the government and non-government organisations. Numbers of studies have confirmed that the micro credit programmes in Bangladesh have a significant positive impact on household incomes [BIDS, 1990, Hossaid, 1984, Rahman, 1996].

The micro credit programmes influence savings in a number ways. First of all, it inculcates a habit of regular savings and thrift, and the saving is made compulsory, which was absent previously. Secondly, the compulsory savings mobilised would be invested in productive activities, which in turn able to increase the employment, income and output. Third this increase in income would increase the purchasing power and effective demand among the community and thereby the standard of living and the economic development of the nation would improve.

The group formations under micro credit institutions are based on a growing institutional concept in terms of resource and management skills of the women members to reduce the gender inequality and to increase their confidence to get involved in issues

and programmes in the public and private spheres. Samar K.Datta & M.Raman [2001]. The success of group lending is attributed to various factors such as the ability of the group to mitigate asymmetric information problems in the credit markets through active screening of members [Wenner, 1995], information advantage of the groups about the applicant's creditworthiness, social cohesion and heterogeneity of asset holdings [Zellwe, 1998], self selection or assortative matching of members [Ghatak and Guinnane, 1999], group pressure to repay the loans, [Besley and Coate, 1995], social ties between borrowing group members [Floro and Yotopoulos, 1999], and peer monitoring through intro-group insurance [Wydick,1999].The information transfer and moral hazard and incentive problems [Llanto, 1990].

Given these glorious features of SHGs and its associated micro credit there a caution from various sides that they are becoming agents which are similar to the intermediaries in the market. Ela Bhatt [1999] wrote that on the new scheme of SGSY, the Below Poverty Line [BPL] beneficiaries for the sake of subsidized loan would be organised into SHGs by Government staff. The very basis of affinity groups has been done away in definition of the SHG under SGSYs. This would mean BPL families, irrespective of their cultural, professional and ethnic attitudes could be brought under the umbrella of a Group, to be christened as SHG. Within a fixed time schedule spanning six months, such Groups would be first financed a subsidy of Rs. 10,000 and a loan of Rs. 15,000 followed by a major dose of subsidized income generating activity loan of the order of Rs. 2,00,000 to Rs. 4,00,000. The usual relationship of linking credit with proportion of savings has been done away with.

Obviously, there is a mismatch of experiences of SHG movement with SGSY provisions. The experiences have shown that the SHGs may fail if membership is not homogenous and not based on affinity. A group of persons belonging to so called BPL category, identified by a disoriented system, hustled together for pumping credit and subsidy can never function as a self help group and therefore, its sustainability to work as a group is under question. The provisions of the scheme need to be reconsidered, otherwise the country may see SGSY lead to a sudden spurt in number of a so called SHGs organized by ill-equipped field staff in a hurry to meet the projects or targets, without the required common binding affinity to end up in attraction of subsidy as the

prime motive. SHGs help graduation of poor into micro entrepreneur. Mere pumping of subsidy-induced credit would be disastrous for entire SHG movement in the country for SGSY as well.

### **Micro Financing in India:**

The micro financing schemes in India came with the introduction of SHG concept by NABARD for the first time in the government sector. In the non-government level, Self-Employment Association of Women [SEWA] founded by Ela Bhatt was the first of its kind as Grameen Bank in Bangladesh. Later on several other organisations such as RASS, SHARE in Hyderabad, MYRADA in Karnataka and WWF in Chennai and various organisations in various parts of Southern India proved to be very successful in empowering women economically through the micro credit programmes. SEWA has pioneered an economic revolution amongst the poorest women of Gujarat since 1972. The NABARD concept of SHGs is extensively prevalent in India. NABARD a bank for rural development has conceived the concept of SHGs with full support and vigour and succeeded in establishing that Self-Help is the best help to progress. There are three approaches emerged in the SHG concept. [i] NGOs facilitated SHGs in which the NGOs would be helping the members to form the group and arrange to get the support from financial agencies directly just playing a facilitator's role. [ii] NGO intermediated in which not only the NGO would form and organise the groups but also extend credit directly to members either getting from banks or other promotional agencies. [iii] Directly formed SHGs, which are formed by the banks and credit, extended directly to them without any facilitating or intermediating agencies. It is necessary to find out which of these approaches would be sustainable so that the contribution of SHGs in the initial years would continue to exist throughout the period.

It was revealed in a survey conducted by NABARD (1994) that micro finance can be a powerful instrument initiating a cyclical process of growth and development. It has improved the access to rural poor to financial services, both savings and credit. The increased access signifies overcoming isolation of rural women in terms of their access to financial services and denial of credit due to absence of collateral. The pool of savings generated out of very small but regular contributions improved access of the poor women to bank loans. It could also help in strengthening poor families' resistance to external

shocks and reducing dependence on moneylenders. The observed support for consumption smoothening would not have been possible, but for the SHGs internal support. The predominance of borrowing for crop cultivation reflects support for meeting working capital needs. Possibilities could be explored for using SHGs as a strong conduit for purveying crop cultivation loans to very small and marginal farmers to step up crop loan finance.

**Issues:**

Before going to the issues, a brief note on SHG is given in this section. Self-Help Groups [SHGs] have proved to be an effective tool or instrument in India to address the problem of poverty on the one hand and also empower women on the other. It is not only expected to empower women economically but also socially in terms of say fighting for their rights, fighting against the social evils such as gender bias, child labour, violence against women, secondary status assigned to women, dowry, crimes against women etc. It is true that the over all empowerment depends on the economic empowerment and as such women primarily concentrate on savings and then they extend their intervention and coverage to various other aspects including health, nutrition, environment, forestry, agriculture etc. Hence several women empowerment programmes are now primarily based on the SHG concept though strictly all of them do not follow the same method.

In Tamil Nadu Tamil Nadu Women Development Corporation implemented a programme with a funding from IFAD in 1999 with aim of bringing economic and social empowerment among women. The evaluation of the project, revealed that a total of 5207 groups had been formed, almost double the established target. The evaluation noted that at least in the latter phases, the project acted not as just “ credit cum-subsidy” project but as a genuine process of empowerment. The IFAD evaluation identified four main processes that would lead to women’s empowerment.

Changes in the women’s mobility and social interactions.

Changes in women’s labour patterns;

Changes in women’s access to and control over resources and

Changes in women’s control over decision-making.

NABARD's rural network reaches 600 million people and with a new credit scheme, to be implemented through post offices in various Tamil Nadu districts, the organisation hopes to rope in another 150 million people under its SHG net.

The SHG-Bank linked finance was the fastest growing micro finance programme in the world. Rs.4.25 billion of bank-linked micro-finance was given till March 2003 to 1, 50,000 SHGs in India.

M.S Swaminathan, father of Green Revolution observed that the SHG movement is one of "India's great success stories". He added that micro finance should lead to micro enterprises and sustainable SHGs are the key to development today.

Recently co-operative banks and societies are also involved in forming SHGs. It was held by Tamil Nadu Co-operative Society, that it has given Rs. 1 billion as micro finance to SHGs in Tamil Nadu.

The government of Tamil Nadu has taken all efforts to empower women through SHGs by complimenting them as vehicles of women's empowerment. It was addressed by the Chief Minister of Tamil Nadu that gone are the days when banks were reluctant to provide loans to SHGs. Now the women SHGs have grown to bank their savings with them. The concept has begun in 1992 and the state has 2.4 million members with Rs. 3.35 billion savings. The women must come out of the mindset that they have to be protected and taken care of by parents, brothers, husbands, and sons. Women must be economically independent to initiate gender equality and it can be achieved through the SHGs.

A Women's Empowerment of Masala Seva Project launched in 1992 in Haryana, proved that each woman is able to make a profit of \$20 per month through this project. These women who were initially very shy and were not even willing to move out their houses are now confident enough to take the initiative in selling their products themselves. There is a definite change in the attitude of the villagers as they appreciate the SHGs' efforts. The SHG women now own a panchayat ghar premises, fully equipped with the electric grinding machines, storage bin, and the latest packaging machines.

Micro finance initiatives under Maharashtra Rural Credit Project [MRCP] sponsored by IFAD was initiated with the objectives of development of formal financial services, informal sector savings and credit and infrastructure support for project implementation has the following results. The participatory approach to micro finance has

improved the cost-effectiveness of poverty alleviation strategy by substantially lowering transaction costs. While commenting on the performance and impact of the project, the UNOPS Supervision Mission observed that there is a transformation in the attitude and approach of the participating banks to rural financial services and especially rural clients. It was further revealed in a study conducted by NABARD (1992) that the SHGs turned out to be a channel for social mobilisation and women empowerment, as also new business with quality clients and significantly increased the good will. Externalisation of operating costs in deposit mobilisation, credit management and recovery through Village Development Councils and SHGs were other benefits which had a positive impact on the working results of the branches.

### **Significance of the Study:**

It is true that the concept of micro financing was in existence for more than a century. However the micro financing, which has been introduced recently is different, free from exploitation, based on the principle of co-operation and group approach. As ahead mentioned even in the 1980s several micro credit programmes including IRDP, DWCRA, TRYSEM etc were prevalent, but the approach and methodology followed were entirely different. It is this methodology which has made the SHGs to achieve better recovery rates, improved access to credit from formal sector, participation in not only economic activities but also other social and community development programmes. Further it is observed that the formal sector credit was very limited and hardly available for small borrowers. SHGs have broken this trend and it has seen that only small borrowers are members of SHGs. The question that remains still to be answered is that how these SHGs could succeed in capturing the bulk of population, which were hitherto denied access to credit? How could they succeed in attracting the bankers to volunteer in their doorsteps to extend credit, which was a Herculean task prior to SHG? How could the SHGs handle the micro financing, which resulted in good recovery rate, which was a dream for formal sector? Would this success sustain or would it vanish after a temporary existence? What needs to be done to sustain in future? Given the merits of SHGs, all these questions necessitated this study to emerge in the present form.

Development experience has shown that the policies favouring government have failed and market was supported to rule with minimum intervention of the state. In both



these policy frameworks, poor had continued to be neglected as their focus was on the rich and believed that the benefit would trickle down. But in the later period the market also failed due to various reasons. It necessitated a new kind of development to emerge with institutions governing the interests of the respective section of the population. Between the state and the government, the NGOs have entered created a third space, which takes some aspects of both government and market. It was observed that the poor had failed to benefit through any intervention, as the access to formal credit was absent. As a result, the informal credit continued to dominate and exploit the poor. The failure of formal credit reaching the poor, due to high risk involved owing to the imperfect knowledge of other borrowers and the associated transaction costs for the banks, informal sector with the virtue of perfect information on the poor borrowers, established a good credit market. It is felt that the poor cannot be helped by formal credit for the paper work, asymmetry of information and the transaction cost associated. On the other hand the informal credit sources should not be allowed to exploit the poor. It is good if the former as the first best reaches the poor. In the absence of this occurring, the second best alternative has been conceived incorporating certain features of both the characteristics of formal and informal credit in the name of micro financing through SHGs with organized efforts of the participants. This micro financing has the characteristics of group lending, peer monitoring, peer pressure etc, through which it is able to get the full information about that borrowers and extend credit with minimum transaction cost with less paper work, but greater recovery performance. This has been widely recognized as the alternative form of credit and resource mobilization for the poor, credit and thrift management etc. But there are certain issues, which may be research questions to be analysed by future researchers in addition to this study. The SHGs associated micro financing is targeted to mostly women. The experience has shown that the economic activities have not been crossed beyond the micro scale. The women who have been taken up economic activities, hardly promoted to produce products of global importance. Why does this scale of operation confine to micro scale? Why does this programme target only women? Given that the poor constitute both men and women and suffer equally with lack of access to credit. Is it that targeting women alone will facilitate the market for products of external agencies, the multinational corporations; the products produced by SHGs may not share or capture the market of

MNCs? Will this glorified movement sustain in the same sprit and vigour throughout? Whether long urn stability is possible? In the long run, by growing to better scale of operations, the opportunity cost of devoting time on group activities may be high and in such context, will it continue to have same rapport with the women etc, are anlysed in this study.

There are number of studies which have so far made on the SHGs and its performance in various parts of India and Tamil Nadu and abroad. All these studies including Joythi and Sundar [2000], Mohanan [2002 and others revealed that SHGs have been revolunising the micro finance field. However, it is observed that most of the studies have confined to analyse the recovery performance, the factors, per capita saving and borrowing, group saving and borrowing etc. based mostly on secondary data. There is hardly any study, which dealt with various forms of micro financing, or SHGs and their sustainability aspects except a study conducted by NABARD and few others in researchers. Moreover, it is true that the concept of SHGs itself is very recent and hence it is quite possible that only in future many studies may emerge. It is in this backlog, this study has been attempted to analyse the impact of micro financing on women.

### **Objectives:**

The specific objectives of the study are:

- [i] to examine the upcoming institutionalization of small credit lending/micro financing and its impact on women's empowerment as against informal lending;
- [ii] to analyse the impact of micro financing, outreach and performance, socio-economic impact on women; achievement of micro financing in terms of savings; access to credit; reduction in transaction cost etc;
- [iii] to highlight the behavioural outcomes such as asset holdings; family expenditure pattern, education of children etc; and
- [iv] to study the empowerment of women in terms of decision making within and outside family matters.

### **Methodology:**

The present study has been conducted in Tiruchirapalli district of Tamil Nadu. This district has been chosen, as it had the history of SHGs way back in 1970s where no other state initiated such programmes in the entire state. Thanks to the NGOs concerned namely SEVAI, ASA etc who were the founders in this district to intervene among the community as NGO. Moreover, the first phase of introduction of SHGs for women empowerment had also been implemented in this district by government of Tamil Nadu. Hence the sample district has not only been a pioneer in introducing SHGs but also now acting as a leading district with maximum number of SHGs taking all forms of SHGs organized by NGOs, banks, women associations and women themselves. Having chosen the sample district, an attempt has been made to survey the SHGs working all over the district. At the first stage, Mahalir Thittam [Women's Project] of Tamil Nadu Women Development Corporation was contacted. All the necessary secondary data were collected, including block-wise, NGO-wise SHG status, number, amount of borrowing etc. It was mentioned by the then Project Officer, Mahalir Thittam, that these data given by his office alone do not cover all the SHGs rather there are other forms which are not recognized by Mahalir Thittam. They include the SHGS formed by NGOs not strictly falling in line with the principles of SHGs of Mahalir Thittam formed and functioning in the study area but not succeeded in getting loan from formal sector. Realising that the data provided by Mahalir Thittam may not be complete, an attempt has been made again to contact other NGOs, which are not recognized by Mahalir Thittam. However, for the purpose of collecting information, NGOs coming under the Mahalir Thittam were taken. There are as many as 17 NGOs but the leading NGOs, which were also happened to be NGOs funding with considerable number of groups, were taken. They include SEVAI, Gramalaya, EGC, New life, PDI and CSI in both rural and urban areas. Apart from these NGOs, Tiruchirapalli District Central Co-operative Bank [TDCC] has also been chosen for directly bank linked groups. After identifying these NGOs, a discussion with NGO officials was held. It was revealed in the discussion that there were five different forms of SHGs, which may be categorized in the order of ranking of number of sample into NGO Facilitated, NGO Intermediated, Directly bank linked, NGO guided but self, supported and completely self-supported. Of all these five categories, SEVAI, Gramalaya, EGC were taken for NGO Facilitated SHGs, NEW LIFE and CSI for NGO intermediated

category, and PDI for NGO guided but self-supported SHGs, and the last category represents the completely self-supported category. As far as the rural and urban distribution is concerned, part of the groups of SEVAI, Gramalaya, EGC and all the groups of PDI, CSI were urban and the remaining were from rural areas.

There were totally groups found which were taken as the universe. From the universe, a sample of 110 SHGs members was chosen using stratified random sampling. The SHGs are distributed in the universe such that the NGO facilitated groups are the dominant constituting more than 50%, followed by NGO intermediated. The other three categories are very negligible, constituting less than 10%. Accordingly all these forms were represented in the sample.

As per the regional distribution of rural and urban, it is observed that they are more or less distributed equally in both rural and urban areas, except only two additional units in urban areas. The sample distribution between rural and urban areas however, does not represent the universe. In fact in rural areas several NGOs are working and there are more rural SHGs than urban. However, in this study the sample NGO's distribution is more or less equal in both urban and rural and accordingly it is represented in the sample. The NGO Facilitated are more in rural areas where as the NGO intermediated are more in urban areas.

#### **Data Collection:**

Both primary and secondary data were collected for the purpose of the study. The primary data were collected by conducting a preliminary and a pilot survey to identify the groups which fulfill criteria taken to choose the sample such as they must be three years old, they must have availed the loan and initiated some activities etc. However, it was not fully succeeded in strictly following the criteria as in certain models the groups are not three years old. The preliminary survey was conducted survey the SHG women of the various NGOs, the women who had come for rating to the lead bank, and the women who are regularly attending the weekly seminar organised for the SHG women by the TDCC. Having identified and understanding the SHGs and its function through the preliminary survey, a pilot survey was conducted from few women SHGs and revision of interview schedule was done. Later, the pre-tested interview schedule was administered in collecting the primary data. Necessary secondary data were collected from the Mahalir

Thittam, Tamil Nadu Women Development Corporation, NABARD, District Rural Development Agency, Lead Bank, District Statistical Office, etc.

**Tools of Analysis:**

For analyzing the data collected, simple statistical tools such as average, percentages, SWOT analysis and Empowerment Index have all been used.

**Limitations of the Study:**

The study has taken sufficient sample for the two models namely NGO facilitated and intermediated and in other three models no adequate number could be covered. Moreover the criteria laid down could not be followed and this lack of homogeneity in their structure, age, composition etc, may affect the results. In certain cases, the women were not willing to answer and the group members influenced them, as during the survey in certain areas other members of the group were also present. Necessary secondary data up to date was not available and hence no crosschecking could be done comparing the primary and secondary data. Some group claimed that they are free form moneylenders and some informal discussion in person revealed that to pay back the loan borrowed from the group in time, the sample women still go to moneylenders. The women in several cases have also not taken the impact analysis of pre and post SHG information seriously. These limitations may to some extent question the findings. However, care has been taken to analyse the data such that these limitations have been addressed so that the validity of the results may be relied upon.

**Chapterisation:**

This research piece is presented in six chapters.

The first Chapter deals with the introduction, significance of the study, objectives, methodology, limitations etc. Chapter II defines the concepts and reviews the related literature. Chapter III deals with the evolution and significance of micro financing and significance of women in development. Analysis is presented in two chapters. Chapter IV analyses the data on the socio-economic profile of members SHGs etc. and Chapter V bring out the impact analysis. Empowerment Index and SWOT Analysis. Chapter VI summaries the findings and brings conclusion.

## **Chapter II**

### **Concepts and Review of Literature**

This chapter has two sections. The first section defines the concepts used in the study and the second section reviews the related studies. The concepts are defined as each concept varies and defined differently in different contexts. Hence the concepts used in this study referring specifically to certain meaning have been defined in order to facilitate the reader to understand the concepts proper. On the next review of literature is done to basically inform the reader to say the possible areas of research, which have already been done in the area. Further it would also explore to the lacuna found and the areas to be covered in future.

#### **Section I**

##### **Concepts:**

##### **Micro Credit/Micro Finance:**

The concept of micro finance and micro credit are usually used interchangeably. But micro credit is always dovetailed with thrift and hence micro finance is a more appropriate expression rather than credit. It includes the whole gamut of financial services like thrift, credit, insurance, leasing of equipment, remittance etc. required by the poor.

Micro credit is the credit of meagre amount of money which plays an important role while enhance the human life which should be used in proper way to achieve income generation, removal of poverty, create employment etc.

##### **Various forms of Micro Financing:**

Micro finance is generally routed through small groups commonly known as Self Help Groups [SHGs], which not only serve as a platform to supervise the activities of each other but also provides social collaterals. Loan amount to the member of the SHG is based on the amount of the savings of the SHG and is recovered generally in 12 monthly installments. Loans are repeated and gradually increased; thus establishing relationship banking.

##### **Self-Help Group [SHG]:**

The Self-Help Group [SHG] is considered as a voluntary association of poor people. They are mostly having some socio-economic background. They are involved in solving their common problems through self-help and mutual help. It creates small saving

among the members and the amount are kept with any bank. The SHGs have a membership of 15 to 20 members.

A self-help group is also defined as a voluntary group valuing personal interaction and mutual aid as means of altering or ameliorating problems perceived as alterable pressing and personal by most of its members.

It is also defined as a group of rural poor generally comprising of small/marginal farmers, land less agricultural labourers, rural artisans, women folk and other micro entrepreneurs who organise themselves to, achieve socio-economic development by raising resource at their level initially and linking with the bank subsequently with the help of NGOs [www.aidindia.org]

SHG may also be defined a voluntary association formed for the purpose of engaging small enterprise. To form this organisation, it requires a minimum of twelve individuals. The members of SHG form and work together. The bankers provide loans to this group. To put it simply, a self-help group is any group that offers emotional support and practical help with a problem that is common to all members.

R.S Krishnamoorthy and Makarand Ratnaparkhi defined a self-help group as a small voluntary association of poor people, preferably from the same economic background. They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. The savings are kept with a bank. This common fund is in the name of the SHG. Usually, the number of members in one SHG does not exceed twenty. The concept of SHG's is based on the following principles viz, self-help supplemented with mutual help can be a powerful vehicle for the poor in their socio-economic development, participative financial services management is more responsible and efficient; poor need not only credit support, but also savings and other services; poor can save and are bankable and SHGs as clients, result in wider outreach, lower transaction cost and much lower risk costs for the banks.

The self-help group has been defined by NABARD as a group of about 20 people from a homogeneous class who come together for addressing their common problems. They are encouraged to make voluntary thrift on a regular basis. They use their pooled resource to make small interest bearing loans to their members. The process helps them imbibe the prioritisation of needs, setting terms and conditions and accounts keeping.

This gradually builds financial discipline in all of them. They also learn to handle resources of a size that is much beyond individual capacities of any of them. The SHG in certain multiples of the accumulate savings of the SHG. The bank loans are given without any collateral and at market interest rates. The groups continue to decide the terms of loans to their own members. Since the groups own accumulated savings are part and parcel of the aggregate loans made by the groups to their members, peer pressure ensures timely repayments. [NABARD 2001-02]

R. Nagaraj Naik defines it as a group of growers/people possessing a common experience problems and condition or situation that come together to share their experience/knowledge/ideas and to give and receive support from others with the same experience.

The concept of SHG is to encourage collective learning, promote leadership address common constraints to create awareness among the growers; traipse with the financial institutions/NGOs/Government agencies to mobilise required technical and financial resources and encourage on-farm and non-farm micro enterprise activities among the members of the group. [L.V Ananda Rao]

The implicit objective of SHGs is to combat unjust social relationship by increasing people's participation through their empowerment. The emphasis is also on human resource development. The SHGs are generally of small size. Such small sized SHGs not only ensure active participation, but also promote group dynamics in decision-making and greater transparency. Moreover, separate SHGs for men and women are more conducive for addressing the issues of gender imbalances. Also SHGs frame their own rules and regulations to suit their local conditions. Though the primary objective of micro-finance interventions is to help the poor to surmount poverty, they also assist them to undertake financially viable enterprises, which could be taken up by the banks for commercial lending.

SHG in this study is defined as a group of members voluntarily come together to form a group with an objective of empowering economically and socially, contribute savings and thrift, invest the savings in productive enterprises or lend the saving among the group members to more to better stand of bring sustain the habit of savings in future.



The SHGs are classified into five categories in this study and are defined as follows.

**Model I: SHGs formed and financed by banks**

SHG formed directly by banks under this model, the banks themselves act as SHPIs in forming and nurturing groups, opening their savings accounts and providing them with bank credit.

**Model II: SHGs formed by NGOs, and formal agencies but directly financed by banks**

This is called as NGO Facilitated SHGs. This appears to be the most popular model amongst bankers. Under this model, NGOs and formal agencies in the field of micro finance act as facilitators. They propagate the message, organize groups, train them in thrift and credit management and nurture them over a period. Banks in due course, link these groups by directly providing loans to them. More than 70% of the SHGs are linked through this model.

**Model III: SHGs financed by banks using NGOs as financial intermediaries:**

In this model, NGOs take on the dual role of facilitators and financial intermediaries. They help in formation of SHGs, nurturing them, training them in thrift and credit management. Eventually, the NGOs approach banks for bulk loan assistance for on lending to these SHGs.

Apart from these three models, which has been conceived by NABARD, in this study other two models were identified.

**Model IV: NGO Guided but self supported SHGs:**

This category of SHGs are entirely formed and supported by the group members, neither getting any assistance or support from bank nor from NGOs. By observing the group formed in the neighbourhood areas, these groups have initiated themselves and function as others models mentioned above.

**Model V: Completely Self-Supported SHGs:**

Yet another category of SHGs which are very rarely found are the SHGs formed and initiated by the NGOs, guided by them on the rules and regulations, accounts to be maintained etc. But no financial support either directly or through the linkage with banks is arranged but only the savings of the members is used for internal lending as well

as for starting an enterprise. Of all the four groups mentioned above, this group seems to be different, self-dependent and accordingly may be encouraged. However, by not getting any external support, the size of the enterprises initiated may be too small and also expansion is not possible.

### **Common Characteristics of SHGs:**

The following characteristics are common for all the SHGs.

- [i] Each group should contain 15 to 20 members.
- [ii] The members of this group should live below the poverty line.
- [iii] It has identical interest/common occupation/social heritage, homogeneity and affinity.
- [iv] This group creates self-help, awareness, and economic and social empowerment to the poors.
- [v] The self-help group inculcates the thrift and savings habit among the members of each group.
- [vi] SHG have full support from Government as well as non-government organisation to enhance it.
- [vii] Each group maintains simple records and documents, which exhibit meetings, savings, and expenditures and store other extra curricular activities.
- [viii] This group has a principle of collective leadership and mutual discussions.
- [ix] This group get loans in micro-level from banks and some social service organisation.

The primary objective of SHG includes economic and social empowerment and also the skill development.

In the economic empowerment it includes the following:

- ?? To cultivate savings habits
- ?? To meet out the small and immediate credit needs of the members of the Group from within themselves.
- ?? To utilize the borrowed loans properly and also to repay them promptly
- ?? To increase the family income
- ?? To see that the earnings of the members to go in for their sustained economic development
- ?? To obtain Bank loans and also to get the benefits of the Government Welfare measures in a proper manner.

?? To eliminate the local moneylenders.

?? To learn how to reach the market for the produced goods [without the middlemen like brokers/agents].

For the Social Development the following are underlined.

?? In the midst of the women groups – a sense of “We for ourselves” to be cultivated

?? To remove the case creed feeling, etc and to inculcate a sense of oneness among themselves.

?? To cultivate a sense of social awareness

?? To improve their living standards and also to make them capable of decisionmaking.

?? To improve the skill of the womenfolk

?? To satisfy the needs of the members among themselves in the village folk.

?? To totally eliminate the atrocities against the women by imparting education among the women members

?? To participate in the village administration etc.

For the skill Improvement the following are expected to accrue to the members

?? To impart the skilled development in the financial management

?? To get the minimum required practical education

?? To acquire and improve the technical skill.

?? To impart self-confidence

?? To organize themselves as a disciplined and integrated group

?? To acquire oratorical and leadership qualities.

These developments cannot take place in the short span of time. It will be the result after a longer period. For to start with the economic empowerment may be the result while the social empowerment would take some time to realize.

## **Section II Theoretical background of Micro Financing:**

The foremost problems of poverty and unemployment of the developing economies have not been figured in the development literature and as such the mainstream policies did not recognize the human development inspite of the sincere attempt made by UNDP to place people as both the means and end of economic development. The initial

performance of the mainstream policies with the neoclassical content dethroning Keynesian's, government failure leading to market as a sure recipe for all economic ills were all one sided S.L Shetty [2001] rightly put it as "Washington Consensus," with the component of free market and unfettered competition, free trade, monetarism and fiscal compression, and minimal government intervention in economic management all have brought disappointing results in the past decade. As a result it is now accepted widely that there are limits to market; with imperfect information and incomplete markets, government intervention will improve the overall efficiency. It was believed by many advocates that the decentralized system of governance might be an answer to multiple issues relating to transparency, bureaucratic delays and indifference and widespread corruption. It has also been recognized the need for promoting and nurturing institutions for governing the economic activities. The dynamics of capitalism will unleash the forces of growth if only institutions are strengthened, appropriate laws and regulations are introduced and reforms effected. Hence the policy of liberalization and privatization with proper regulatory systems is nowhere more vigourously advocated than for the financial system of the developing countries so that they get integrated into the global financial system that is the prime mover of the world economic system. In this new financial architecture too, the poor are hardly find place to be accommodated on this juncture. The system of micro finance has been viewed as a powerful tool for uplifting the economic conditions of the asset less poor through group approach that ensures greater involvement of the various stakeholders.

This micro finance provides a paradigm shift in the strategy for resolving the socio-economic deprivations of the poor. It is emerging at once as an answer to both market and government failures, bringing the non-government organizations [NGOs] a pivotal third space, replacing bureaucracy in the place of promotional institutions, with decentralization and bottom up system of governance. SHGs are participative in character, embodying co-operative principles. Women get a way out of gender discrimination and inequality as well as for exploiting their entrepreneurial talents. They are empowered to fight against social evils and address social backwardness.

In India, the movement of micro finance has been appreciated in the context of global integration, doing away with planning strategy and from the subsidized credit. But

considering the complexities in the Indian economic structure, the authorities have no option but to adopt a more cautious approach and allow for a multiplicity of arrangements to flourish.

There are number of approaches which have been developed to mainstream women in development. They include, Women in Development, Welfare, Equity, Empowerment and Women And Development [WAD] approaches etc. which all aimed to emphasize that are women equal to men who should not be accorded secondary status by discriminating in various ways. The women advocates, academicians, activists and practicenors all have advocated that both the practical gender needs [PGN] and strategic gender needs [SGN] must be addressed in order to empower and mainstream the activities of women.

Hoff and George Stiglitz [1990] have developed a theory of asymmetric information primarily on dealing with the puzzle of rural poor borrowing at very high interest rate from the local moneylender rather than the local bank at a much lower interest rate. The earlier perception was that the local moneylenders were exploitative by charging exorbitant rate of interest but still majority of the borrowers was borrowing from the moneylenders. However, now theories are put forth to justify that higher interest rate charged underling that the rates charged by money lenders are competitive rates to cover high cost of screening loan applications and pursuing delinquent borrowers” [Stiglitz, 1990]. This theory states that the formal sector lending failed to capture the requirements despite the lower interest charged whereas the informal sector strived better despite higher interest charged mainly because of sources of information about its prospective clients. The reasons are obvious. The formal falls to sector cater to small borrowers due to the number of files to be maintained, imperfect information about borrowers and resultant high transaction to be involved if such information needs to be claimed. Stiglitz writes, “ part of the reason for this is formal institutions have not made loans available to farmers who would like them or have not provided them loans to all farmers who would like to have. But another part of the reason may be that the local moneylenders have one important advantage over the formal institutions they have more detailed knowledge of the borrowers. They can therefore separate out high-risk and low risk borrowers and charge them appropriate interest rates and they can monitor the borrowers more effectively

making sure that the funds are used productively and thus lowering the default rate [Stiglitz, 1990].

Hence local moneylenders who have perfect knowledge on the clients and the credibility are able to lend without any collateral but high interest rate. The borrowers also do not mind paying the higher interest rate as they feel that the transaction cost involved for formal sector loan are higher in terms of procedures and formalities and the resultant payment for transport, loss of man days, related expenses for the accompanying persons etc. All these are absent in the informal credit. Above all, the loan is available on the doorsteps on the same day. It is for this promptness and the door, without any physical strain, which are responsible for the majority of the small borrowers seeking moneylenders.

Realising this paradox in the lending market and success of Grameen Bank of Bangladesh, Stiglitz has brought out a model for rural lending whereby others do the monitoring of the loan repayment of the bank. He calls this 'peer monitoring', wherein the repayment is monitored not by the bank itself but by the peers of the beneficiary. The task of monitoring which the bank is unable to do cost effectively is given to the local members who have perfect knowledge about the borrowers. It is added by Stiglitz that for peer monitoring to be successful, the members of the peer group must be provided with incentives to monitor the actions of the peers. It is done in the form of cosigning, which reaffirms that in the absence of proper recovery the consignee take care of repayment. He says that there may be a lack of initiative and incentive for government bureaucrats to monitor these loans. However, the government may be able to use peer monitoring to offset its informational disadvantages. Stiglitz finally underlined taking advantage of the opportunity provided by peer monitoring may in these circumstance be an effective second-best policy". The message delivered in the theory is that, the market fails and hence banks are not able to support the small borrowers due to lack of information and peer monitoring with co- signee would be a second best alternative suggested. For successfully achieving this bank may extend credit to group of members through peer monitoring which will be cost effective and if handled by bank they may be economically unviable. Alternative suggested as 'second best' is group approach in lending wherein the members of the group are assigned with the task of monitoring the repayment of co-

members. Thus SHG-Bank linkage either directly or through NGOs is based on these theoretical directions. Grameen Bank Approach has helped to prove this.

### **Section III**

#### **Review of Related Studies:**

Having defined the concepts used in the study and brings the theoretical base IMF the following section reviews the related studies.

It is well known that the finance is essential for all walks of life such as to procure basic needs including food, house, dresses, and medical facilities. The micro finance is playing vital role in the third world countries like India. Now days the micro finance is very familiar among the women particularly among the rural women. Historically the women are considered as an inferior section of the population assigning secondary status. They have traditionally not had access to resources and also they are facing several problems in this world. The provision of micro finance for women is now regarded not only as an instrument for poverty alleviation but also for women's empowerment.

A study conducted by NABARD [2002] covering 560 households from 223 SHGs in 11 States of India elucidated that there has been a positive result in enhancing the standard of living of SHG members in case of asset ownership. Savings and borrowing capacity, income generating activity and income levels. The average value of asset including livestock and consumer durable has increased considerably. The housing condition of the people is improved, from the mud walls to thatched roofs to brick walls and tiled roofs. Almost all members developed saving habit in the post SHG. The trend of consumption loans come down in contrast the loan for income generating purpose has increased considerably during the pre-SHG period. Similarly the overall repayment of loans improved and the average net income per household has increased about 33%. The employment increased by 18% between the pre and the post SHG conditions. It should be noted that after association with the SHGs, there 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.

R.K.Mishra [2002] examined the success of micro credit intervention in India and compared it with Orissa. It is found that the repayment by the members to SHGs was around 98% and SHGs to banks was over 95%. SHGs in several categories including

women, joint farmers groups, social forestry groups etc were formed. Underling the strengths and weaknesses, the challenges to be faced have been brought out by the author as follows. The attitude of other banks needs to be changed, government should encourage and support NGOs to attempt group approach and create a favourable policy environment, needs to adopt flexibility by banks in providing money to groups through SHPIs. These ought to be done as it is observed that the micro finance does not address issues like reorganization of ownership of land and long-term sustainability of any activity. Further, it is observed that micro finance activities are oriented towards lending to individuals, using groups as a risk reduction mechanism. In the long run it may lead to establishment of another set of informal banking institutions which are in competition with money lenders, traders, commission agents etc. There is a possibility of loss of resources of the poor if not protected adequately against any possible crisis.

Dwarakanath H.D [2002] analysed the characteristics and growth of self-help groups in Andhra Pradesh and found that the SHGs using the loan facilities from the co-operative credit banks, commercial banks, mahila bank and Maheswaran banks, have produced more than 50 varieties of products. Among them, the brass items, hosiery, candles, carpets, coir items and pickles are important products. In addition to the author says that the women groups started to educate their own group members and also they realised the importance and significance of literacy whereas a lot of enthusiasm has been generated and the SHGs had a greater vision in empowerment of rural women and for overall human development. Moreover, the SHG members proved the way to the power of decision making to the women in their family, and also create a mass on socio-economic and political condition in this district.

Muhamme Hussain Bhatti [1999] found that the improvement of women's economic situation is the basic determinant of their empowerment. Women are being extended extension, advice and the financial assistance to generate income in farm and off farm sectors. These efforts of women are being responded significantly, resulting in a start of women's recognition not only as income earning hands but as responsible business partners in joint families as well.

N.Mohanam [2001] in his study found in Trissur district of Kerala that the average membership of SHGs was 18, who are drawn from labour, petty trades and marginal



farmers. Purpose-wise, loan extended indicated domestic consumption accounted for 58%. The characteristics of micro entrepreneurs in SHGs revealed that a very high proportion of them were unemployed prior to joining SHGs [90%]. In terms of enterprise orientation, tailoring was found to be the most preferred activity [47%]. They had an investment level less than Rs.5000, and able to earn Rs.1977 per month with a net profit of Rs. 700 indicating a turnover profit ratio around 37%.

Jothy K and Sundar J [2002] in their study of evaluating the programme of Tamil Nadu Mahalir Thittam found that SHG women are 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 products dhotis, herbal products, fancy sea shell, ornaments, eatables, coir mats and other coir products, mattress, chapels, leather good 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 windows to obtain loan.

The social and community development in general and poverty reduction in particular was the objective of Maharastra Rural Credit Project [MRCP] year implemented in 1483 projects. The project combines people, development agencies and banking services to facilitate low-income families in finding better way of life and opportunities to join the mainstream economic development. Beyond savings, the SHGs engaged in village administrative, repair to village approach road, state transport bus connectivity to village, adult literacy campaign, family planning and child health check-ups camps, prohibition in the village, banning tobacco consumption and sales, AIDS awareness etc. The project has achieved 100% repayment in case of lending to SHGs by banks and 95% in internal lending of SHGs, repayment rates of direct borrowers increased from 30% to 70%. Banks disburse the credit to SHG members within 7 days at their doorsteps. SHGs helped in forming Village Development Councils, Village Development Council Members are involved in social and infrastructure development and other development works.

Rajasekar D [2003] analysed the impact of the economic programmes of SHARE, a NGO in Tamil Nadu on poverty reduction with the help of data collected from the households of 84 women members. The economic programmes have contributed to saving and income increase for the women. However, the member group was not found to

be significantly different from the comparison group in terms of control over income and decision-making. The growing amount of saving provides confidence and security to women. They borrow mainly for consumption and crop production. Not much credit is provided to initiate income-generating activities. Women's income constitutes a large proportion of household income. Women and minimum contribution by male members head majority of such households. It may result in a situation in which the male members withdrawing themselves from labour market. It seems to be putting more pressure on women. It was however emphasised that the men should also be brought within the purview of development intervention if women are to be empowered. It was further found that the women who earn do not convert income to meet their personal needs. Their mobility is restricted to visiting husband's parents home and that is done after the permission granted from husband. SHG members possess knowledge of various government programmes, aware of reservation provided to women in panchayats, aware of mandating of Gramashaba meeting etc.

A study by Gsyhani Mohideen et. al [2002] found that majority of the group were homogeneous in terms of occupation and income. The key activities include dairy, minor irrigation, fisheries, durrie weaving, agarbathi and brick making. The members felt that the training on specific information on inculcating savings, credit and book keeping skills was inadequate and training was extended only to few activities like agarbathi and durrie weaving. It is observed that NGOs formed groups based on common interests rather than BPL as criteria. Most of the SHGs started internal lending with their savings to meet the consumption and production requirements of the group members. Easy instalments and regular repayment helped them in recycling of group corpus effectively.

Sudharkar Rao et.al [2000] found that the inhibiting factors for group-oriented enterprise development could be found in improper planning, inadequacy in the usage of technological inputs and lack of proper co-ordination between the group members. It was added that the growth factors could be found in the enthusiasm of the members to become a part of a group structure, depending on the previous experience and in seeking advice from the NGOs and local governmental organisations. It was recommended to have a networking among the national, regional and local institutions between the investments in the scheme and income generated out of the scheme.

Ramana Rao D.V.V [2001] analysed the experiences of micro credit movement through self-help groups and found that the groups mobilized by the co-operative banks have mobilized more savings than that of groups sponsored by the NGO organizations. The amount of membership and savings in SHGs were positively linked with their period of operation. The average amount of loan disbursed had a four-fold increase. Purpose-wise the credit demanded by SHG members indicated that a good proportion of SHG members [25%] have demanded credit for business purposes. It was concluded that the SHGs have spread their outreach by serving a large clientele with small amount of credit but financial deepening of credit system through SHG movement remains a far cry. It was further underlined that there seems to be a tendency among SHG members to borrow from various agencies, which may lead to repayment problems due to multiple financing. In this connection, it was suggested that the policy to integrate SHGs within the mainstream banking should receive greater attention. It was added that this could alone strengthen the process of integrated credit flow for production cum investment purposes on a sustainable basis.

**Nanda Y.S explains the significance of establishing linkages with self-help groups and banks. He observed that the main advantage to banks would be externalization of a part of the work items of the credit cycle-assessment of credit needs, appraisal, disbursal, supervision and repayment, reduction in transaction costs etc. Accesses to a larger quantum of resources as compared to their corpus generated through different schemes of banking sector and a general improvement in the nature and scale of operations that would accelerate economic development. NABARD have been organized exposure and dialogue programmes in the linkage project for banks and NGO officials. The pilot project has made progress and it noted that 637 groups have established credit links with 16 commercial banks and 12 RRBs. The results assumed that demand for frequent and for small amounts at unpredictable times were possible. Most of the members in SHGs have come from the poorest section. It is also noted their credit needs are shifted from consumption purposes to acquisition income generating assets and use of credit for non-traditional economic activities, increase in income levels of group members, development of thrift and self-help**

**among members, reduction in transaction cost for both banks and SHG members and an almost 100% recovery of loans.**

N.V. Namboordiri and R.L. Shiyani [2001] found that the percentage of women groups promoted by the SHPI was 52% and 84% by NGOs. The percentage of SHGs linked by the SHPI was 65% and that of NGOs was 42%. The average amount advanced by SHGs varied from Rs. 13,000 to Rs. 30,000 for SHPI promoted groups, while it varied from Rs. 7000 to Rs. 30,000 for NGO promoted SHGs. The SHGs that are promoted by the NGOs had a better saving performance compared to that of SHPI in terms of amount saved per SHG as well as in terms of credit-saving ratio. The credit saving ratio of former was 1.27 and it was 3.67 for the latter. However the repayment performance of the SHPI SHGs was superior to NGOs. Underlining the various strengths and weakness, opportunities and threats, it was suggested that with collective savings group consumption credit, integrating social and economic goals among the small groups these has the potential not only for financial deepening in the rural areas but also for the empowerment of women in particular.

Suman Jain [2000], noted that women are assisted for income generating in number of ways by NGOs. They are given financial assistance directly or as facilitated by NGO functionaries to have access to finance from banks, financial institutions donors, corporate sector and government schemes etc. NGOs also help women for skill development by conducting training programmes through various resource agencies. Many NGO have special entrepreneurial development programmes to help women entrepreneurial motivation and business acumen which include having informal meetings identify group members, facilitate group formation and setting up group norms, coordinates the process of saving mobilization, trade selection, the initial preparation, mobilizing resources, help in maintaining records etc. The kind of income generating activities in which women get employment are agriculture and agro based activities, forest based activities, small enterprises, trade crafts and occupation based processing and marketing units. He noted that the two major financial problems faced by self-employed women are lack of working capital as collateral for credit. It was concluded that the success of the SEWA Bank experience has shown that active participation of the members and the board are crucial to the impact created by a bank such as the SEWA bank. From

women's point, their involvement in and ownership of a successful institution enhances their collective strength and the empowerment that comes with organization. It was suggested that from a wider perspective, members owned or controlled micro credit institutions can help to strengthen our democratic system.

The poverty working group [1999] in its discussion to End Women's Poverty underlined the need for conducting projects to eliminate poverty, NGOs and government working to end women's poverty, raising international awareness of poverty and available resources drawing sufficient evidence from various countries including India, Australia, Canada, Nigeria etc.

Rajaram Dasgupta [2001] observed that the informal credit in the form of group approach has effected few benefits such as savings mobilized by the poor, access to the required amount of credit, matching the demand and supply of credit structure and opening of new market for Financial Institutions, reduction in transaction cost for both the lenders and borrowers, tremendous improvement recovery, heralding a new realization of subsidy-less and corruption less credit and remarkable empowerment of the women. But the government poverty alleviation programme in the name of SGSY with the component of target completion, subsidy, bureaucratic and political involvement, insistence on entrepreneurial activities etc may end up with same old results of IRDP. He recommended that the government promoting NGOs as SHPIs and directing banks to do business with SHGs must be given up and NGO lacking regions may be promoted with SHPIs and banks must be given freedom to evaluate SHPIs and SHGs for conducting business with them. He added that the subsidy component may be used for infrastructure, training, backward and forward linkages and other requirements of the poor, not the poor borrowers alone. This is expected to improve the opportunity of investment by the poor and accordingly their savings, credit-handling capacity, access to financial institution, inculcate entrepreneurial skill, develop an attitude towards investment and increase the risk taking ability of the SHGs.

Yaron [1994], Besley, (1994), underlined that the micro finance institutions remain most successful ones in terms of outreach and performance in delivering credit services to the poorest of the poor women, and small artisans in the rural and urban areas, reduction

in adverse selection of borrowers, development of collateral substitutions, offering cost effective approaches to formal institutions.

Samar K, Datta and M.Raman [2001] underlined that SHGs were able to provide various services such as business loan, consumption loan, loan for settlement of old debt and loan for other contingency purposes to their members. The SHGs under study are characterized by heterogeneity in terms of social and economic indicators. The principle of self-selection by members in order to have social cohesiveness of the group, which is widely discussed in the theoretical literature, is indirectly reinforced. The success of SHGs in terms of high repayment is mostly related to the exploitation of prevailing social ties and social cohesion found among women members. Social cohesiveness among members spring not only from their diverse background of knowledge base, skills, occupation and income levels, but also due to the dynamic incentive system of progressive lending to the groups on the successful completion of loan repayment. However, SHGs are heavily dependent on external financial agencies for their lending operations. While it is not possible to achieve self-sufficiency of SHGs given their economic backwardness, a greater thrust should be given to internal resource mobilization for viable and sustainable operations in the future. The long-term stability depends on the members' loyalty to it and in turn the adequacy of SHGs to meet the growing needs of their members. With the expansion of the business, the SHGs may be quite independent and progressive enough to take decisions. On the other hand the members perception on increasing opportunity cost of involving in-group activity may result in drop out of SHG members. Further the investment and working capital requirements may be beyond the capacity of the SHGs and may lead to establish direct link with the bank or seek external funding for their projects. The long-term stability may be questioned severely with members pursuing similar occupations resulting in non-co-operative behaviour and difference of interests. The regression results showed that the higher education of the members, higher loan provided in the current year and lower SHG expenditure and lesser dependence of SHGs on external resources, contributed to the higher SHG net income per member. While it is reasonable to expect that minimum distance among members, would lower the transaction cost of members in terms of lower opportunity cost of travel and time may cause a difference. As far as the determinants of the average income of the member per month is

concerned it is the stronger social ties among the members, increased business loan per member and lower SHG's expenditure contributed to the higher average income of the group member.

Abdul Hayes, Ruhul Amin and Stan Becker [1998] analysed the relationship between poor women's participation in micro credit programmes and their empowerment by taking both SHG and non-SHG members in rural Bangladesh. They have split the concept of Women Empowerment into three components and measured separately in order to arrive at a better understanding of their underlying factors and their relationship to women's empowerment. These separate indices are interspersed consultation index, individual autonomy index and authority index. The three options were given different weights- "generally", was assigned a value of 1, "never" a value of 0 and "occasionally", a value of 0.5. The results have shown that the SHG members are ahead of non-members in all the three indices of empowerment. Moreover, the non-members within NGO programme areas show a higher level of empowerment on the autonomy and authority indices than do the non-member within the comparison areas. Over all, it was found that part of the higher autonomy and authority indices in the NGO programme areas in contrast to the comparison areas is accounted for by the contribution of both NGO credit members and non-members in the NGO programme areas. Being empowered by their new sources of financial income and related credit group supports, female recipients of NGO credits may have asserted their autonomy and authority vis-a vis their husbands' restrictions and dominance in related household affairs.

It was further found that education, house type, annual income etc., tend to be positively associated with autonomy and authority indices. Also positively associated is duration of NGO membership and non-agricultural occupation. The implications of these findings are that NGO credit programmes in rural Bangladesh are not only likely to bring about rapid economic improvement in the situation of women but also hasten their empowerment. The NGO credit member are reported to be more confident, assertive, intelligent, self-reliant and conscious of their rights. It was suggested that the NGO role alone would not be sufficient. The government has to have a large network of credit programme for the rural poor women to increase their economic solvency and enhance

their empowerment. The complementary role of NGOs and Government can take care of the problem

**It was suggested by the authors that by providing independent sources of income outside home, micro credit tends to reduce economic dependency of the women on husbands and thus help enhance autonomy. Second, the same independent sources of income together with their exposure to new sets of ideas, values and social support could make these women more assertive of their rights. And finally, micro credit programmes-by providing control over material resources should raise women's prestige and status in the eyes of husbands and thereby promote intersperse consultation.**

Several studies have been found on the SHG-Bank linkage model. Karmakar [1999] for Tamil Nadu, Shylendra,[1999] for Gujarat and Maharashtra [NABARD], Mohanan [2000] for Kerala etc suggested that micro credit schemes using SHGs have enabled the poor to have easy and continued access to an easy source of credit without the scheme becoming a burden to the banking system.

Madheswaran [S] and Amita Dharmadhikary [2001] analysed the use of peer monitoring in rural lending and found a positive impact on loan repayment and rural poverty. They found that their results obtained from their study corroborate the theory of peer monitoring. However, the success of group lending are attributable not only to peer monitoring but to other factors such as lending for consumption purposes. They suggested that the micro credit programme should be used to meet the current demands of the rural women, whether these are for health, education or consumption. This will lead to a gradual improvement in their quality of life and will enable them to identify activities for economic betterment. In this process they will learn the fiscal discipline and be ready to take on market oriented economic activities. It was added that for poverty alleviation and women empowerment the target oriented intensive efforts at sporadic intervals cannot help rather the intervention should be steady pace and systematic.

Soundarjya Borbora and Ratul Mahanta [2001] analysed the impact of micro financing through SHGs taking the case of Rashtriya Gramin Vikas Nidhi in Assam and found that 80% of the SHG members were from poor families, in the age group of 8 to 50 years. They involved both in saving and taking loan. The repayment performance was about 91% and the programme has been successful in expanding outreach covering larger number of groups. Most of them did not have savings account in bank prior to SHG.



Their saving now ranged from Rs. 200 to Rs. 1000. Above all the SHGs helped to set up micro enterprises for income generation.

V.Puhazhendhi and K.J.S Satyasai [2001] have attempted to evaluate the performance of SHGs with special reference to social and economic empowerment taking 560 sample households, in 223 SHGs in 11 states. They compared the pre and post SHG situations and constructed a social and economic index. They have found that there was a change in the average value of assets comprising of livestock and consumer durables by 72% and the net income per household by 33% during the pre and post SHG periods. The social and economic empowerment index revealed that the impact was relatively more pronounced in social than economic aspects. It was underlined that the involvement of the rural poor in SHG significantly contributed to a positive impact. Region-wise southern region and model wise, NGO acting as non-financial intermediary, performed better than others. It was suggested to have an effective rating system of NGOs to be developed which would help in eliminating the ineffective NGOs in the system.

Kamal Datta and Parminder Singh [2001] evaluated the impact of SHG on the income of the members taking BPL households without bank loan and BPL and APL households with bank loan in Punjab. It was observed that SHGs belong to the BPL households generated 70% of the saving and the remaining by APL households. The loan sanctioned to BPL households was just 7.4% while it was 41% for the APL SHGs. Despite several lobbies the bank loan to BPL is not made available. The APL families by virtue of their greater awareness, education and managerial abilities were able to get more benefits. Nearly 83% of BPL households were eligible after six months but only 5% were extended with loan. The provision of meagre credit hardly helped them to improve their income levels. It was suggested that undue delay in sanctioning of loan must be avoided. An extensive campaign is needed to educate the bankers that advancing credit to them is more profitable and same in terms of recovery.

N.Manimekalai and G. Rajeswari [2001] studied the impact of SHG in creating women entrepreneurship in rural areas of Tamil Nadu 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.

Debnarayan Sarker [2001] in his study on SHG-NGO and SHG-non-NGO models of rural micro financing in West Bengal compared the SHGs supported by NGOs and SHGs supported by PACS. The results have shown that 90% of the total households of NGO-SHG had credit linked with NGO and non - NGO-SHGs with formal credit. The rate of interest charged was 36%. 70% have used the credit for productive purposes. The impact of micro financing on generation of employment and income of SHG households was quite significant. The results have further suggested that micro financing of SHG NGO Model is not only more popular but productive in terms of mobilization of savings and disbursement of credit. It was recommended to have a change in the strategy of SHG-non-NGO model of mF to SHG-NGO to bridge the gap between saving linked SHG and credit linked and to increase the supply of credit substantially with the increase of SHGs in the state.

D.P. Malik G.C.Chandra and S.K. Dhanda [2001] analysed the Vikas Voluntary Vahini [VVV] Farmer's Clubs as an agent of rural development. It was observed that the VVV clubs helped the rural people to get awareness on the availability of credit facilities, organizing fairs, melas, exhibitions, health and veterinary camps, kisan melas and arranges field demonstrations and various activities with the help of extension agencies. Efforts are on in the study area of Hisar and Fatehabad to introduce innovation in the programme and develop links between SHGs and banks through involvement of NGOs.

Lakshmanan [2001] in his study in rural Tamil Nadu observed that the saving of SHGs increased from Rs. 20 in the beginning to Rs. 50 in the latest period. The groups obtained revolving fund; there is transparency in administration. Members are engaged in production of mats with the sufficient encouragement and support of the husbands. The problem faced by them includes high cost raw material. It was concluded that the SHG is really a boom, which gives financial autonomy and make the participants economically independent.

S.N Tilekar, N.J.Narikade, B.J. Desmuka and A.A Patil [2001] on a case study of SHG in Maharashtra found that there has been an increase in the savings and credit performance. The SHGs lend loan with simple procedure at 5% rate of interest per month. The loans were extended to farm work, education, medical expenses, and social functions, livestock and for non-productive purposes. It was underlined that SHGs have become a platform for exchange of experience and ideas beyond social participation by each other.

M.Anjugam and T.Alagumani [2001] in their study in Madurai district of Tamil Nadu assessed the economic, social and institutional impact of SHGs. It was underlined that the major purpose of loan extended was to pay off the loan from moneylenders. Other than this, loan was given to medical, house repair, educational and social obligations. The women could accumulate assets in terms of jewels, TV, Steel Bureau and able to install the facility of electricity, purchase livestock, land for construction, leasing in cultivable land etc. The repayment was 100% and the members' awareness on girl's education, outside contacts and decision-making skill etc were improved.

A study by Rayavarapa Ramakrishna [2001] on comparing the SHGs and IRDP beneficiaries found that there was diversity in the relative significance of various institutions in the linkage. At the national level, RRBs, are the major partners [66%] followed by commercial banks and, the co-operative banks played the minimum role. It was observed further that as compared to IRDP, the SHG members fared better in terms of economic and social empowerment. The access to credit for SHGs has been of higher order than IRDP. It was suggested that the linkage of SHGs with the bank would enable them to become operationally viable units.

K.C Sharma [2001] underlined that the outreach of formal sector is 30% to 40% for general population and it is 10% to 20% for the poor households. The SHGs have contributed to increase the outreach with gender orientation as 85% of the SHGs linked with banks formed by women. These groups enabled women to engage in economic activities and decision-making at the household and the society level. It makes the process of development participatory, democratic, independent of subsidy and sustainable. Significant changes realized in terms of increase in income, assets, savings, borrowing capacity and income generating activities must be sustained by safeguarding the healthy

growth of SHG movement in India. It should not end like the programmes with subsidy orientation.

S.K.Singh and Gyan Prakash Singh [2001] in their study on PACS found that in Uttar Pradesh the marginal farmers got the maximum assistance than others. It was further revealed that the credit outstanding was at 42% and this needs to be improved by proper education of the farmers.

M.S. Jairath [2001] analysed the growth and development of SHGs in Rajasthan taking two categories, viz, resource poor tribal and resource better of non-tribal. It was arrived that the average membership, rate of interest, size of borrowings were higher in the former, but the average amount of saving was higher with the latter. The ratio between group saving and lending stood at 1:2.40 and 1:2.86 respectively of former and latter. It was suggested to expand activities of SHG both horizontally and vertically to bring credit deepening and widening to address hitherto neglected areas.

P.K.Singh [2001] conducted a study in Uttar Pradesh comparing the pre and post SHG situations of women SHGs. He found that the average value of assets increased by 46% and the annual income per household by 28% between pre and post SHG periods. The borrowing for consumption purpose was also done during pre SHG but it was completely absent in the post SHG situation. Credit delivery was most convenient through SHGs compared to formal and informal institutions. They were dependent on labour income in pre-SHG and now on dairy. Maximum loan was taken for income generating purposes. SHGs replaced the moneylenders; credit delivery was made simple and quick with lower interest. Recovery rate ranged from 95 % to 100%. The important benefit of SHGs is compulsory saving even cutting the necessary expenditures. But the commercial banks are not prompt in linking SHGs with loan. It was suggested to improve the awareness and educate the members to keep records proper to grow in future.

D.S.Navadkar, K.S Birani and D.V.Kasar [2001] analysed the secondary data for 1992-93 to 1999-2000 and found that NABARD was able to extend assistance to 97.5% NGOs and the RMK for 39%. Maximum assistance for SHG refinance has been extended followed by revolving fund and corpus fund. It was suggested to strengthen the SHG bank linkage through micro credit to improve the standard of living of the poor.

M.S Kallur [2001] analysed the impact of SHG supported by NGO namely MYRADA on women empowerment in Karnataka. It was found that the loans were taken for productive purposes, interest charged were high to cover the expenses of the group, the recovery rate was higher compared to formal credit and income generation is small. It was underlined that the group approach has brought to the surface many operative talent traditional values like group support, thrift, group action and sustainability of women SHGs.

T.S.Ragavendra [200] studied three SHGs run by forward, SC/ST and backward communities in Karnataka to assess the performance. He found member no longer borrow for moneylenders. It was suggested that with vision, participation and motivation, forward community SHGs could sustain in changing farm based activities into market based. For the other two groups, the major constraint is the resource, which must be met by local banks. The group approach generating activities in the credit delivery system must be encouraged.

V.M.Rao [2001] in a comparative study on SHGs in Karnataka and Andhra Pradesh undelined that SHGs are sustainable, have replicability, stimulate saving and in the process-helped poor to come out of vicious circle of poverty. Claiming that more than 2 million poor families have been brought with in the fold of formal banking sources, he held that SHGs concentration in Southern region. In his study of STEP [Support to Training and Employment for Women] and non-STEP SHGS, it is observed that the members joined SHGs mainly on the reasons to avail credit, to meet unexpected cash demand and to develop saving and thrift. The widowed and divorced had more willingness to join. Regular meetings, compulsory attendance, savings, they are involved in creating social awareness on dowry, nutrition, AIDS, literacy, multiple roles of women etc. The savings ranged from Rs. 75 to Rs. 100 per month, and interest charged ranged from 24% to 36%, payable at four or twelve installments. Credit for consumption purposes was the maximum in non-STEP and for social functions, and input purchase for STEP SHGs.

A study on S.B.Hosamani, B.R. Balappa and S.N. Mergeri [2001] arrived at the common findings money SHG impact in Karnataka. But it was observed that the growth of SHGs with co-operative banks was the maximum unlike in other studies, followed by

RRBs and commercial banks. In a case study, they found that there was an increase in the rate of return at 21% on an average and the women felt that the purchasing power increased and their petty business income besides their own empowerment.

T.Ponnarasi and M.P.Saravanan [2001] brought out case studies of five SHGs in Cuddalore district of Tamil Nadu. Of the five groups, one has got the 'Best SHG Award' for it has lent more than twice that of other groups, extended 90% of the loan for productive purposes and also availed a large loan of Rs. one lakh which was absent with other groups. It was concluded that the SHGs have influenced greatly to the well being of the villagers.

Rekha R.Baonkar [2001] studied the impact of SHGs on women in Goa and observed that individual loans were mostly for productive purposes with cent percent recovery. Monthly interest rate charged is high with 24% to 36% but it goes to group fund. SHGs made a lasting impact on the lives of the poor and the quality of life is improved on the family in terms of increase in income, savings, consumption expenditure, gaining self-confidence, productive use of free time, getting opportunity to improve hidden talents. It has contributed to address poverty and unemployment and able to bring social transformation through economic development and social change.

S.Nedumaran, K.Palanisami and L.P Swaminathan [2001] in a study conducted in Tamil Nadu on the impact of SHGs found that more than 60% of the SHG members were SC/STs. Nearly half of them registered high performance. The average loan availed is positively associated with age. Net income received increased by 33% over pre SHG situations. Social conditions also have improved and SHGs have contributed for the overall improvement.

Deepak Shah [2001] analysed the operational efficiency of PACS in Maharashtra and found that the operational efficiency declined in the post reform period compared to pre-reform period. The major deficiencies were their location, in dry land where the farmers did not have proper irrigation and hence failed to repay. They demanded for reduction in the interest rate and also enhancing the amount of loan. They demanded loan for various purposes including provisions of farm implements on subsidized rates, tractor on rental basis, insurance, credit for fertilizer and land leveling etc. It was suggested that

policies needs to be taking local environment and it should not be uniform, so that it would reactivate and revitalize inefficient functioning of PACS.

J.P.Mishra, R.R.Verma and V.K. Singh [2001] on the social –economic analysis of rural SHGs in Uttar Pradesh found that the members were mainly from OBC, whose main occupation were agriculture, small business, labour service etc. 93% of the SHGs were male and only 7% were female SHGs. The average savings ranged from Rs.15 to Rs.50. The SHGs have helped to increase the income by 10% to 15%. Repayment performance was good. The major problems include lack of training, credit and marketing facilities, entrepreneurship, social evils, and high interest rate. It was suggested to involve Commercial Banks, RRBs and PACS to provide liberal credit at cheaper interest rate to the poor.

Anil Chauhan and N.K. Verma [2001] compared the micro financing for dairying by PACS, DRDA, SHGs and Harijan Kalyan Nigam in Hariyana. It was observed that the cost of getting finance ranged from 13% to 15% in PACS and least with DRDA due to subsidy component and lower interest. SHGs had 100% recovery, PACS had 75% but DRDA and Kalyan Nigam had only 34%. Of these, 95% were willful defaulters. It was underlined that heavy subsidy component, proved to be a deterrent factor. Lack of consultative services, selection of proper animal breeding problem, diversion of funds for non-productive purposes and social activities were responsible for non-repayment. It was suggested to strengthen SHGs, as the recovery is high to address poverty and unemployment.

P.K Awasthi, Deepak Rathi and Vimla Sahu [2001] in their study in Madhya Pradesh on the impact of SHGs on economic status of women observed that the SHG women were engaged in Mahua, mushroom cultivation, amachur papad making, pisciculture, nursery etc. With the group loan at 2% to 4% interest per month, they realized 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 member. However they suffered from lack of motivation, infrastructure, forward and backward linkages, insufficient loan, inadequate provision of marketing and inputs, lack of systematic monitoring and follow up etc.

Y.C.Sale, B.V.Pagire and Shinde [2001] in a case study of SHG in Maharashtra found that the SHG group loan was lent to income earning activities such as sheep and goat rearing, poultry, meeting medical and educational expenses. The revolving fund assistance improved their scale of operations and the repayment of 100%. SHGs have inculcated a habit of thrift and fulfilled the needs on priority basis. Expansion of such of such operations would improve a lot of rural poor households

R.K Rahane, M.J Wattamwar and V.S. Kamble [2001] in their study of role of sugar co-operatives in rural development through SHGs, underlined that the sugar co-operatives operated by SHGs were able to get various programmes from the sugar factory including cane development, transport, supply of credit for agricultural inputs, cattle camps, staff welfare, lift irrigation schemes, artificial insemination, live stock, poultry, construction of roads, tribal development, solid and water construction, methane gas plant, distillery, electricity project, paper plant, crop yield competitions, bio-fertiliser from spent wash, preventing environmental pollution. In all these SHGs have proved successful which other factories may follow.

A study by Binodini Sethi and H.N.Atibundhi [2001] in their study in Orissa found that the average group size was 14 and 82% of the SHGs were formed by women. There has been an uneven growth of SHGs in all the regions. The per capita loan was very low at Rs.177 per years. Only 28% of the women were able to receive credit support from banks and the quantum of credit support was in the ratio of Rs.650 for Rs.177 saving. It is suggested that more number of groups should be linked with the banks so that their credit support would be strengthened. Besides, intensive training and skill development may be offered to make the members independent and self-reliant.

G.Srinivasan, S.Varadharaj and M.Chandrakumar [2001] in their study on financial performance of rural and urban SHGs in Coimbatore district of Tamil Nadu with 50 SHGs in terms of recovery index, [ratio of total recovery to total lending] thrift credit ratio [ratio of total saving to total lending] and outstanding credit ratio [ratio of outstanding to total lending] revealed that the average membership was 17, the average savings were Rs. 16,333 and the average total lending was Rs. 17537 and the average of defaults [Rs. 956] were found to be higher in rural SHGs than in urban SHGs. Due to higher defaults, the rural SHGs showed lower recovery index [80%] and higher average



outstanding credit ratio [0.14%] than the urban SHGs [87% and 0.09 respectively]. The average thrift credit ratio of urban SHGs [0.91] was lower than the rural SHGs[0.93], implying that the overall financial performance of the urban SHGs was better than that of the rural SHGs.

P.P Pawar, K.L Jadhav and S.M.Shete [2001] on the review of RRBs as SHPIs evaluated the performance of RRBs and found that the recovery rate was only around 40%. In order to widen the outreach to the poor, an experiment to test the feasibility of an RRB working as SHPI was launched in 1994 in which the officers were entrusted with the additional responsibilities of promoting, nurturing and financing SHGs. The results were encouraging the recovery performance improved more than 60% and hence RRBs linking with SHGs has been suggested as a right strategy to expand to other branches to improve the performance of RRBs.

An interesting study made by M.C.Athavale, K.G Sharma and A.M.Mishra [2001] in Madhya Pradesh under the leadership of Anganwardi worker, on the working of a particular SHG called Yoshoda Mahila Samithi has helped the members to do saving and get loan. The repayment was 100%. The loan was used for productive purposes of either buying fishnets of boats or for agriculture. Reading the success of this group, eight more groups were formed of them two were by male. All the nine SHGs joined hands in bringing lift irrigation, for this purpose 2 km long pipeline was already laid. The scheme is expected to help in improving the methods of agriculture and to grow vegetables and fruits thereby stopping their migration to other places in search of wage labour.

S.N.Mishra, and M.M Hossain [2001] in their study to assess the impact of mahila mandals a rural SHGs in Orissa in terms of empowerment of rural women through participation and employment generation in the pre and post SHG periods, arrived at the fact that there is a considerable increase in the revolving fund, loan extended, grant availed, savings done etc. The loans were given both for consumption and social obligations. There is a considerable improvement in the socio-economic status in terms of literacy, housing conditions, food security to manage the lean season, nutritious level of food etc in the post SHGs situation compared to pre-SHG period. The trained members intervened in improving the health status of the SHG women, the net income increased by more 60% through scientific cotton cultivation, livestock, maintenance and small business

like retail shop, dry fish trading etc. The group was maintaining successfully the fair price shop and additional employment generated worked out to be 185 person days per member and it was suggested that these mahila mandals could be a model for other SHGs

U.B.Singh, Himmat Singh and Guunam Singh [2001] analysed the role of SHGs in Haryana, which were started under the Water Shed Development Project to increase the income and to create self-employment for the people of Haryana comparing three categories of SHGs. The first category of SHGs had mixed caste structure, majority belong to BPL families. The loan amount of Rs. 3 lakhs sanctioned by DRDA has not been disbursed as some members ask for buffaloes and other to invest in other activities. The second category consisted of 19 male members from APL group, where the records are well maintained and the internal lending was for the purpose of repair of house, for purchase of raw material for shop and for meeting other domestic requirements. The interest charged was 1.5% and the bank loan carried an interest of 1%. The third category of mixed with men and women of APL groups have proved to be successfully functioning compared to the other two groups, implying thereby that the SHGs with heterogeneity can operate successfully if the intensions are the same. The loan in this group was used for purchasing buffaloes,[dairying] for building animal sheds, etc. It was concluded that the emerging micro finance could help the rural poor in remote areas in improving the standard of living and removing from the clutches of the moneylenders.

V.K.Singh, R.K.Khatkar and S.K.Sharma [2001] in their study on the impact of SHGs in Hisar district of Haryanana collecting data from seven SHGs underlined that the micro financing through SHGs is a better system for inculcating the habit of self-help among the rural poor. Loan is given for all purposes simply by producing a three rupee stamped affidavit with the surety of other members. The recovery was 100%. The loan is used for purchase of animals, start small business, to solemnize the marriage of their dependents, to meet out the emergency needs, educational expenses, social obligations etc. These groups have also freed the members from moneylenders and saved from exploitation. The members did not mind paying higher interest as it goes to the group fund.

Another study in Haryana by K.K.Kundu, K.S.Suhag U.K.Pandey and Kusum Jain [2001] found that the SHGs both in formal and informal SHG –bank linkage have uneven

block-wise performance. However the SHGs were able to provide the access to credit to the rural poor to financial services in a cost effective and sustainable manner, though the commercial banks made moderate efforts. The SHGs were formed with homogeneity of interests and involve in discussions with the members for determining their creditworthiness, need and exact requirements, income and repayment possibilities etc so as to arrive at practical and humane decisions. SHGs have improved the confidence and also cultivated the habit of thrift and utilization of collective wisdom to tackle their own problems. It was suggested to organize the rural poor and get better access to credit.

A study by Y.Indira Kumari and B.Sambasiva Rao [2001] on the emergence of women SHGs and its impact on Andhra Pradesh found that the SHG women of this study found to be engaged in petty trades and business including tuff-making, candle making, purse making, leaf plates and basket making, internal lending, etc which belong to DWCRA groups. Only 34 groups were provided with assistance and the rest of the groups functioned with their own savings. It was suggested that the government must provide more assistance to SHGs so that income, savings, and their expenditure would increase. It was concluded that despite the bottlenecks the DWCRA groups could cross the poverty line.

M.L Sharma, K.R.Sharma and N.K.Sharma [2001] in their study on determining the success of NGOs in micro financing to SHGs in rural Himachal Pradesh found that the working and impact of SHGs on rural poor depended the NGOs regional coverage, ideology, programme, implementation, effectiveness, popularity and the leadership it has. The farm families utilized the credit for consumption purposes mostly followed by investment on education, social ceremonies and farm production. Regarding popularity and stability of the NGOs, a majority of the respondents were of the opinion that democratic working of the NGOs, long term planning, farsightedness of management, honest administration, and hardworking officials shown a major impact on availing credit at the right time, type and amount to the member of SHGs.

A study by Prem Singh Dahiya, N.K.Pandey and Anushman Karol [2001] in their analysis of 54 SHGs in Himachal Pradesh found that of the six groups four were women and two were mixed groups. They were from small business and service/profession like tailoring, marginal farming and so on. About 82% were women, 57% belonged SCs, the

average membership size was 14, the interest rate on internal lending ranged from 24% to 60%, and the recovery performance was 100%. The ratio of loan to savings ranged from 1 to 7.2. There was a considerable incremental annual income in Post SHG period. The social impact was deep in empowering women folk, educational development of children and emancipation from social evils like drunkenness by male households members.

Performance of PACS for all over India was analysed by Brahm Prakash [2001]. He underlined that of the total PACS, only 63% to 65% were found to be viable and about 26% to 30% potentially viable. There is a fall in the membership, about 10% to 50% members borrowed from PACS and a great majority of them were defaulters who are mostly cultivators, small and marginal farmers. The delinquency rate and unit transaction costs were the highest in PACS among two-tier co-operative institutions.

In similar line Anurag Saxena, Rekha Dayal and R.B Singh [2001] analysed the performance of PACS in Uttar Pradesh and found that they did not achieve success in supplying credit to their members, and failed to create sufficient deposits, share capital and working capital but they offer good scope in the field of agricultural credit, and co-operative marketing and processing in the rural areas.

There are few more studies done on the similar context in Madhya Pradesh by a.M.Jaulkar, J.S.Raghuwanshi, Dispuria and V.N.Singh [2001] which underlined that 81% of the borrowers were regular crop loan takers and re - payers, and categorising them as fully, partially and not utilized their loan for productive purposes, it was found that 54% of the respondents were defaulters who had not fully utilized the crop loan for the same purpose. It indicates that diversion of such loans for other purposes, which must be done away with. The attitude of PACS, irrigation potential, annual income, size of holding, extension contact, and socio-economic status were highly significantly contributing to the utilisation of crop loan fully.

Malaisamy and R.Srinivasan [2001] compared the micro finance performance of SHGs and PACBs in Madurai district of Tamil Nadu and found that majority of the PACBs were willful defaulters which was not observed with SHGs. A comparison of over dues of SHGs beneficiaries with those of co-operatives showed that the latter had a high level of over dues compared to the former. The debt-asset ratio, educational level of the beneficiaries and membership of SHGs have explained the variation in over dues. The

transaction cost found to be higher with SHGs due to higher interest rate as compared to co-operatives.

P.Satish [2001] in his study on the issues of SHGs emphasized that adequate care has to be taken in ensuring homogeneity of socio-economic status of the members while forming SHGs. He added that no conscious attempt was made to cover the poorest of the village. Also with the proximity and flexibility of operations it is easy for NGOs to form SHGs than others. He suggested for making the SHG movement a success by spreading to other places.

C.L.Dadhich [2001] in his study on micro finance a panacea for poverty alleviation analysed the performance of SHGs formed by Oriental Bank of Micro Lending and underlined that the project has established beyond an iota of doubt that properly designed and effectively implemented micro finance can be a means not only to alleviate poverty and empower women but also be a viable economic and financial proposition.

From the review of related studies it is revealed that the micro financing particularly through the concept of SHG has been gaining momentum and contributing in improving the status of poor in general and women in particular. The present study would be analyzing in similar line whose analysis is presented in the subsequent chapters.

## **Chapter III**

### **Micro Finance through SHGs – An Overview**

This chapter highlights the evolution of micro finance, its contribution to women development and rural poor and concept of SHGs and the issues and strategies associated with SHGs. Before doing it a brief account on women in development, the policies of women empowerment would be discussed.

Negative publicity of press that there is lack of women in high-level positions lead to the appointment of the first women assistant secretary general of the United Nations, Siplia succeeded to hold Women's conference with the themes of Equality, Development and Peace. But it was feared that the over emphasis on economic development may divert primary goals and called for greater investment in women as human resources [Trinker, 1984].

After the three world conferences, International women's year 1975, UN Decade for women 1976-1985, mid-decade conference in Copenhagen –1980, Nairobi conference in 1985, Women in Development concept became popular concept of government and others. Not that the official conferences but non-government organizations with limited delegate fee etc, provided forum for global interchange. The laws of equality very often not practiced or enforced in the face of custom and patriarchy except among the westernized middle class.

Women in Development [WID] advocates argue that for poor women economic power help more than unenforceable laws. Women access to education, in western countries say US is already there. The focus was an equal technology and professional education. WID advocates feel welfare approach enforcing gender stereotypes of weak and dependent women and children on the other hand WID advocates say that economic activities as support to the key in improving women's status.

WID practitioners emphasised or asserted that basic needs should be provided through self-sufficiency rather than welfare. Top-down approaches functions only as long as the donor agency continued to provide inputs.

Self-sufficient programmes required changes in behaviour and attitude that would occur only if the people understanding the reasons for change and also benefited from

them. Appropriate technology groups designed suitable trades for men and women. There are evidences that greater benefits are derived from new wells if women are consulted about their placement and how to use and repair spigots and pumps to them. But myths persist about their abilities and often left with labour intensive trade technologies and men with modern technology. Similarly women's roles in utilising and planning trees were long ignored by foresters, but now their knowledge on local species makes them a vital part of the new efforts at social forestry the maintenance for social not commercial use. Women enterprises tend to cluster at the micro end of the scale and to use profits for improving family nutrition or paying school fees has caused some commentators to dismiss women entrepreneurs as unbusiness like. They do not reinvest in their enterprise in order to expand. But their investment on human economy or human capital cannot be ignored at any cost or therefore they should be recognised. But this is one of the reasons for women entrepreneurs remain in small scale or micro end of scale and not expanding.

#### **Features of Women Development Programmes:**

- ?? Women from similar socio-economic background are organised into small groups.
- ?? Credit is available on an individual basis with group guarantee
- ?? Training and technology are used to enhance current needs.
- ?? New types of income generating activities related to the domestic spheres are introduced.

There is recognition in women projects to consider women's dual responsibilities and accordingly women-only projects focus more and more on activities that provide a realistic economic return. Sectoral programmes started recognising their dual responsibilities in their designing. The combined welfare efficiency made underscores the women lives are not compartmentalised between household work or private and public. Their concerns are not either –or but both. The dichotomy does not seen by women themselves as work and family, house maker and economic actor. Organising is itself is an empowerment experience but ought not stop at the group level but mechanisms should be invented to allow women voice to be represented in integrated meetings.

Project designers must think of the practical needs, say women may prefer direct assistance to meet survival needs for income earning opportunities a simply providing

work without considering [their already over burdened position] who controls labour and income in the family may only increase their stress rather than economic independence.

The evaluation of any activity must not simply analyse in terms of the type of work or activity undertaken but in terms of whether such an effort addresses persistent inequalities. WID approach advocates economic independence as the key to free from male dominance. WID practitioners tried to account women's work, as most subsistence economic activity was not excluded in national incomes. 12-14 hours of work of women as farmers, food processors, providers of water and fuel, house builders, traders, craft makers, brewers, weavers, potters etc none was considered as work. On this ground ILO scholars interested in employment have tended to dismiss micro-entrepreneurs as part of informal sector, which is not worthy of support.

The profit is often reinvested but only on increasing nutrition or school fees. Investing in enterprise instead of nutrition and school fees may not be an overriding priority for women entrepreneurs. So instead of penalising the questioning of primacy of profit motive, programmes should be redesigned to accommodate this changing view.

### **Steps:**

Organising political power to protect these poor women has too frequently been overlooked. These organisation in several countries are well protected by middle class women associations which stresses and underscores the growing solidarity of women across class lines.

More studies are needed about micro women entrepreneurs and home based workers

Programmes should recognise their values may hold rather than undermining their human economy with requirements of growth.

Organisation is essential for empowerment as well as for efficient distribution information or services.

Organisers must recognise that if these women are successful, that will certainly challenge the domestic and economic arrangements.

Factory employment has contributed for women's survival but industrial employment reproduced the gender subordination through continuation of sexual division of labour.



Women as a category challenged by Marxist feminists. Feminists argue that women of all classes in all societies are disadvantaged and considered patriarchy is the source of subordination. Class and patriarchy are generally accepted as causes of sources of subordination.

### **Women and Micro Finance:**

Micro finance has been used as a tool to alleviate poverty and ensure financial sustainability by targeting women since the 1990s. The funding are forthcoming from various agencies including USAID, DFAD, World Bank, UNDP and increasingly by other members. It is the outcome of the Micro Credit Summit Campaign inaugurated in 1997. It was recommended in the General Assembly of the UN Resolution under “Role of Micro Credit in the Eradication of Poverty” that it is resolved by recognizing that micro credit programmes have successfully contributed to lifting people out of poverty in many countries around the world, bearing in mind that micro credit programmes have especially benefited women and have resulted in the achievement of their empowerment, recognizing that micro credit programmes, in addition to their role in the eradication of poverty, have also been a factor contributing to the social and human development process, bearing in mind the importance of micro finance instruments such as credit, savings and related business services providing access to capital for people living in poverty and noting that the year 2005 is the final year of the campaign of the Micro Credit Summit, UN declared 2005 as International Year of Micro Credit[ [www.gdrc.org](http://www.gdrc.org).2003].

It is true that the micro credit programmes have proved successful in lifting the people out of poverty and also bringing empowerment among the various stakeholders particularly women, there is a concern for financial sustainability. Accumulated evidence from different sides on the higher repayment performance has led to many programmes to target women. It was underlined by Linda Mayoux [1999] that increasing women’s access to micro finance is assumed to initiate a series of “virtuous spirals” of economic empowerment, increased well-being for women and their families and wider social and political empowerment. It was added that the underlying assumption is that these mutually reinforcing spirals of empowerment can occur following women’s access to micro-finance without explicit support for women to increase their incomes, to defend

their interests within the household or for wider social and political changes in gender or class relations.

The micro finance programmes are expected to contribute to many developments among the women. It was realized in different corners that it has resulted in

- ?? Significant increase in income among women from their own economic activities
- ?? Enabling the women to have control over their earnings especially giving them a choice over the use of such income
- ?? Enabling the women to negotiate and bring out an improvement in their well-being within the household.
- ?? Enabling the women to form or support a networking, which helped them in protecting their individual and collective interests at the micro and macro levels.

But there is a long way to go as to whether these micro credit programmes would result in empowerment of women and financial sustainability. Evidences from India and Bangladesh have reported to be answering the above questions. Other than this it is very rare to find any analytical studies except the documentary evidences.

There are number of ways by which women's empowerment and financial sustainability could be improved.

- ?? Repayment schedules and interest rates to maximize impact on incomes;
- ?? Registration of assets used as collateral or purchased with loans in women's names or in joint names;
- ?? Incorporating clear strategies for women's graduation to large loans;
- ?? 'Multiple choice' options based on participatory consultation including loans for new activities, health, education, housing etc;
- ?? Range of savings facilities, which include higher interest deposits with more restricted access.

It is true that the expensive complementary services such as business training and gender and other social awareness had minimal impact. But that does not mean that such complementary services should not be given as a component in the micro finance interventions. The possible ways may include

- ?? Initiating and supporting collective mutual learning on economic issues [e.g. skills, marketing, business development], other service provision [literacy, child care] and social/political empowerment [e.g legal rights] by clients/members;
  - ?? Linking with and supporting other organizations working for change in gender relations;
  - ?? Cross subsidy from charging better-off clients for some services and /or charging all clients for some services once they have reached a certain level of income.
- Apart from these strategies, it is necessary that there is always a interaction between staff and clients on the empowerment issues and need to mainstream gender and empowerment concerns. It is also advocated by many that the mainstreaming gender requires a fundamental review at all levels.
- ?? Review of all norms and regulations from a gender perspective;
  - ?? Integrating gender equitable policies into services for men;
  - ?? Empowerment indicators as integral part of Management Information Systems;
  - ?? Fully integrating gender and empowerment issues into all client/member and staff;
  - ?? Training, conditions of staff recruitment and staff incentives.

It was underlined that micro finance itself can only make a marginal contribution on women's empowerment and poverty alleviation without the support for women's grass roots movements explicitly addressing gender inequality and mainstreaming the concerns of poor women in all macro level economic and social policy.

### **Gender Issues in Micro Finance:**

#### **Key Issues:**

1. Do men and women differ in their patterns of credit use [e.g type of loans, number of loans, interest rates, arrears, defaults, amounts borrowed, effective use?]
2. Are there significant numbers of women farmers, enterprise owners, producers, workers, or household heads in the client population?
3. Do women and men have separate credit unions or savings and loan groups/
4. Does the beneficiary population have access to finance from both formal and informal sources? Are there differences in access for women and men?

5. If women's access to credit is more restricted than that of men, how does this relate to women's property rights and ability to provide collateral? What are other constraints on women's access to credit?
6. Will the project change existing patterns of relative access to credit for women and men components?

**Key Strategies:**

1. If the project aims to encourage new forms of savings and credit groups, ensure that these will be accessible to women.
2. Establish women's savings and loan groups.
3. Consider policy or legal changes to facilitate women's participation in new forms of savings and credit groups.
4. Include special provisions to increase women's access to credit and encouraged saving [Considering information, communication and training strategies and terms that give poor women or women household heads improved access.]
5. Consider providing women's skills development training in setting up a business, product development, managing business, marketing etc,
6. Ensure that field workers and NGOs use female mobilizers, trainers, and loan officers.

**Rationale behind Self-Help Groups and Need for institutionalization:**

Community development and poverty alleviation programmes initiated in India for more than four decades since independence have proved to be limited success due to lack of the institutional building. Several programmes concentrating on institution building have been introduced in the late 1970s including Integrated Rural Development Programme [IRDP] one of the largest micro finance programmes in the world, and its associated activities such as Development of Women and Children in Rural Areas [DWCRA], Training the Rural Youth for Self-Employment [TRYSEM] etc. But failed to bring any long lasting changes. It was held that the failure is attributed to the institutional vacuum existing with these programmes. Lack of sensitivity of the government to address the needs of the poor, endogenous type of approach with the dominant role of the State increased the dependence of the poor upon the state. All these rendered it in leaving the status of completion of any development programme not leaving behind any set up for

sustainability. As the State assumes the service delivery, it becomes customary and ritual to call for the state for the provision of any service both in productive and social sector. It is therefore necessary that the existing potentials of various stakeholders be organized to contribute to grass roots strength to remove poverty on the one hand and improve their resources and bargaining power on the other. An exogenous approach is needed to move towards a participatory movement in which the solution to their problems are sought among themselves using their own resources, through their active participation by identifying their needs, prioritizing on the basis of the available resources and planning and execution by themselves. It is in the background the Self-Help Group concept as a Participatory Development Approach emerged which was expected to serve the purpose of a vehicle in the development process and lead towards the establishment of broad-based rural institutions.

The clusters formed exogenously to improve their interest, should primarily cater to the needs of their member organisations and should in the long run establish their own apex body. Women member's initiative has the prime importance. The genesis of success of one cluster plays a crucial role in convincing others to start with the same activity. Extension work is therefore, being undertaken to motivate primary institutions to learn from other secondary institutions and organize themselves accordingly. Exchange visits are organised to learn from each other and to ensure sustainability, women activists are trained to work for the group. They are further trained to acquire management skill, motivational aspects to encourage the existing members to work with zeal and invite more women to become members, and basic accountancy to be able to maintain accounts.

Realising the above facts, the elements of gender policy must include

- ?? conditions of micro finance delivery to support empowerment;
- ?? cost effective complementary services;
- ?? institutional mainstreaming of gender policy.

### **Genesis of Rural Credit System:**

In the first decades of the present century the rural credit was made by the Government of India through the passing of the Co-operative Societies Act in 1904 to strengthen the agricultural economy. Hence the country witnessed important growth of

the commercial banks there after. Their involvement in the rural lending was negligible up to mid sixties. After nationalisation of major commercial banks in 1969, there are also directed to involve in rural lending. In the 1975 Government of India has introduced a specialised state sponsored regionally based and rural oriented Regional Rural Banks with response to stimulating the rural economic development of some specific groups such as weaker sections which includes small and marginal farmers, agricultural labourers, artisans, small entrepreneurs etc.

From the past few decades, the government implements most of the micro credits schemes, which are running through banks in a formal system. Currently, the NGOs are also employing vital role to initiate micro credit programmes through the self-help group systems.

#### **Micro credit should help poor women in three ways:**

First, by providing independent sources of income outside home, micro credit tends to reduce economic dependency of the women on husbands and thus help enhance autonomy.

Second, the same independent sources of income together with their exposure to new sets of ideas, values and social support should make these women more assertive of their rights.

Finally, micro credit programmes – by providing control over material resources, should raise women's prestige and status in the eyes of husbands and thereby promote intersperse consultation.

The government has been introducing several programmes to enhance income and employment among the rural poor. They are considered as one of the most important strategy. The government programme includes special schemes for women, which are as follows.

#### **Genesis of SHG:**

In Bangladesh Prof. Mohammad Yusuf stated the women's groups and create thrift and savings among them. Now it has developed into a bank named Bangladesh Grameen Bank. It's report in February 1998 underlined that there are three states that the bank have

1138 branches and covers 39572 villages which comprises 2,367503 members of which only 124571 are men. The bank has disbursed a cumulative amount of US \$ 2714.61 Million whereas the saving of the members has reached US \$ 202.73 million.

The following persons are responsible for forming the Self-Help Groups viz. NGOs, Social Workers, Health Workers, Village level workers, Informal associations of local people Development Oriented Government [in their personal capacities], Farmers Clubs under the Vikas Volunteer Vahini [VVV] programme of NABARD and other development institutions.

The SHG comprise between 15 to 20 members. They are participating in all functions of the group. Each member gets the chance to speak obviously and freely in a small group. However, the membership may not be too small that its financial transaction turns out to be insignificant. There should not be any discrimination among the members based on caste religion or political affiliations. Total participation in regular group meetings lends strength to the effectiveness of SHGs. To achieve this, the SHGs should place emphasis on regular attendance in the group meetings.

Once a Self-Help Group accumulated sizeable amount in the form of savings say for a period of about 3 to 6 months, the members may be allowed to avail loans against their savings for emergent consumption and supplementary income generating credit needs.

As soon as the SHG is formed and a couple of group meetings are held, a Self-Help Group can open a savings bank account with the nearest commercial or regional rural bank or a co-operative bank. This is essential to keep the thrift and other money of the SHG safely and also to improve the transparency levels of SHGs transactions. Opening of SB account, in fact is the beginning of relationship between the bank and the SHG. The Reserve Bank of India has issued instructions to all banks permitting them to open SB accounts in the name of registered or unregistered SHGs.

Training can contribute significantly to the success of SHG bank linkage programme. Appropriate training [formal or informal] at each stage of SHG's growth is one of the essential inputs required. Similarly training is essential for all partner agencies, which participate in the SHG bank linking programme.

Women micro entrepreneurs are largely invisible in the early informal sector studies undertaken with the encouragement of the ILO in the 1970s. The robust sector was a major source of employment for the rapidly growing urban population in developing countries. But neither women nor men engaged in this sector are counted. Women are found throughout the sector, but most often received as an extension of domestic activity in urban areas –street vendors or market sellers and in rural areas drying cloth or processing food. Self-employed women operate mostly micro enterprises, which are characterised by weak market integration and strong face –to face customer relations [detreville, 1987]. Increasingly however women working in home are self-employed but rather they are vertically integrated into a larger economic activity; knitting with hand machines, rolling cigarettes, assembling toys etc. In fact this distinction as sub contractors at home is murky [gloomy]. But distinction between micro entrepreneurs and home-based workers is needed to draw when designing programmes to assist and support them.

These activities of food sellers, fruit vending etc earn greater than minimum wage and comparative income and money and wage.

It is understood that the concept of micro finance has been playing a significant role in changing the lives of poor in general and women in particular. Also it addresses the gender issues to certain extent. In future through the economic empowerment facilitated by the better access to credit, collective strength, exposure to knowledge of business and trade, they will be contributing to the over all development and human development also.



## **Chapter IV**

### **Profile of the Study Area and Sample NGOs**

This chapter brings the profile of the study area in the first section and section two briefs the features of the sample NGOs.

This study has been conducted in Tiruchirapalli district of Tamil Nadu. Geographically it is in the center of Tamil Nadu. Thanjavur in the East, Karur in the West, Perambalur in the South and Pudukottai in the North surround it.

#### **Area And Population:**

Tiruchirapalli district has an area of 4403.83 sq. kms. As per 2001 census, it has a total population of 23, 88,831 of which male constitute 49.99 % and female population accounts for 50.01 %. The urban population is 46.65 % and the remaining 53.35 % is in rural areas.

#### **Temperature:**

Tiruchirapalli district has a maximum temperature of 39.4 C and the minimum of 19.7 C. It will be extremely hot during summer and the winter will be mild. During the recent years, the summer spreads to more than half of the year.

#### **Rainfall:**

The annual average rainfall registered in the district has been at 867.8 mm. It gets more rainfall during the North East and South West monsoons.

#### **Rivers:**

There are several rivers passing through this district but no sufficient water. They include Cauvery, Collierville, Ariyar, Koraiyar, Ayyar, Nandhalar and Uppar.

#### **District Administration:**

There are 14 blocks and five taluks including Tiruchirapalli, Lalgudi, Manapparai, Musiri and Thuraiyur. There are 507 Revenue Villages, one Corporation, two Municipal Corporations, 19 Municipalities, 14 Unions, 407 Village Panchayats. All are located in three revenue divisions namely Tiruchirapalli, Lalgudi and Musiri. In order to facilitate the small and tiny units to get all the incentives and concessions offered, nine blocks have been declared as economically backward and three blocks have been declared as most backward. The details are given below.

**Table 4.1 Distribution of Blocks as per their Backwardness**

<i>Backward blocks</i>	<i>Most Backward Blocks</i>	<i>Others</i>
Manapparai [ except urban]	Marungapuri	Lalgui
Thiruverumbur	Uppliapuram	Pullampadi
Manikandam	Vaiyampatti	Manapparai [Municipal Corporation]
Manachanallur		Tiruchirapalli Corporation
Thuraiyur[ except urban]		
Thottiam		
Andanallur		
Musiri		
Thathayaingarpettai		

Source: District Industries Centre

**Forests:**

The district has 36246 Hectares of Forest Area.

**Agriculture and Cash Crops:**

The Tiruchirapalli district uses 185759 hectares of land for cultivating both cash and non-cash crops

The cropping pattern in Tiruchirapalli indicates that maximum area has been devoted to the food grains including paddy and other grains such as ragi, maize, etc. Next dominant crop cultivated in more hectares has been the oil seed including sesame, groundnut sunflower. The cash crops such as sugarcane, banana etc is slowly replacing the areas cultivated under paddy as the farmers feel that the cash crops are more profitable than food crops.

The district has got the potential to undertake horticulture related business by cultivating horticultural crops. There are vast opportunities opened to the small and tiny entrepreneurs to engage in horticultural business in future. The horticulture crops currently cultivated in the district are furnished in the table.

**Table 4.2 Cropping Pattern in Tiruchirapalli District**

<i>Sl No.</i>	<i>Crops</i>	<i>Area cultivated in '000 hectares]</i>	<i>Percentage</i>
1.	Paddy	72,426	70.89
2.	Grains	1,039	1.02
3.	Pulses	1,682	1.65
4.	Sugarcane	4,772	4.69
5.	Groundnut	7,825	7.69
6.	Sesame	0,782	0.76
7.	Cotton	1,777	1.74
8.	Chilly	2,257	2.21
9.	Turmeric	0,143	0.14
10.	Onion	3,252	3.19
11.	Castor	0,041	0.04
12.	Coconut	3,144	3.09
13.	Sunflower	0,522	0.51
14.	Other food crops	2,374	2.33
Total	All the Crops	1,01,736	100.00

Source: District Statistical Office, Tiruchirapalli.

**Table 4.3. Horticulture Crops Cultivated in Tiruchirapalli District**

<i>Sl No.</i>	<i>Varieties</i>	<i>Cultivated Area in hecs.</i>	<i>Production in Mt.</i>
1.	Fruits	11672	405759
2.	Vegetables	8014	244643
3.	Perfume Crops	5489	10285
4.	Flowers	713	5704
5.	Hilly Crops	1048	6025

Source: District Statistical Office, Tiruchirapalli

. The horticulture crops have been introduced purely for commercial purposes. The crops mentioned in the above table have potential export marketing and there is well-

connected transport and communication, which enable the farmers to market their horticultural products easily.

#### **State and Central Government Development Programmes:**

In order to encourage the farmers and promote the agricultural sector in the district, several state and central government incentives and supportive schemes were introduced. There are as many as 10 state government schemes assisting the farmers with the assistance ranging from Rs. 25000 to Rs. 1.5 Lakhs. Under these 10 schemes nearly Rs.10, 70,000 has been distributed covering 352 farmers and 53 hectares as on March 2003.

Apart from these state government schemes, several central government schemes have also been implemented in this district. As many as 20 are used in cultivation of floriculture, horticulture, mushroom cultivation, cash crops cultivation, raw material supply, seeds distribution, vegetable and roots cultivation etc. As on March 2003, as high as Rs 30,70,500 has been spent on these 20 schemes covering 2,875,2.50 hectares of land.

#### **Sericulture:**

Apart from horticulture and floriculture crops, sericulture has a tremendous potential in this area. Separate departments are functioning for this purpose. Mulberry culture is done and necessary counseling and other support are rendered to the sericulture farmers in three centers namely, Industrial technical centre Pazhaiur, Musiri and Pachaimalai. Technological support is rendered through the extension centers so that the farmers are motivated to produce the cocoons properly. For marketing of the silk produced silk co-operatives are also established in the Tirchirapalli and in the neighbouring districts. The main functions of the technical centers are:

- ?? To select the suitable village and farmers to cultivate mulberry
- ?? To offer technical counseling on mulberry cultivation and also distributing the mulberry sticks
- ?? To offer free training to the new farmers who are interested in taking up mulberry cultivation and maintenance of mulberry area.
- ?? To distribute the larva and preventive medicines
- ?? To help in selling the cocoons and
- ?? To form committee for improving the quality of the silk

**Minerals:**

Tiruchirapalli district is enriched with several mineral resources. They are sand, limestone, quartz, gypsum, granite, etc. Of all these, limestone is produced in huge quantity followed by sand, stone. In Dalmiapuram, lot of limestone minerals are found and the Dalmia Cement factory is making use of the same. Apart from these in Ariyalur, government cement factory is there which is exploiting the limestone resource available in that area.

**Livestock:****Table 4.4 Distributions of Livestock in Tiruchirapalli District**

Sl.No.	Items	Number of units
1.	Cows	337946
	Buffaloes	87472
2.	Sheep	190114
3.	Goats	365864
4	Poultry	854751
5.	Bullocks	120609

Source: District Livestock Census, Tiruchirapalli

The livestock distribution explains that the cattle population is found to be dominating by cows taking the first position followed by bullocks and buffaloes. But in recent times they are declining after withdrawal of IRDP scheme and also mechnisation of Agriculture.

**Fisheries:**

Tiruchirapalli district has 14 blocks in which nearly Rs. 300.4 lakhs is spent to produce 1502 tons fish, benefiting 2061 families.

**Transport and Communication:**

The communication facilities have been strengthened such that it is possible to communicate from the district to all parts of the world through various means of communication including postage, courier, speed post, fax, telegram, e-mail and Internet.

**Transport:**

The roads are well connected with the Corporation, Municipal Corporation, Panchayats and villages. The National High Ways are extended to 104 kms and the State High Ways to 177.45 Kms in Tiruchirapalli district and maintained properly.

**Railways and Airways:**

The district is well connected with both railways and airways. Several new routes are introduced in both rail and air ways. Several meter gauges were converted into broad gauges. Establishing transport facilities both in the rural and urban areas sufficiently has eased the population to have better communication and commuting. Several novel schemes of share auto, minibus etc were introduced to manage the transport requirements of the rural and urban population with an increasing urbanization and the resultant expansion of the living areas.

The airways are connecting the district to various important cities. It is also contributing to the industrial development by facilitating the export of several raw materials and also the perishable products. There a facility created by the Indian Airlines Ltd to get the perishable products directly from the field just three hours ahead of transporting to other countries, thereby facilitating and encouraging the farmers to produce more of such products.

**Electricity:**

Tiruchirapalli has also been equipped with electricity facilities both in rural and urban areas. Power cut is rarely done. There are around 20 sub EB stations established in this district. Also it has 12 HT centers with 22 transformers.

**Regulated Markets:**

To pay a fair price for the products of the farmers Regulated Markets are functioning both in the rural and urban centers.

**Tourism and Temples:**

Tiruchirapalli district is known for its pilgrimage importance. There are several temples of national importance attracting tourists from all over India and also from abroad. The temples are known for their sculpture and painting work done during Chola and Pallava periods. The tourist places of importance include Rock Fort, Melanai, Mukkombu, and Pachamalai hills.

**Education:**

Tiruchirapalli is one of the leading educational centers of the state of Tamil Nadu. It has one University called Bharathidasan University offering various courses and research opportunities, more than 20 engineering colleges and arts and science colleges, 115 Higher Secondary Schools one each law, medical and agriculture colleges, four technical institute and several management institutes including Bharathidasan Institute of Management.

**Hospitals:**

There are nine Government hospitals in district and taluk headquarters. Apart from these nearly 357 Primary Health Centres and other sub-centres are functioning in this district.

**Industrial Background:**

Tiruchirapalli is basically an agrarian district, which has been slowly developing industrially recently. There are around 39 Large and Medium Scale Industries, 12154 small scale industries as on 31.7.2003. Block wise Thiruverumbur possesses more number of SSIs compared to other 14 blocks except the Tiruchirappalli Corporation which accounts for more than 50% of the SSIs [6400]. Product wise, Ready made Garments, metal industries food based products, and others are in the order of significance keeping first second third and fourth positions respectively in Tiruchirapalli district.

The cottage industries details showed that as on the end of July 2003, there were around 1,736 cottage industrial units offering employment to 3216 persons. The employment level is low as these cottage industries are of self-employed in nature. There are as many as 22 cottage industrial type including artificial gem cutting, tailoring, food processing, soap manufacturing, wet grinding, etc. Of all these, the gem cutting industries occupies the first place with more than 50% of the total, followed by tailoring and food processing. The employment offered is more with gem cutting followed by food processing.

**Industrial Estates:**

Industrial Estates Programme has been introduced in 1955 in order to assist the entrepreneurs with common infrastructure and also enable them to have a properly constructed work sheds or developed plots. They are available on hire purchase basis with

the installment facility. Tamil Nadu Small Industries Development Corporation has been implementing this programme. There are 3 industrial estates for small industries, three for tiny industries and one for women entrepreneurs. Apart from these there are separate industrial estates for electrical and electronic products, which are distributed as follows:

**Table 4.5 Distribution of Small and Tiny Industrial Estates in Tiruchirapalli District**

<i>Sl.No.</i>	<i>Name of Industrial Estate</i>	<i>Number of Shed</i>	<i>Number of Plots</i>
1.	SIDCO Industrial Estate, Thuvakudi	25	331
2.	SIDCO Industrial Estate, Thiruverumbur	36	37
3.	SIDCO Industrial Estate, Ariyamangalam	38	-
4.	SIDCO Tiny Shed, Thuvakudi	29	-
5.	SIDCO, Tiny Shed, Ariyamangalam	13	-
6.	SIDCO, Tiny Shed, Musiri	15	-
7.	SIDCO, Tiny Shed, Thathayaigarpettai	10	-
8.	Electrical and Electronic Industrial Estate	8	68

Source: Tamil Nadu Small Industries Development Corporation, Tiruchirapalli

Of all these, 2 plots in Thiruverambur, 8 plots in Thuvakudi, 3 tiny sheds in Ariyamangalam are remaining vacant. Apart from these, a separate industrial estate for leather products is being constructed in Kumbakudi village on Tiruchirapalli-Pudukottai highway in around 87.55 acres.

Similarly a separate industrial estate for Women Entrepreneurs has been established on the Tiruchirapalli –Thanjavur highway, in around 51.70 acres. It has 125 tiny sheds, and the average size sheds of 75 numbers totaling to 200 work sheds. Women are occupying slowly. Also a part of the shed is opened for occupying both male and female entrepreneurs, which is spread in an area of 114.02 acres.

Handicrafts also keep an important position in the industrial economy of Tiruchirapalli. There are as many as 10 types of handicrafts with the total of 1205 units



offering employment to 2675 persons. Weaving has been the foremost activity accounting for nearly 70% followed by gold smith activities, pottering and palm based products.

**Banks:**

In Tiruchirapalli district, Indian Overseas Bank has been functioning as the Lead Bank. As on March 31<sup>st</sup> 2003, there were around 230 Scheduled Bank Branches working in both rural and urban areas. The details are furnished below:

**Table 4.6 Distribution of Banks in Tiruchirapalli District**

<i>Sl.No</i>	<i>Details</i>	<i>Urban</i>	<i>Urban based</i>	<i>Rural</i>	<i>Total</i>
1.	Nationlised and State Banks	72	24	56	152
2.	Private Sector Banks	19	5	14	38
3.	Co-operative Banks	22	10	7	39
4.	Tamil Nadu Industries Investment Corporation	1	-	-	1
	Total	114	39	77	230

Source: District Industries Centre, Tiruchirapalli

From the above table, the distribution of the banks in Tiruchirapalli district may be understood. The public sector and state banks constitute to more than 60% of the total, followed by co-operative and private sector banks. Thanks to the banking industry, which are extending their services to both rural and urban population of the sample district. The rural and urban distribution says that the banks location is more urban biased as more than two-thirds of the branches are in the urban and urban-based areas.

2002-03 target of Rs. 409.89 crore has been exceeded with an achievement of Rs. 428.41 crore of lending. Of this, for agriculture purpose alone, Rs.171.21 crore has been given, Rs. 50.56 crore to non-agri based categories, which includes, small industries, handicrafts and rural industries. Here also the target of Rs.65.27 crores has been exceeded with an achievement of Rs.76.69 crores.

For the year 2003-04 a target has been set at Rs. 473.15 crore of lending by banks in which Rs. 66.47 crore has been proposed for industrial sector, compared to the previous year, it is 32.78% more for industries and in the current year it is 14% of the total allocation.

The performance of credit by banks to different categories of assistance schemes including PMRY, small industries, handicrafts, SHGs and other schemes has been appreciable. Tiruchirapalli District Co-operative Bank has involved in promoting the small industries specially and extends credit support.

National Bank of Agriculture and Rural Development [NABARD]

**District Rural Industries Project [DRIP]:**

NABARD as an Apex Development Financial Institution in the country committed to rural development has identified Rural Non-Farm Sector [RNFS] as a thrust area and evolved a number of refinance schemes for financing manufacturing, processing, and service sector activities including infrastructure. As a useful adjunct to its core financing function, NABARD has also introduced several credit-linked experimental promotional programmes concepts for developing rural enterprises and entrepreneurship in a cost effective, demonstrative and sustainable manner.

NABARD had launched District Rural Industries Project [DRIP] for a period of five years in five-selected district one each in five major regions in the country on a pilot basis in 1993-94. Encouraged by results of a pilot project in creation of employment opportunities and improvement in group level credit, DRIP was extended to seven more districts including Tirunelveli district in Tamil Nadu during the II phase in 1999-2000. The project was further extended under phase III to 8 more districts during 2000-01 and under phase IV to 20 more districts during 2001-02. Tiruchirapalli district has been selected under phase IV. Villupuram district has been selected under Phase V. As far as Tiruchirapalli district is concerned the current year is the third year of operation.

DRIP is an integrated area based participatory project with 'District' as focus for the development of Rural Non-Farm Sector [RNFS] through credit intensification process in collaboration with project partners to provide sustainable employment opportunities to rural population by facilitating, setting up cottage/village/tiny and small industries in the 'Rural Areas'.

The objective of DRIP are creation of significant number of sustainable enterprises and generate employment opportunities in rural areas through enhanced credit flow of Non-Farm Sector activities with complementary promotional support.

**The features are:**

1. DRIP is loan based project without any subsidy components;
2. 100% refinance to banks for their lending under ARF [NFS];
3. Extension of promotional assistance in the form of grant to select agencies for promotional programmes;
4. A flexible approach for grounding experimenting various promotional schemes;
5. An extensive strategy for training/skill up gradation/sensitization of Primary Lending Institutions [PLI] and Government Functionaries;
6. Acceleration of credit flow at ground level for RNFS and creation of sustainable employment;
7. Organisation of special types of programme/meets.

The following are the eligible refinance schemes for refinance from NABARD under NFS:

Maximum Refinance is Rs.10 lakhs.

- i. Financing Mobile. static carts and kiosks;
- ii. Financing of storage godowns;
- iii. All processing, manufacturing and service activities;
- iv. Traditional sectors viz., Handlooms modernization construction of sheds, handicrafts, coil, sericulture etc.

Integrated Loan Scheme: Maximum lending Rs. 15 Lakhs

- i. Financing Mobile Vans
- ii. Setting up or renovation of marketing outlets
- iii. Support to mother units
- iv. Setting up of Common service centers
- v. Setting up renovation of show room/sales depots, emporia for coir sericulture, jute
- vi. All processing, manufacturing and service activities.

There are number of others schemes including Small Road and Water Transport [SRWTO], Rural Tourism under Service Sector, IT/Telecom Industries in Rural Areas, Industries under 22 broad categories, including NFS Sector, Power Looms, Hand Looms, Coir, Bee Keeping, tailoring, sericulture, sports goods, electronics and auto engineering, general engineering, handicrafts, village industries, leather goods,

pottery, paper products, printing and book binding, Glass, Rubber goods, construction of building materials, chemical products and plastic and petro chemical products.

Banks have extended credit assistance of Rs.66.82 crores for setting up of 5435 units creating an employment for 12059 persons in the district during the initial year. The activities covered are Hand/power loom, Tiny sector units, village industrial units, rural artisans, small scale industries, transport operators, and professional and self-employed. During 2003-04, Rs. 66.47 crores has been ear marked for NFS under Annual Credit Plan.

### **District Rural Development Agency:**

The District Rural Development Agency [DRDA] has been extensively involved in implementing the various rural development programmes. The Golden Jubilee year Rural Self-employment Scheme has been implemented in the name of Swarn Jayathi Swar Rozgar Yojana [SGSY] since 1.4.1999. After the implementation of SGSY, the Integrated Rural Development Programme [IRDP], Training the Rural Youth for Self-Employment [TRYSEM], Development of Women and Children in Rural Areas [DWCRA], SIDRA, Ganga Kalyan Yojana and Million Wells Programme have also been stopped except incorporating the important aspects of the above programmes in the SGSY.

Actions related to the SHGs alone are highlighted.

### **Formation of SHGs:**

1. The SHGs must have 10 to 20 members. If they are by the minor irrigation scheme and by the disabled, it can have five members.
2. The members must be below poverty line; only one member per family and one can be a member of only one group.
3. The groups must evolve the rules and follow them carefully. They can interact; implement the decisions of the members by holding meeting once in a week.
4. Members can decide the saving amount among themselves and it has to be continuously being collected.
5. To lend the savings among the members, they have to evolve the rules to be followed by themselves and resolve to decide to whom to lend and how to recover etc.

6. Every group has to open a bank account and deposit the amount remaining after lending among the members.
7. The groups have to maintain records relating to functioning of the group, attendance register of the group members attending the meeting, loan ledger, general ledger, cash book, bank pass book and individual pass books etc.

### **Revolving Fund and Cash Credit:**

If the groups function successfully for six months, recognizing their growth to the second stage, a cash credit of Rs. 15,000 is given as bank loan and Rs. 10,000 as government assistance. This amount may be deposited along with the amount saved by the group and increase the lending levels. This loan must be used to improve the income of the members. Rs. 10,000 given by the government is not a subsidy. This will be credited to bank account and will be lent either on single installment or more than one installment. These groups, which borrowed, have to repay regularly. It is a continuous fund. Even if the members get loan for individual enterprises or group enterprises, this revolving fund credit will continue. So the question of subsidy, free gift etc does not arise.

### **Role of Banks:**

In implementing this programme, banks have an important role to play: The important among them are:

To help to open an account for the SHGs;

To select self-employed persons, important economic activities etc;

To determine the loan amount for each trade by ensuring the rules to be followed and mode of repayment;

To distribute the subsidy if any after the repayment is over

To disburse the loan for the self-employed persons after imparting the training on self-employment and

To create a cell in each bank for SGSY

As per the 2003 data, nearly 5227 male and female SHGs are created under SGSY in Tiruchirapalli district.

### **Grading of SHGs:**

All the government formed SHGs under SGSY and others; the DRDA and the TNWDP issue free registers to these groups.

**Training:**

Training on Capacity building training and basic skill training are also offered by DRDA and TAWDP. So far Rs.218.12 lakhs have been spent to train a total 65,560 women.

**Revolving Fund:**

1466 SHGs have so far been assisted with a revolving fund credit of Rs.366.50 lakhs.

**Entrepreneurship Development Programme:**

As per the orders of the Honourable Chief Minister of Tamil Nadu, five lakh women must be trained under EDP. So far 8,170 women are trained. For this purpose, the entire department concerned has spent Rs. 27.66 lakhs.

**Industrial Training:**

Women are encouraged to get training of such trades identified. In Tiruchirapalli there is scope for the trades such as greeting card making, readymade garments production and sale, mushroom cultivation, gem cutting and polishing, poultry and others totaling to 21 prospective trades. SHGs are given training on the trade of their choice.

**Industrial Production:**

Credit is extended with subsidy to all the SHGs, which qualify themselves as suitable and ready for initiating an enterprise. So far 183 SHGs with Rs. 985.267 lakhs loan has been extended of which Rs. 447.873 has been given as subsidy and the remaining as bank loan. So far 3001 families have been benefited.

**Marketing Opportunities:**

Government is assisting the SHGs in marketing their products. There are nine rural marketing centers in Tiruchirapalli established under SGSY scheme and the products of SHGs are sold through these centers.

In Tiruchirapalli city a centre has been dedicated to sell the products of SHGs with investment of Rs. 28 lakhs. In addition, several exhibitions and trade fairs are also organized to market the products of SHGs. Also efforts are on to facilitate these women to participate in the state and national level trade fairs.

Also an website for the SHG products has been created in the name of [www.ruralmart.org](http://www.ruralmart.org) and facilitated the SHG women to have e-commerce.

Tamil Nadu Corporation for Women Development – Mahalir Thittam [Women’s Project]

The Tamil Nadu Corporation for Women Development is the nodal agency implementing the SHG programme in Tamil Nadu. Its main aim is to empower the women economically, socially and also ensure skill development through training.

In Tiruchirapalli district, Tamil Nadu Corporation for Women Development [TNWDP] has been implementing women development programmes including Self-Help Groups under the Mahalir Thittam [Women Project]. The TNWDP has made once inaccessible resources such as banks, available to poor women. The objectives of the Project include:

**[a] Economic Empowerment:**

- i. To inculcate the habit of saving
- ii. To meet the small and emergency credit needs on their own
- iii. To use the credit for the right purpose and to teach them to repay the loan regularly
- iv. To enhance the income of the family

**[b] Social Empowerment**

- i. To create among the women to have a feeling of “We for Ourselves”;
- ii. To improve the status of women in the society and in family, distribute the responsibilities of decision-making power to all.

**[c] Skill Development:**

- i. Create self-confidence
- ii. To inculcate the leadership qualities and interacting ability among the women.

**The specific objectives are:**

- ?? To form self-help groups in certain districts where women’s earnings are below the poverty line;
- ?? To provide active assistance and supervision to women from NGOs on running micro-credit activities; and
- ?? To provide training and any other necessary inputs.

The results of the project were greater linkages between resources and women, higher confidence, better education of girls, reduced incidence of female infanticide in certain parts of the state and a sense of collective women's strength.

Some of the variables that are vital to include in any gender-aware poverty elimination programme listed by TNWDP discovered through research and through the evaluation of programme conducted include the following:

- ?? include both women's and men's needs and concerns in the formulation of project objectives;
- ?? identify key constraints to women's participation during project preparation for all components;
- ?? and to formulate strategies to overcome constraints, create gender-sensitive indicators and processes to monitor progress towards achieving objectives;
- ?? promote advocacy by women's groups, NGOs and activists;
- ?? raise public awareness of gender issues;
- ?? and make government agencies and employees sensitive to the special requirements and needs of poor women.

To achieve these, the women are encouraged to form SHGs by fulfilling the eligibility conditions laid down, arrange group meetings, discuss various issues relating to group in the group meetings, laid down the rules and disciplines on their own, administer the functions of the group on their own, choose the representatives decide on the savings, loan, installments, interest rates to be charged by the banks, nature of training to be attended and the members to be attended, taking all the members for EDP, maintaining the records, etc. In Tiruchirapalli district 17 NGOs have been identified to implement the programme under Mahalir Thittam. This Mahalir Thittam grades the groups on the basis of the criteria lay down and recommends to the lead bank or other banks to release the revolving fund in the first instance and industrial loan subsequently.

It is observed that the Mahalir Thittam identifies both NGOs facilitated SHGs and also other SHGs, which are self-supported all over Tamil Nadu. In doing so, it recognizes the some NGOs as well as SHGs and rejects some SHGs, which do not fulfill the modalities mentioned. This Mahalir Thittam has been implementing the SHG programme since 1998



In Tiruchirapalli district, the primary survey done has revealed that the SHGs are of different types formed by various agencies though the objectives are the same.

There are SHGs formed by NGOs facilitating the women in forming the group, handling the records, banking operations etc and ultimately linking with banks for revolving fund as well as small enterprise loan. In fact these NGOs continue to support the SHG women in all the operations.

Another kind of SHGs are formed by NGOs which are basically in remote areas and banks may not be able to extend support nor the individuals are able to access the bank. In this situation the NGOs themselves take the loan on behalf of the SHGs and in turn lend to the SHGs with relatively higher interest rates that falls between the market and bank interest rates.

Yet another kind of groups observed are the banks themselves particularly the Co-operative banks and the lead banks identify certain potential groups and extend all the support as NGOs do.

Apart from these three categories which are almost found in all over the country, in Tiruchirapalli district there are various other forms of SHGs which are NGOs formed but self-supported, SHGs formed by the Government departments apart from the Women Development Corporation, Block Development Offices etc and independent SHGs which have neither formed by NGOs nor supported by banks rather they are formed on their own and functions with the help of their own group fund.

Having realized that the SHGs are the prospective channel of women development, several NGOs are mushrooming in both rural and urban areas in Tiruchirapalli district. Informal information from the Associations of NGOs revealed that there are more than 200 NGOs in Tiruchirapalli district alone. It is also true that all of them are invariably working on various women development programme including SHG formation. As a result of competition among NGOs in forming SHGs, the NGOs are acting as a financial intermediary and extend credit. The process in which they form the group goes like this. Some representatives from the NGOs visit the target area either rural or urban, identify a few potential women, promise that they will be given loan at a lower interest rate compared to traditional money lenders and ask those women to identify 20 women from the area. Once they are identified they will be extended credit at the rate of say Rs. 2000

or Rs. 3000 per head with 24% to 36% interest. Attracted by these terms and conditions, several women in Tiruchirapalli urban have joined together in a group and claiming themselves as SHGs, though they are not strictly SHGs formed in the way in which they other SHGs are formed. Further, it is highly doubtful whether these groups would continue to exist after the credit needs are met.

This apart there are some development departments such as National Co-operative Union which aims at an integrated agricultural development, agricultural, horticultural and other department which also form SHGs under the Women Development Programme.

Of all these groups the Mahalir Thittam recognizes the first three groups and others are not recognized and accordingly they are not extended with any financial assistance.

## **Section II Description of the Sample NGOs:**

The features of districts could be understood in the first section. It is understood that the rural population are more than the urban population and similarly the female population is slightly higher than male. This trend in the composition of population rural and urban and male and female does not reflect the national picture. As there it is the reverse. Similarly the cropping pattern and other economic activities undertaken revealed that the district is predominant agrarian and scope of agro-based micro enterprises is better. In the second section the features of sample NGOs presented are found to be focusing on the issues of rural and urban poverty, gender, environment, health, savings and thrift and initiating micro enterprises. It could be underlined that the issues taken up by the NGOs through the micro finance intervention is holistic focusing on the overall development of the population. Thanks to the efforts of the sample NGOs. Having done this, the following chapters analyses the data collected from primary and secondary sources in order to assess the impact of micro financing on women.

### **ENVIRONMENTAL CONSERVATION GROUP [ECG]:**

ECG-Environmental Conservation Group has set forth its objectives in 1988 on World Environment Day, to promote environmental education between the student and general public sustainable management of natural resource of Tiruchirappalli district particularly and other environmentally fragile areas of Tamil Nadu. The Project Implementation Unit (PIU) of Tami Nadu Corporation of Women has been associating with ECG in monitoring the group activities

**Self Help Groups Formed by ECG under Mahalir Thittam.**

Name of the Block	Federation formed	Members of SHGs
Manikandam	11	440
Tiruverumbur	08	160
Corporation	10	296

**EDP-Entrepreneurs Development Programme**

Year	Sponsored by	Number of SHGs Women/Youth Trained
2002-2003	MATHI II	351
2002-2003	District Rural Development Agency	55
2002-2003	DRDA	110

**Society for Education Village Action and Improvement [SEVAI]**

Society for Education Village Action and Improvement- SEVAI was established on the 7<sup>th</sup> October 1975.

**OBJECTIVES**

The Primary object of the Society in Rural Development, which includes:

1. a) Awareness education and skill development for village youth.
  - b) Rural construction production, Technologies Agriculture, Agro-industrial and Appropriate Technology.
  - c) Health and Sanitation (Under Comprehensive Rural Health Services)
2. Building cost effective houses for homeless people with a community dimension.
3. To initiate and promote co-operation among individuals, organizations and Government agencies having similar objectives.
4. To educate the people in the principles of democracy without being involved in power politics and to develop an independent public opinion on all public issues unaffected by sectional and partisan considerations.
5. To help children, women, aged and the handicapped village folk through economic and social welfare programme.

6. To take up any comprehensive research programme and which is in line with the central theme of “Rural development”.

SEVAI have in the beginning to have focus and involve exclusively in the rural areas of Trichy, Karur, Nagapattinam and Erode District to bring about sustainable development. Each of the geographical areas is characterized by their own specific socio-economic and cultural diversities calling for localized and problem specific interventions. It has been an uphill task for SEVAI, controlling and surmounting the social, economic relatives within which the NGO sector is operating. However given these limitations, SEVAI has been endeavoring to explore various possibilities of becoming more relevant to the needs of the disadvantaged poor in four Districts where the Organization works. Since its inception having started with certain aims and objectives, the Organization has been on the one hand trying to relate its work to the aims and objectives enunciated and at the same times and respond to emerging trends and at the same relating to the original aims, objectives and philosophy of the Organization.

The key to development impact is to generate a movement from the micro intervention first at the village level followed by federation level. As such the strategy evolved by SEVAI has been to begin with the identified target community and involve the whole village. As such the communities are horizontally linked on account of micro level action, while the villages are linked vertically in terms of awareness and macro response. The methodology is focused to integrate people’s participation with increasing intensify from micro to the border level.

SEVAI started its involvement in children programme. Gradually the involvement broadened to address more fundamental problems in society, which have been the root causes of the problem of child labour. Hence even though starting with a child labour rehabilitation programme. The process entailed the generation of people’s movements on some issues like social housing, sanitation, drinking water, community health, credit, savings, income generation self-reliance and ecology encompassing the whole community. Disadvantages social groups such as de-notified tribes, scheduled castes fisherman and weavers have emerged as the main target population. In all these target groups the poorest of the poor such as artisans, agriculture laborers, small and migratory workers have been a natural option for SEVAI’s programme intervention.

Training should be given both to the staff and the villagers to make them understand the role of NGO and make them understand that executing the programmers is by sang ham and only technical support will be provided by SEVAI.

The past experiences of SEVAI have thrown up the following problems pertaining to building up of people's organization.

Long duration in bringing awareness and in forming Community based Organizations;

Variation in rapport building activities;

Lack of proper understanding about problems in the community;

Dependence on a few leaders in the community;

Lack of reflection on the programme at village level;

Too many requests to SEVAI and much dependence on SEVAI;

Lack of proper understanding about the strategy; and

Inconsistency in taking up the programmes, without seeing the sustainability of the on going programmes.

#### **NEW LIFE:**

New Life is registered by under societies Registration Act, 1860 with an objective economic sustenance of women by encouraging them to take up micro enterprises. Its issue for human development is

- 1) Extending micro credit to women to alleviate poverty.
- 2) Creating empowerment among the rural women.
- 3) Protecting the poor from the exploitation of moneylenders.
- 4) Assisting poor people to develop social and economic strength providing loans to poor women who could not offer collateral securities.
- 5) Providing basic infrastructure facilities such as sanitation, drinking water facilities, transport facilities, streetlight etc.
- 6) Breaking the cycle of poverty, which has been the fate of families for generation.
- 7) Strengthen and promoting voluntary efforts in rural development through building up of local leadership, local institution imparting training to workers particularly among the weaker sections.

- 8) Understanding and organizing study courses, lectures, meeting, conferences, seminars, discussions, exhibitions and promoting the object of the New Life.
- 9) Helping the farmer's particularly small marginal farmers, rural artisans and agricultural labourers by providing them integrated services, technology transfer facilities for increasing production and income.
- 10) Constructing model villages to organize model agricultural forms, joint-forming societies, cross-breeding farms, nurseries and helping the poor agriculturist by populating the social forestry, agriculture, horticulture, sericulture, poultry animal husbandry etc.
- 11) Starting and managing nutritional programmes for children, pregnant, lactating and other women.

As a policy, New Life lends only to a group of women who are matured enough to handle external credit. These groups of women are given adequate training periodically to manage their own collective savings as well as external credit. The loan sanctioned is disbursed through cheque . The repayments, which are normally short-run, are paid back in the same bank account of the organization. While the borrowing group retains a counterfoil, a copy of the receipt is sent by post to the organization along with a monthly monitoring statement. The MIS designed by the organization covers the receipts, payments, income earned, expenses incurred, interest and installment due and receipts. The credit decisions are taken after taking into account,

- The group savings level
- Repayments on their internal loan lent.
- Accounts keeping
- Group choiceness
- Ability to initiate and sustain various income generating micro enterprises
- Reports submission and
- Repayment past track record.

The Non Government Organization namely 'New Life' acts as a backbone fir the people living below the poverty line. The New Life is actively taking part in rural areas that too for the development of women by giving proper knowledge about the work which has to be carried out on their own. Having formed the group, the New Life (NGO)

supports them to save regularly, and open a bank account. When SHG initiated the programme, they did not have specific objectives. They did what New Life advised them to do, like identifying a trade and avail the loan facility.

**Peoples Development Initiatives [PDI]:**

People's Development Initiatives is one of the samples NGO that is working with the urban poor in Tiruchirapalli since 1996. Apart from the various activities undertaken on development, health, and environment, it has been working on women empowerment issues also. One of the underlining objectives of the organization is to empower women through economic and social freedom. It is in this connection they have guided the SHGs to form a group to mobilize savings. Accordingly as on date 40 groups have been formed who are engaged in both internal lending and also the running petty trades. The unique feature of this group is that they have not gone in for any external loan and they wanted to run the enterprises from the money mobilized through their savings rather than going for external borrowing. The NGO also educate them on the principle of independent running without borrowing. Though they are running petty trades like flower vending, sari sales, etc, the earnings that they realize is claimed to have been more than the wage earnings, which must have been the possibility if they don't have such enterprises.

**Church of South India [CSI]:**

Another sample NGO that is working in the urban area is CSI. It is a well-known Welfare Trust doing service to the society particularly on education. Recently this society has also expanded its services on women empowerment through SHGs. Unlike the other NGOs, which are either facilitating the SHGs to link with banks or function independently with their own savings or extend credit availed from the development banks or promotional institutions, this CSI do it differently. It extends credit on the foreign assistance received for the society with the interest rate, which is below the market interest, and facilitates the SHG members to have micro enterprises. The SHG women of this NGO are engaged in the activities of petty business such as running a mini hotel,

sweet stall, vegetable vending etc. The Mahalir Thittam for funding has not recognized the NGOs New Life, PDI and CSI.

The total number of SHGs formed in CSI was 28 with 484 members. They are distributed into 229 SC members, 200 BC members, 25 OBC members and the rest belonged to Other Community. They have availed loan from NABARD and the revolving credit of Rs. 1,50,000. Also they have succeeded in bank loan of Rs. 7,45,500 as loan for agriculture and business activities. These loans were not directly given to SHGs but through the NGOs. Apart from these the NGO also extended loan to the tune of Rs. 1,20,000. The Bridge Foundation has extended a total loan of Rs. 3,31,000 to 30 members. Altogether it was informed by CSI that a total of Rs. 27,55,500 has been disbursed as on March 2004. The recovery rate has been 100%. The groups had a total saving of Rs. 10,46,351 at the latest period. Nearly 45 members have attended EDP training from 10 groups. There are two male SHGs at present.

This chapter has brought out in detail the actual potential of the district in the first section followed by the sample NGOs and their objectives, goals and functioning. It is observed that the potential of the district could be well recognized by the NGOs as well as the Government Departments such as the Mahalir Thittam, DRDA and also the banks and accordingly programmes have been implemented suiting to the requirements of the population.

## **Chapter V**

### **Analysis and Discussion**

This chapter has three sections. The first section deals with the macro performance of SHGs on the basis of the secondary data, number of groups formed, savings done, loan extended etc at the national, regional, state and district levels, on the basis of the data furnished by NABARD, Tamil Nadu Corporation for Women Development and the sample NGOs. Section II analyses the primary data on the profile of SHG Households, profile of SHGs, Profile of Sample Enterprises, and the impact analysis through Empowerment Index and SWOT analysis.



## Section I

### Performance of the Micro Financing by Various Agencies:

#### National level Performance:

NABARD was the pioneer in conceiving the concept of SHG in India and also in implementing the SHG scheme to address the problem of poverty on the one hand and women empowerment on the other. Hence the, National level performance is analysed taking the NABARD data.

The NABARD came into existence in 1981. The commercial banks, co-operative credit institutions and Regional Rural Banks form an important segment of the rural financing system, which are helping in improving the monetisation in the rural economy through their functions in the rural areas.

There are many fold increase in the institutional share in total rural credit. The Khusro committee estimated that the demand for agricultural credit in 1999-2000 would be in the order of Rs. 1,10,873 crores

[Rs. 53,534 crores for short term and Rs.57, 339 crores for term loans and the supply of institutional credit would be Rs. 89,447 crores implying a short fall of Rs, 21426 crores.

Now days, the banks, government organisations and NGOs offer fund for several people in India. The functions and activities and credit schemes have had mounting impact to improving the standard of living as well as promoting economic growth by the way of this investment. However, except the women special credit schemes, there are several problems to reaching general shcnes to a large number of women. This may be due to most of the rural women are illiterates and they are not having sufficient awareness in this universe. Mostly the rural poor particularly women would otherwise not qualify for loans from formal institutions. That is why, the take collateral or security but micro credit from NGOs often enables poor women to participate in the social and economic development process. The micro credit is gives way to starting their entrepreneurial activities and businesses.

**Table 5.1 Regional Speard of SHGs in India Financed by Banks [Rs. In Million]**

Regions	Physical			Financial			Percapita SHG loan
	Cum.No.of SHGs Financed by Banks as on 31 March 2001	New SHGs Provided with Bank loan during April to 31 <sup>st</sup> Jan 2002	Cum.No.of SHGs Financed by banks as on 31 <sup>st</sup> Jan 2002	Cum.bank loan as on 31 <sup>st</sup> march 2001	Bank loan during 1 <sup>st</sup> April to 31 Jan 2002	Cum.Bank loan as on 31 Jan 2002	
Northern	9012	8256	17268	16.37	15.47	31.84	18438.7
North-Eastern	477	496	973	0.89	0.83	1.73	17780.06
Eastern	22252	9383	31635	19.01	12.08	31.10	9830.88
Central	28851	13656	42507	25.71	16.64	14.36	9730.16
Western	15543	3455	18998	24.63	7.67	32.30	17000.78
Southern	187690	71419	259109	394.24	149.67	544.21	21003.13
<b>Grand Total</b>	<b>263825</b>	<b>106665</b>	<b>370490</b>	<b>480.85</b>	<b>201.66</b>	<b>682.54</b>	<b>18422.6</b>

**Source: Savings Grace March 2002**

The regional spread of SHGs covered indicates that the Southern region continues to be in the forefront in terms of SHGs formed and linked with bank and north eastern region as usual lag behind in every respects. The methodology followed by the southern regions particularly Tamil Nadu and Andhra Pradesh may be applied to improve the performance of SHGs in other regions where the achievements are weak. The departments concerned may make thorough investigation of the lack of emergence of SHGs and a separate corporation such as the Tamil Nadu Corporation for Women Development may be established so that better response would forthcome.

The details of the NABARD in terms of various indicators reveal some obvious facts. The number of SHGs formed and assisted by NABARD has been on the increase and the proportion of women groups has been continues to be more than 90%. Refinance is done to nearly 500 banks and nearly 8 million families have been assisted as on March 2002 and it is increased further. Model wise it is observed that The SHGs formed and financed directly by banks constitute 16% whereas the SHGs formed by other agencies and funded by banks have been very high accounting for nearly 75%. The financing through the intermediaries specially NGOs has been less than 10 indicating that the third model is not very much popular among the participants.

The percentage of women SHGs assisted has been continuously showing an increase and maintained at 90% indicating that this programme has been targeting women basically. The participating institutions include the commercial banks, RRBs, and Co-operative Banks. The details of the performance of these banks over the years indicates that the commercial banks have accounted for othe least. Of the remaining the RRBs were in the forefront in the beginning years and later the Co-operative banks have taken the lead in extending credit to SHGs. The average loan per family and per SHG have shown an increase, the increse is nearly half for the SHGs.The NGO as facilitating agency models have accounted for the maximum which is true in this study also.

The SHG bank linkage is done both by public and private sector banks. It is observed in the table that the public sector banks have accounted for the maximum linkage except less than five to six percent by the private sector banks. Thanks to the initiatives of NABARD, which had made the public sector banks to reach the rural poor on the one hand and also the facilitated, the public sector to initiate a new market to use their surpluses productively.

**Table 5.2 SHG – Bank Linkage – Highlights in India (March 2000 to March 2002)**

**Rs. In Million]**

Items	Cumulative up to (March 2000 to March 2002)		
	March2000	March 2001	March 2002
No of New SHGs provided with	81,780	149,050	197.653

bank loan			
No. of SHGs provided with bank loan (cumulative)	144775	263,825	461,478
% of women groups	85	90	90
No of participating banks	266	314	444
i Commercial Banks	40	43	44
ii RRBs	165	177	191
iii Cooperative Banks	61	94	209
No of States / UTS	24	27	30
No of districts covered	362	412	488
No of partner agencies	718	1030	2155
Bank loan	1930	4809	10263
Refinance (cumulative)	1501	4007	7965
No of families assisted (in million)	1.9	4.5	7.8
Average loan/SHG (Rs)	16814	18227	22240
Average loan/family (Rs)	1016	1072	1316
Model-wise linkage (cumulative			
i SHG's formed and financed by banks	14%	13%	16%
ii SHG's formed by formal agencies and NGO's but directly financed by banks	70%	76%	75%
iii SHG's Financed by banks through NGO's	16%	11%	9%

Source: NABARD(2001-2002), "Ten years of SHG-Bank Linkage, Mumbai,Statement.

Of the three important sources through which SHG loan is extended, major source has been by commercial banks both by public and private sector banks have extended nearly Rs. 6, 009 million to SHGs in India.

**Table 5.3 SHG Bank Linkage –Physical and Financial Progress of Commercial Banks [Rs. In Million]**

Commercial Banks	Cumulative No of SHGs provided with bank loan up to 31 <sup>st</sup> March 2001	Number of SHGs Provided with bank loan during 1 April 2001- 31 <sup>st</sup> March 2002	Cumulative No of SHGs provided with bank loan upto 31 <sup>st</sup> March 2002	Bank loan distributed during 1 April 2001 to 31 <sup>st</sup> March 2002	Cumulative Bank loan disbursed upto 31 <sup>st</sup> March 2002
Public Sector Banks	118.855 (95.66%)	146.956 (97.97%)	265.811 (96.92%)	2887.29 (94.94%)	5,629.03 (93.67%)
Private Sector Banks	5,391 (4.34%)	3,045 (2.03%)	8,436 (3.08%)	154.01 (5.06)	380.04 (6.32%)
Grand	124.246 (100%)	150.001 (100%)	274.247 (100%)	3,041.30 (100%)	6,009.07 (100%)

**Source:** NABARD (2001-2002), “Ten years SHG-Bank Linkage”. Statement IV Pp 15 to 16, Mumbai

The public sector mostly includes the State Bank of India and all the nationalized commercial banks. It is pleasant to note that the SHG and other forms of micro financing has been increasingly supported by public sector banks as they accounted for more than 95% of the total banks.

**Table 5.4 Expendable Fund Support for Credit Delivery Innovations Details [ Rs]**

<b>Tamil Nadu</b>	<b>No of SHG's</b>	<b>District are covered</b>	<b>Amount Sanction</b>	<b>Amount Disbursed</b>	<b>SHG's Provided</b>	<b>SHG' Financed</b>
Self Help for Health and Rural Development	500	Tricy	74,7000	23,7200	279	205(1157)
Mahalir Association for Literacy Awareness and Right	250	Kanya kumari	93,000	46,000	266	22(2091)
Thirumalai Charitable Trust	250	Vellore	29,3000	145,400	151	100(1454)
DHAN Foundation	1100	Madurai	33,00,000	882,400	1100	798(1106)
Sarada Annai Rural Reconstruction and Development Association	50	Ramanathapuram	81,000	34,200	50	38(900)
People's Reconstruction Movement	100	Dharmapuri	1,00,000	20,000	100	47(426)
Nehru Ilaingar Mandram	100	Ramanathapuram	1,85,000	18,500	55	-
Sri. Kannabiran Educational and Charitable Trust	50	Ramanathapuram	80,000	8000	-	-
Rural Development Mission	100	Dindigul and Theni	1,50,000	-	-	-
Association for Integrated Rural Development	90	Ramanathapuram	1,32,000	26,400	-	-

Twinkling Organization for rural community health	100	Tirunelveli	1,45,000	14,500	-	-
<b>State Total</b>	2690		5,306,000	1,432,600	2,001	1,210(1184 )
All India Total	53679		67,321,600	27,846,820	36,458	16,312

**Source:** NABARD (2001-2002), "Ten years of SHG Bank Linkage; Statement X,

Mumbai.

NABARD extends the refinance and also other support. The various agencies to which NABARD has extended support in Tamil Nadu is given in the above table. Nearly 2690 SHGs were identified in various districts of Tamil Nadu of which in Tiruchirapalli it is 500 groups. Of the actually financed 1210 SHGs only 205 SHGs could receive NABARD's support from Tiruchirapalli.

<b>Name of the Districts</b>	<b>Cumulative No of SHGs provided with bank loan upto 31 March 2002</b>	<b>Cumulative Bank loan disbursed upto 31 March 2002</b>
Coimbatore	611	12.74
Cuddalore	1841	51.86
Dharmapuri	6359	382.67
Dindugal	2384	74.42
Kancheepuram	2694	72.02
Kanyakumari	3415	81.47
Karur	1007	16.59
Erode	827	21.64
Madurai	3275	161.75
Theni	320	15.10
Nagapattinam	2727	52.41
Tiruvarur	2256	53.25
Nilgiris	160	3.37
Pudukkottai	1328	54.08
Ramanathapuram	3289	93.26
Salem	2107	59.07
Namakkal	1913	64.76
Sivagangai	3107	138.99
Thanjavur	1422	30.01
Trichy	4318	65.84
Perambalur	387	12.38
Tirunelveli	3714	99.70
Tiruvallur	435	9.85
Thirvanamalai	1557	32.01
Tuticorin	3114	140.72
Vellore	2606	87.07
Villupuram	3006	61.67
Viruthunagar	2530 104	77.83
<b>State Total</b>	<b>62709</b>	<b>2026.71</b>



## **District Wise Performance of SHGs in Tamil Nadu by NABARD**

**Source:** NABARD (2001-2002), “Ten years of SHG Bank Linkage; Statement X, Mumbai.

It is observed from the table 5.5 that Dharmapuri stood first in getting maximum loan from NABARD and also in terms of number of groups formed in Tamil Nadu as per the NABARD refinance. Moreover same picture has been observed with other agencies except a slight change. The other districts, which have prominence in refinance benefit, include Madurai, Tuticorin, and Sivagangai etc.

**Current Performance of NABARD:**

With over 11 million poor households accessing banking services including micro-credit through their 700 thousand SHGs, the SHG-Bank Linkage programmes led by NABARD in India is now the largest and fastest growing micro-finance programme of the world in terms of its outreach. Today, over 2800 NGOs and 30,000 branches of 500 banks are associated with the programme making it the most cost effective micro-finance initiative as well. Thanks to the economies of scale involved.

Considering the need for upscaling micro-finance intervention in the country, a Micro-Finance Development Fund has been set up in NABARD through initial contributions aggregating Rs. 100 crore [approximately 20 million in U.S dollars] from RBI, 11 public sector commercial banks and NABARD. NABARD has further contributed Rs. 6 crore from its surpluses to the fund. Such augmentation of funds for micro-Finance Development will go a long way in furthering the cause of banking with the poor. As part of the strategy for wider consultation on the operational aspects relating to governance and management of the Fund, NABARD has been consulting the Contribution to the fund on a regular basis.

?? During fiscal ending March 2003, 2, 55,882 new SHGs were provided credit by the banks under the SHG-Bank Linkage programme

- ?? During the year, Rs.10,223 million [211US\$ million] were disbursed by banks as loans to SHGs. Against this, the banks claimed Rs. 6.233 million [130 million US\$] as refinance from NABARD.
- ?? Cumulatively 717,350 SHGs are now credit linked with different banks as on 31<sup>st</sup> March 2003.
- ?? Cumulative disbursed to SHGs as on March 31<sup>st</sup> 2003 stood at Rs. 20487 million [427 million US\$].
- ?? More than 12 million poor households have gained access to the formal banking system through the SHG-bank linkage programme as on March 2003.
- ?? More than 90% of SHGs have exclusively women members
- ?? On-time Repayment of bank loan was above 95% from SHG members.

The significant success of the programme was due to the active involvement of:

- ?? Over 2800 SHGs
- ?? Over 30,000 branches of 500 banks
- ?? Policy support from Government of India, RBI and State Governments
- ?? Development Policy initiatives and capacity building of the partner agencies by NABARD

SHG-bank linkage programmed covered over 500 districts in 30 States and UTs. NABARD has provided upto March 2003 a Revolving Fund Assistance [RFA] of Rs. 180 crores [3.75 million US\$] to 29 NGOs. SHGs Federations and credit unions, for on lending to SHGs and to build their financial intermediation capabilities. Over 30,000 bank officials including faculty members of training establishments of banks were trained by NABARD in micro Finance during 2002-03. Cumulatively, over 80,000 bank officers and 1200 faculty members of training colleges of banks have been trained by NABARD. Cumulatively about 14,000 participants from lesser experienced NGOs in mF have been trained by NABARD in association with experienced NGOs [ [www:nabard.org](http://www.nabard.org), 2004].

Another important source through which SHGs are extended with loan is co-operative banks. In the North India the co-operative movement is very successful and hence most of the loan is routed through the co-operative banks. But in Southern India it is the reverse and hence the contribution of co-operative banks is very minimal. This has

been analysed in the following table furnishes the progress fo co-operative banks in Tamilnadu state. Next commercial banks and RRBs, co-opertive banks extend considerable credit to the SHGs. In fact in Northern part of India, the role of co-operative banks is supporting the poor and SHGs more than others. In Tamil Nadu, as high as Rs. 794.88 million have been lent by various District Co-operative Banks.

**Table 5.6 SHG Through Co-operative Banks Upto 31st March 2002 [Rs. Million]**

	Cum.No.of SHGs provided with Bank loan up to March 2001	No. of SHGs provided with during Bank loan up to 1 <sup>st</sup> April 2001 to March 2002	Cum.No.of SHGs provided with Bank loan up to March 2002	Bank loan disbursed during 1 <sup>st</sup> April 2001 to March 2002	Cum. Bank loan disbursed up to March2002
Dharmapurai DCCB	364	552	916	7.026	90.36
Kumbakonam DCCB	305	767	1072	11.16	13.46
Cuudalore DCCB	20	322	342	5.19	5.46
Ramnad DCCB	24	283	307	5.37	5.83
Madurai DCCB	2	12	14	0.72	0.89
Dindugal DCCB	164	222	386	2.70	4.31
Tirunelveli DCCB	4	-	4	-	0.20
Tiruvanamallai DCCB	-	256	256	5.29	5.29
Nilgris DCCB	-	15	15	.35	0.35
Kanchipurram DCCB	37	77	114	1.46	2.22
Kanyakumari DCCB	-	40	40	1.26	1.26
Sivagangai DCCB	-	69	69	1.25	1.25

Trichy DCCB	143	863	1006	11.64	12.37
Pudukkottai DCCB	15	369	384	9.93	10.38
Tanjavur DCCB	-	607	607	11.89	11.89
Villuppuram DCCB	-	70	70	1.61	1.61
Virudhunagar DCCB	77	676	453	21.92	24.54
Total	1155	4900	6055	162	191.67
All India Total	12773	27133	39906	520.73	794.88

**Source:** NABARD (2001-2002), "Ten years SHG-Bank Linkage". Statement IV Pp 15 to 16, Mumbai

The data on the linkage made by the RRBs in the State of Tamil Nadu and Pondicherry given in the above table indicates that in terms of number of SHG formed, Tamil Nadu and Pondi account for 11.26% and in terms of the loan extended, accounted for 15.94%. It is to be appreciated that of the 30 states Tamil Nadu and Pondicherry alone accounts for nearly 16% of the loan and more than 10% of the SHGs.

**Table 5.7 SHG-Bank Linkage-Physical and Financial Progress of Participating Regional Rural Banks [Rs. Mn]**

<b>Region</b>	<b>Cumulative No. of SHG's Provided with bank loan upto 31<sup>st</sup> March 2001</b>	<b>Number of SHG's provided with bank loan during 1 April 2001 – 31<sup>st</sup> March 2002</b>	<b>Cumulative No of SHG's provided with bank loan upto 31<sup>st</sup> March 2002</b>	<b>Bank loan distributed during 1 April 2001 to 31<sup>st</sup> March 2002</b>	<b>Cumulative bank loan distributed up to 31<sup>st</sup> March 2002</b>
Tamil Nadu and Union Territory	8,507 (10.03)	9,250 (11.26)	17,757 (9.41)	302.10 (15.94)	479.71 (13.86)

of Pondi					
All India	84.775 (100)	82.137 (100)	188,738 (100)	1,859 (100)	3,459.44 (100)

**Source:** NABARD (2001-2002), "Ten years of SHG-Bank Linkage". Statement V-Pp.17 to 26.

The state level performance by districts in terms of blocks covered, groups formed, number of women enrolled and the number of women enrolled for SHG loan and the total savings reveal that almost all the 385 blocks in 29 districts were covered with an average number of 5225 groups formed as on March 2003. The State as a whole is able initiate 2573634 SHGs during March 2003. The district wise information revealed that Villuppuram districts receives the first position accounting for 4.9% of the groups formed, 5.58% of the women enrolled and 6.25% of the total savings. Kancheepuram and Coimbatore respectively were placed second and third ranks in terms of groups formed and Dharmapuri and Kancheepuram accounting respectively of 4.6% and 4.43 % of the women enrolled and accordingly received the second and third positions next to Villupuram. In all these performance indicators, Tiruchirapalli district has got the eleventh position as far as the Tamil Nadu Corporation for Women Development data is concered. Further taking the total savings there is a slight change as Coimbatore and Ramnad have been placed in the second and third ranks respectively accounting for 5.85 and 4.83 percent of the total savings made.

**Table 5.8 Block wise distribution of female population, SC/ST population and the percentage of SHGs to female and SC/ST population in Tiruchirapalli district.**

Block name	Total female population	%	No. of BPL HHDS	%	No. of SC/ST BPL HHDS	%	Total no of SHGmembers	%	SC/ST SHG members	%	Average SHG/FP*100	SHG/BPL *100	SHG SC/ST/BPL SC/ST*100
Andanallur	36140	5.97	7053	8.41	2650	8.59	7145	10.51	4675	17	19.77	101.3	176.41
Manachanallur	52965	8.75	8956	10.68	2520	8.17	3927	5.81	2051	7.47	7.41	43.84	81.38
Manikandam	34469	5.69	6448	7.74	2586	8.38	6554	9.7	2470	8.99	19.01	101.01	95.51
Tiruverambur	48733	8.05	7803	9.3	2403	7.79	3631	5.4	2045	7.44	7.45	46.53	85.1
Manapparai	41698	6.89	3861	4.6	1587	5.14	6419	9.5	1510	5.49	15.39	166.25	95.14
Thuraiyur	47092	7.78	5263	6.29	1814	5.87	4613	6.83	1891	6.88	9.79	87.64	104.24
Thottiam	47761	7.8	8290	9.88	2508	8.13	6409	9.48	2050	7.46	13.41	77.31	81.73
Lalgudi	52709	8.71	8241	9.83	2528	8.19	6110	9.04	4464	16.25	11.59	74.14	176.58
Pullambadi	37758	6.23	5244	6.25	1357	4.4	3227	4.77	1079	3.92	8.54	61.53	79.51
Marungapuri	47387	7.83	4369	5.21	1367	4.43	5129	7.58	1449	5.27	10.82	117.08	105.99
Vaiyampattai	39491	6.52	3487	4.4	1027	3.33	5261	7.78	1449	5.27	13.32	150.87	141.09
Thathaiyangaripetti	35484	5.86	4052	4.83	1038	3.36	2241	3.32	493	1.79	6.31	55.3	47.49
Musri	45092	7.45	6997	8.34	2348	7.61	2454	3.63	303	1.1	5.44	35.07	12.9
Uppilpalayam	38485	6.36	3764	4.48	1553	5.03	4457	6.5	1541	5.97	11.58	118.41	99.22
Total	605264	100	83868	100	30852	100	67577	100	27470	100	100	100	100

**Table 5.9 District wise Rural-Urban SHGs of Mahalir Thittam in Tamil**

**Nadu**

District	Groups formed		Rural-urban ratio	Women Enrolled		Rural – urban ratio	Group savings		Rural urban ratio
	R	U		R	U		R	u	
Viruthunagar	3413	934	4:1	60837	17041	4:1	911.30	245.34	4:1
Villuppuram	6672	752	9:1	12904	14629	9:1	2269.5	189.92	9:1
Vellore	3938	522	9:1	3	8489	9:1	0	50.46	9:1
Trichy	4587	1335	4:1	65742	21905	4:1	1178.1	286.87	4:1
Thoothukudi	3465	940	4:1	74890	17121	4:1	9	220.35	4:1
Thiruvavarur	4902	513	9:1	60903	8963	9:1	1023.4	126.78	9:1
Thiruvallur	4418	778	9:1	86792	12231	9:1	6	113.48	9:1
Theni	2591	1313	7:3	69720	20714	3:2	905.35	223.94	7:3
Tanjavur	6058	747	9:1	41779	12758	9:1	1288.3	159.85	9:1
T.velli	4773	2151	7:3	10260	40152	7:3	5	448.80	7:3
T.v.malai	4941	413	9:1	6	7573	9:1	1130.6	58.58	9:1
Sivagangai	3424	472	9:1	85011	8628	9:1	9	105.81	9:1
Salem	4785	1302	4:1	85292	21397	4:1	459.18	283.40	4:1
Ramnad	3640	735	4:1	57623	13971	4:1	1321.7	251.90	9:1
Pudukkottai	4498	352	9:1	80554	5996	9:1	5	76.42	9:1
Perambalure	3673	256	9:1	66752	4372	9:1	1170.9	41.80	9:1
Nilgiris	2103	1414	3:2	74314	21995	3:2	3	304.22	1:1
Namakkal	3438	982	4:1	60862	16751	4:1	683.90	302.50	4:1
Nagapattina	5460	666	9:1	33435	10802	9:1	889.43	188.12	9:1
m	3688	781	4:1	60125	14886	4:1	1446.3	221.12	4:1
Madurai	3025	468	9:1	90954	6304	9:1	5	73.57	9:1
Karur	2954	3075	1:1	72652	58275	1:1	1649.3	798.71	1:1
Kanyakumari	4997	2339	7:3	42171	33705	7:3	5	223.15	4:1
Kancheepura	5232	1847	7:3	55176	27326	7:3	977.18	334.90	7:3
m	3375	745	4:1	80144	11352	4:1	673.00	135.12	4:1
Erode	5460	439	9:1	74874	8307	9:1	375.95	380.85	9:1
Dindugal	5157	1002	4:1	50765	19463	4:1	1273.8	387.07	4:1
Dharmapuri	4347	2807	3:2	10105	41608	3:2	0	417.40	7:3
Cuddalore	0	2449	0:10	2	42224	0:10	1257.3	174.63	0:10
Coimbatore				99014			7		
Chennai				60614			1137.6		
				0			2		
							644.31		
							879.12		
							1093.1		
							4		
							856.34		
							545.76		
							3771.7		



							0		
							1903.7		
							0		
							822.03		
							0		

The rural urban ratio of SHGs formed, women enrolled and group savings accumulated district wise in Tamil Nadu by the Mahalir Thittam SHGs has been calculated to analyse whether the objective of prioritizing of rural over urban is given. It is observed in table 5.9 that in terms of groups formed, women enrolled and group savings for various districts that Chennai being the capital and metro city have only urban groups. In certain other districts in which the rural and urban groups are either in same proportion or relatively in higher proportion compared to other districts include, Nilgris, Kanyakumari, Coimbatore and Theni. In all the other districts it is in the rural areas the numbers of groups formed and women enrolled etc are more than urban areas. This confirms to the fact that the Mahalir Thittam is moving in right line of capturing and prioritizing the rural followed by urban. It also indicates that in rural areas the intensity of poverty is more and more women are coming forward to SHGs to attack poverty. Credit goes to the NGOs of the respective villages in each district in assisting the women to form group and also facilitating them to avail external formal credit.

### **District Level Performance:**

Taking the Mahalir Thittam data of Tamil Nadu Women Development Corporation Ltd has seen this district level performance. It has been analysed taking the BPL SC/ST population. Further NGO wise, block-wise analysis have also been made.

The relationship between below poverty line [BPL] and the SHG has been analysed taking block-wise and panchayat-wise data on population, BPL households are concerned, it is found that nearly 13.5% of them are below poverty. The poverty is more pronounced among SC/ST as it is 21.35%. SHGs are primarily formed among poverty households, as the very objective of SHG is to eradicate poverty and hence the BPL households must be attended first. In the sample district, 5.96% of the BPL households are covered under SHG and block-wise, it is slightly more at 80%. In fact in rural areas, these poverty alleviation programmes are more vigorously addressed than elsewhere. In the town panchayats, only 50% of the BPL households could be covered by SHGs. In the Municipal Corporations and Town Panchayats the percentage of BPL households covered are only one quarter. Taking the population and total number of SHGs, it is observed that in both blocks and town panchayats, more than 100% of the SC/ST BPL households has been captured. However, the SHGs covered to total population have been very low which is just 5.9%.

The block-wise information on total female population, BPL households, BPL SC/ST households, the percentage of SHGs women to total population etc. It is observed that Manachanallur, Lalgudi and Thiruverumbur blocks accounted for first second and third positions respectively of female population. In terms of BPL households, the Manachanallur blocks continue to be in the first place and Thottium and Lalgudi respectively getting the second place. The percentage of SHG households covered to female population block-wise explains that in Andhanallur and Manikandam blocks nearly 20% of the BPL households were covered, followed by Manapparai with 15.36%. On the other hand, the percentage of SHG households covered to BPL households explains that Manapparai, Vaimpatti and Uppliapuram have received the first second and third places respectively in the percentage of BPL households participated in SHGs. In fact in Manapparai blocks more than 166% of BPL households are covered. The percentage of SC/ST to total households revealed that the SHGs have covered more than

175% in two blocks namely in Andanallur and Lalgudi block, followed by Vaimappatti block. Hence, as far as SC/ST households are concerned, the SHGs formed are more than proportionate to the BPL households of the SC/ST BPL households.

The block-wise distribution as per the Mahalir Thittam data explains that Marugapuri, Manapparai, Manachanallur and Musiri have relatively getting the first second third and fourth positions respectively in Tiruchirapalli district, which are mostly economically backward areas. NGO wise it is observed that Gramalaya, SEVAI, EGC and Gramodaya are in the order of four ranks with more number of SHGs. considerable number of SHGs more than 500 say SEVAI, Gramalaya and Gramodaya. Others have only less than 500 SHGs. The average number of SHGs per NGO has been 309 SHGs. However, there are NGOs with less than 50 SHGs, which may be late starters. Further it is observed the women covered by the NGOs on an average has been 5072, with an average per capita saving of Rs. 50.44 lakhs and per NGO the average saving has been Rs. 14.266 lahs which is really a considerable amount. Thanks to the efforts of NGOs and SHG members. Had this not been saved by the SHGs with the initiatives of NGOs, in the absence of saving concept through SHG, this saving would not have been realized and invested in economic activities.

The trend in terms of number of SHG, women covered, total savings and the percentage of groups covered, the per capita savings and per group savings as per Mahalir Thittam data NGO wise in table 5.10 indicates that the first five NGO in the order of ranking which continued to show better performance compared to other NGOs are SEVAI, Gramalaya, Gramodaya, ECG and Care except a slight change in the women covered and groups formed, the third position has gone to fourth placed.

**Table 5.10 NGO wise SHG formed, women enrolled and the per capita savings in Tiruchirapalli**

SL	Name of the NGO	Total SHGs	No.of women	Total Savings	%	Percapita Savings	Percapita Group

No.			covered	(In'000s)			Savings
1.	SEVAI	914	16683	196.67	22.93	1178.86	21517.50
2	LEAD	326	4983	50.22	5.86	1007.82	15404.90
3.	AFDORP	123	2037	14.47	1.69	710.35	11764.22
4.	ECG	492	8138	97.50	11.37	1198.08	19817.07
5.	MPEVDS	98	1417	15.82	1.84	1116.44	16142.85
6.	KLA	69	1259	13.17	1.54	1046.07	19086.95
7.	GRAMODAYA	560	8831	82.92	9.67	938.96	14807.14
8.	VINMATHEE	95	1425	0.34	0.04	23.86	357.89
9.	CASA	184	3048	25.55	2.98	838.25	13885.86
10	UDAYAM	150	1957	16.31	1.90	833.42	10873.33
11.	GRAMALAYAM	829	13342	137.67	16.05	1031.85	16606.75
12.	ANSA	213	3611	33.04	3.85	914.98	15511.73
13.	CARE	470	7536	75.28	8.78	998.94	16017.02
14.	AHIMSA	38	625	5.09	0.59	814.40	13394.73
15.	NEWLIFE	96	1519	9.69	1.13	637.92	10093.75
16.	SCOPE	227	3648	27.39	3.20	750.82	12066.07
17.	RCET	372.	6176	56.45	6.58	914.02	15174.73
	<b>Total</b>	<b>5256</b>	<b>86235</b>	<b>857.58</b>	<b>100</b>	<b>14955.04</b>	<b>242522.49</b>
	<b>Average</b>	<b>309.17</b>	<b>5072.64</b>	<b>50.44</b>		<b>879.70</b>	<b>14266.02</b>

The NGOs with large number of groups may not necessarily exhibit higher per capita savings per member per groups, as it depends on the amount saved, the income and general economic conditions, availability of regular income, employment etc. Hence there is a change in the ranking when taking per capita saving and per capita group savings. SEVAI which stood first in terms of group and per capita savings, but when per capita saving is taken, it is the ECG followed by SEVAI. Similar is true with other NGOs namely SEVAI, EGC, Gramalya have continuously been figuring in the first five positions of various indicators. The lower per capita group saving is an indication that the

particular NGO has covered large number of BPL households. In that respect, EGC, SEVAI of this sample NGO have covered more BPL households than others.

From the above description of the performance of micro-financing at the National, State and district level indicates that there is a continuous progress in the number of groups formed, amount extended as credit and number of banks expanding their operation to SHGs etc are steadily progressing indicating the success of micro finance capturing the credit needs of the rural poor particularly women.

The secondary data analysis revealed the following:

- ?? As per the NABARD data, the national level performance showed that the Southern region continues to be in the fore front and the north-eastern lagging behind with lower number of SHGs, women enrolled, savings done etc.
- ?? The percentage of women groups covered by NABARD has been more than 90%
- ?? The RRBs lead in the beginning with highest amount of loan but it was later the co-operative banks. The Commercial banks did the least.
- ?? The public sector banks did taking the public and private sector banks, more than 90% of the assistance.
- ?? District wise performance for Tamil Nadu as per NABARD data revealed that Dharmapuri was in the forefront with larger number of groups, women enrolled, per capital savings, group savings etc, followed by Madurai, Tuticorin etc.
- ?? The state level performance in terms of Mahalir Thittam of Tamil Nadu Corporation for Women Development revealed that the co-operative banks have extended support in which the District Co-operative Bank of Dharmapuri stood first, followed by Kumbakonam, Virudhunagar and Thanjavur.
- ?? As per Mahalir Thittam data, the district level performance in terms of number of groups, women enrolled, savings done etc, Tiruchirapalli has been in eleventh position. Villupuram stood first followed by Kancheepuram and Coimbatore.

- ?? The ratio analysis of rural to urban in terms of SHGs formed, women enrolled, per capita savings, per group savings etc revealed that Chennai has been completely urban and in certain districts like Nilgris, Kanyakumar, Theni and Coimbatore, the urban groups were more than rural. In all the other districts and in total, the rural has been more than urban.
- ?? The district wise performance of Tiruchirapalli indicated that only less than 50% of the SC/ST households under BPL categories could be covered. The BPL households in the district has been 21.35% and only 5.9% of the BPL households in total could be captured by Mahalir Thittam SHG programme. Hence there is a long way to go to alleviate poverty through the micro financing and SHG.
- ?? NGO-wise, as many as 17 NGOs were recognized by Mahalir Thittam, but only five NGO namely SEVAI, Gramalaya, Gramodaya, ECG and Care could account for more percentage of groups formed, women enrolled, savings mobilized etc, BPL households covered etc.

From the secondary data analysis it could be stated that the micro financing under the banner of SHG, intervened through the NABARD, Mahalir Thittam of Tamil Nadu Corporation for Women Development, Banks, NGOs etc, have succeeded in inculcating the regular savings habits and also induced them to use their own savings for lending, initiating micro economic activities etc. However, not the entire suffers population of BPL households, SC/ST and other economically disadvantaged group was covered. It has to be done.

## **Section II**

### **Analysis of the Primary Data**

This section is devoted to analysed the primary data collected from 110 SHG women from 90 SHGs from various parts of the Tiruchirapalli district including Lalgudi, Manachanallur, Musiri, Thottaiaam, Tiruchirapalli and Thiurverumbur blocks. The analysis is done in order of bringing [I] the profile of SHG households [ii] Profile of SHGs [iii] Profile and performance of economic activities undertaken by the SHGs [iv]

Impact analysis on economic, social and other aspects, measured in terms of Empowerment Index and SWOT analysis.

It is true that the SHGs since the inception have been formed following different approaches though the ultimate objectives are the same. The SHGs are generally formed by the NGOs as facilitating agencies right from the pioneer effort of Mohammad Yusuf in Bangladesh and the Grameen Bank in 1975. However, realising the significant contribution of the SHG concept several other agencies including banks, welfare trusts, co-operative unions and the women or members of the community themselves have initiated efforts to organise and form SHGs. Accordingly, the NGO facilitated groups though still are dominating; there are other agencies, which also involve in promoting SHGs.

It is observed by National Bank for Agriculture and Rural Development [NABARD] that there are three prominent groups, which are either NGO facilitated, or intermediated, and directly formed by Banks. In the first category, the groups are formed by the NGOs and they are linked to banks to avail the loan and as such the NGOs act as facilitators. On the other hand, in the next model of NGO intermediated, the NGOs themselves play a catalyst role in forming and organising groups and also arranging for credit. The third category is directly formed by banks and the groups are also linked with the groups. In this study another two categories are identified formed by National Co-operative Union [NDU] and another is self-supported by the SHG members themselves. The former SHGs are formed as a part of the integrated farm development wherein farmers clubs are predominantly involved in undertaking various awareness and development programmes.

Women Development is also one of the components of this integrated development programme in which SHGs are formed. However it was reported by the National Co-operative Union that the Mahalir Thittam Project of Tamil Nadu does not recognise these group as eligible group to avail the assistance from the state government project. The latter category of SHGs which is formed and run by SHG members themselves with guidance of NGOs on the rules and regulations to be followed. They are labelled as self-supported SHGs. The SHG members decide the saving and the disbursement to various groups. They extend credit among the group members out of

their savings without getting any assistance from banks or other external agencies. This group may be expected to be sustaining in future. However, the amount extended may be too small and hence there is limited scope for expansion.

### I. Profile of SHG Households

Distribution of the SHGs model wise is given in table 5.11. It is understood from the distribution of the sample that NGO facilitated model are the maximum in number, which is true in the Universe and also as per the NABARD data. These Models would be labeled as A, B, C, D and E in the subsequent sections. Model A denotes that the banks form the SHGs and directly assisted the banks.

**Table 5.11 Model-wise Distribution of sample SHGs in Tiruchirapalli**

Models	No.of SHGs		Rural	Urban
Directly Bank Linked Model [A]	10	9.1	10	-
NGO Facilitated Model [B]	54	49.1	29	25
NGO Intermediated Model [C]	40	36.4	25	15
NGO guided but Self-supported [D]	5	4.5	-	5
Completely Self-Supported [E]	1	0.9	1	-
Total	110	100	65	45

Model B indicates that the groups are formed by NGOs or other SHPI and they to establish a linkage with bank facilitate them. Model C denotes that the banks may not be in a position to link and extend loan directly and therefore it will give it to the NGOs and ensure that the loan reaches the groups through NGOs. Such type of models is brought under Model C. Model D is formed and guided on identification of trades etc by the NGOs but SHGs did not seek any assistance from external sources but use only their group savings for lending for all purposes. Model E is formed and run by the women themselves, without any guidance neither from NGOs nor from banks. They did not go for any loan also. It is observed that the distribution of the sample units explains that



nearly half of the sample SHGs is NGO facilitated. Another 36% are NGO intermediated and hardly one tenth of the SHGs are formed directly by banks. The sample SHGs is drawn randomly and this distribution strictly reflects the universe also. Another fact is that in the sample area of Tiruchirapalli district. A few NGOs namely SEVAI, Gramalaya, ASA, Scope etc were working for more than a decade. The women development project under Mahalir Thittam came recently to support the SHGs exclusively. Atleast part of the SHGs formed and existing in the district mainly with the above NGOs have been handed over to Mahalir Thittam [Women Project] of Tamil Nadu Government. These groups have already well established in the aspects of savings and thrift and hence these groups are fortunate enough to get all assistance extended by Mahalir Thittam. The rural urban distribution says that roughly 60% has been in rural areas and the rest are found in urban areas.

**Table 5.12 Model wise distribution of the Sample Respondents by Community**

Communitiy	A	B	C	D	E	Total	Petrcentage
OC	0	3	3	-	-	6	5.5
BC	6	34	27	-	1	68	61.8
MBC	2	13	3	-	-	18	16.4
SC	2	3	7	5	-	17	15.5
ST	-	1	-	-	-	1	0.9
Total	10	54	40	5	1	110	100

Table 5.12 explains the commmunity wise details by various models of the SHGs. It is observed from the table that majority of the NGO facilitated and intermediated SHGs belong to backward community. Only very negligible SHG members are either Scheduled Castes or Scheduled Tribes. On the other hand, none of the directly formed or self-supported group members are from ‘other community’, which is supposed to be socially forward communities in Tamil Nadu. Next to Backward Communities, Most Backward Communities [MBCs] or Other Backward Communities [OBCs] also constitute a considerable percentage. This may be due to two reasons. [i] Though SHGs are for below poverty line households, the NGOs in this area facilitated and intermediated groups in the beginning were formed without strictly ahereing to the

rule that they must be below poverty line. Hence whoever responded and came forward with homogeneity of interests were admitted and encouraged to form the group. It is also true that poverty is more pronounced only between the SC and STs. The backward communities in the sample area are also equally vulnerable and poverty ridden particularly muthuraja, and some gounder communities who are demanding the state government to declare them as most backward communities. These communities in the sample area are mostly migrated from neighbouring district in search of occupations and eventually settled in this area.

**Table 5.13 Model wise distribution of the Respondents.by Occupation**

Occupation	Pre SHG							Post SHG						
	A	B	C	D	E	T	%	A	B	C	D	E	Total	%
Agri.Labrs.	3	3	2	-	1	9	8.2	2	-	-	1	-	3	2.7
Small Farmers	-	1	-	-	-	1	0.9	-	1	-	-	-	1	0.9
Marginal Farmers	-	1	-	-	-	1	0.9	-	-	1	-	-	1	0.9
Non-Farm Labourers	1	5	1	-	-	7	6.4	-	4	3	-	-	7	6.4
Self Employed in Agri.	-	7	9	1	-	17	15.5	3	9	9	-	-	21	19.1
Self Employed in non Agri	1	6	6	-	-	13	11.8	3	25	18	2	-	48	43.6
Member-SHG	-	-	-	-	-	-	-	2	10	8	2	-	22	20
Others	1	8	2	2	-	13	11.8	-	5	1	-	1	7	6.4
House Keeping	8	18	21	2	-	49	9.1	-	-	-	-	-	-	-

Total	10	54	40	5	1	110	100	10	54	-40	5		110	100
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Table 5.13 brings out the primary occupational details of the SHG members by various model. It is observed that the main occupation of the SHG member households are agricultural related either labour or farming or self-employed. But a considerable percentage of them in NGO facilitated and intermediated categories have claimed SHG membership and the associated activities as their main occupation. Another dominant group is self-employed in non-agricultural occupations indicating that these SHG women households had their employment in non-agricultural sector predominantly. In agricultural labour occupation only an insignificant percentage were found which indicates that the sample SHG households are not really a vulnerable wage-earning group suffering from seasonal nature of employment and acute poverty. The pre and post SHG situation clearly indicates that the percentage of members who were housekeepers alone has disappeared in the post SHG. Next to this, the percentage of women in non-farm activities has shown a remarkable increase. In all the other categories the change is negligible.

**Table-5.14 Model wise Distribution of Sample respondents by Education**

Education	A	%	B	%	C	%	D	%	E	%	Total	%
Illiterate	-	0	4	7.4	1	2.5	-	0	-	0	5	4.5
Can just sign	1	10	4	7.4	8	20	-	0	-	0	13	11.8
Lower primary	3	30	13	24.07	8	20	2	40	-	0	26	23.6
Upper primary	2	20	13	24.07	8	20	1	20	1	100	25	22.7
Secondary	3	30	12	22.22	10	25	2	40	-	0	27	24.5
Higher secondary	-	0	4	7.41	3	7.5	-	0	-	0	7	6.4
Graduate	1	10	3	5.55	1	2.5	-	0	-	0	5	4.5
Others	-	0	1	1.85	1	2.5	-	0	-	0	2	1.8
Total	10	100	54	100	40	100	5	100	1	100	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

Table 5.14 illustrates the educational status of the respondents by various models. The educational status revealed that few SHG women are illiterate in the NGO facilitated and intermediated categories and in other groups no illiterates are found. However, there are members whose education ranges from lower primary to graduation. So SHGs do not limit admitting only less educated rather highly educated members are also found in SHGs. The graduates are again found among the NGO facilitated and intermediated group and the directly formed SHGs by banks. The group dynamics has been more pronounced between NGO facilitated and intermediated groups, as these members are from varied socio-economic strata with wide range of qualifications. Such variations found in these groups on the one hand helps in the groups functioning. However, equally, may encounter problems, as the groups are not homogeneous group, which is largely overlooked in this sample. But different qualifications and other social and economic status do not necessarily question the homogeneity of interest.

**Table – 5.15 Model wise Distribution of Sample respondents by Age of the Members**

Age	A	B	C	D	E	Total	%	Average
Below-30	3	11	8	3	-	25	22.73	27
30-40	6	24	18	2	1	51	46.36	36.5
40-50	1	15	13	-	-	29	26.36	45
50&above	-	4	1	-	-	5	4.55	51.6
Total	10	54	40	5	1	110	100	37
Average	35	39	37	29	34	37		

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D- NGO guided but Self Supported E- Completely self-supported.

Table 5.15 details the age of the members model-wise. It is observed that the SHG members belong to the age of below 30 to above 50. The average age is 37 indicating that the women are relatively young in SHGs. The SHGs formed directly by the bank and self-supported are relatively young, below the age of 30 and others are above the age of 40 but below 50. In other models, only the NGO facilitated and intermediated have accommodated women above the age of 50. It is true that in the beginning the elderly women above 50 were participating mostly which later included the young women below 30 also.

**Table 5- 16 Model wise Distribution of Sample respondents by Marital Status**

Marital Status	A	%	B	%	C	%	D	%	E	%	Total	%
Married	9	90	44	81.5	36	90	5	100	1	100	95	86.4
Unmrrred	1	10	-	-	-	-	-	-	-	-	1	0.9
Widow	-	0	10	18.52	4	10	-	-	-	-	14	12.7
Total	10	100	54	100	40	100	5	100	1	100	110	100

The marital status of the SHGs member by various models is given in table 5.16. It is observed that nearly 90% of them are married and only one is unmarried who comes under the directly formed groups by bank. One of the criteria of the SHG while forming is to accommodate or give preference to the married. This is mainly because the marriage is patrilocal as per the culture and tradition in India and accordingly female after marriage moves to husband's place. Given this condition, the SHG does not entertain and encourauge the unmarried to become the members as there will be a break by such members after marriage. It is highly difficult to identify and replace a person while such quitting members discontinue the membership after marriage. This is the reason why the unmarried women are not found in other models. Both the NGO facilitated and intermediated have widows as members of SHGs and it is true that all the SHGs emphasise that such deserted women must be given preference.

**Table 5-17 Model wise Distribution of Sample households by Nature of Family**

Nature of Family	A	%	B	%	C	%	D	%	E	%	Total	%
Joint	2	20	25	46.3	14	35	2	40	-	-	43	39
Nuclear	8	80	29	53.7	26	65	3	60	1	100	67	61
Total	10	100	54	100	40	100	5	100	1	00	100	100

The nature of the family is classified into two categories namely joint and nuclear families given in table 5.17. The model-wise details revealed that majority of the SHG members irrespective of the model live in nuclear families and only in the NGO facilitated and self-supported models, nearly 40% of them are in joint families. It is true that the tendency to move to nuclear families both in rural and in urban areas has been in practice which is true in this study also. Mostly in urban areas the nuclear families are mostly formed as the economically poor families migrate to urban areas for job sake and hence settle there leaving the elders in the native place. In rural areas also it is equally true that once the couples are married, the parents tend to put them in nuclear families or the couple themselves decide to leave the joint families. This is exactly reflected among the SHG women households also. Joint families are in way a contribution where women are doubly burdened with both household and business responsibilities. The SHG members having chosen an enterprise on their own may need to devote more time to business and hence may be comfortable if they found with joint families.

**Table-5.18 Model wise Distribution of Sample households by Family size**

Family size	A	%	B	%	C	%	D	%	E	%	Total	%
Below 3	-	-	4	7.4	2	5	-	-	-	-	6	5.5
3-5	2	20	24	44.4	21	52.5	-	-	1	100	48	43.6
5-7	7	70	18	33.33	13	32.5	2	40	-	-	40	36.4
7&above	1	10	8	14.8	4	10.0	3	60	-	-	16	14.5
Total	10	100	54	100	40	100	5	100	1	100	110	100

Table 5.18 detail the size of the family of the respondent SHG households. . The size of the households of the sample SHG member households ranges from below three to above seven. Model-wise details shows that in the NGO intermediated group alone is doing has a family size below three and in others the dominant category is three to five members followed by five to seven members. Only a negligible percentage of them are found in the group of above seven, which is very rare to find in the present age. However, they may be joint families and more elders may be found. The size of the household has both positive and negative implications. In the positive side, the larger the size with more elder and earning members present may contribute more for the saving and thrift and hence sustainability of the group. On the negative side, it may be held that the larger the size of the family, [that too with large number of dependents] lower would be the economic freedom to save by the members. Hence it is less likely that the SHGs formed in this background are able to contribute to regular savings without feeling the pinch of the same.

**Table: 5.19 Model wise Distribution of Sample Households by Income [in Rs]**

Income Size	A	%	B	%	C	%	D	%	E	%	Total	%
Below 2000	4	40	11	20.4	7	17.5	2	40	-	-	24	21.8
2000-6000	6	60	21	38.89	25	62.5	1	20	-	-	53	48.2
4000-6000	-	-	14	25.93	7	17.5	1	20	-	-	22	20.0
6000-8000	-	-	4	7.41	1	2.5	-	-	1	100	6	5.5
8000and above	-	-	4	7.41	-	-	1	20	-	-	5	4.5
Total	10	100	54	100	40	100	5	100	1	100	110	100

Monthly income earned by the SHG members by various models is furnished in table 5.19 it is observed that the income earned ranges from below Rs. 2000 to above Rs. 8000 per month. Majority of the group members has earned an income ranging from Rs. 2000 to Rs. 6000. Only in certain extreme cases, it was possible to cross beyond Rs. 6000. Model-wise it is observed that both the NGO facilitated and intermediated groups are able to earn relatively higher average income than other groups. The self-supported

and directly formed groups were able to earn less than others perhaps they are relatively young when compared to other models.

**Table: 5.20 Age wise Distribution of Sample Households by Income [in Rs]**

Income Size	Below 2	%	2-4	%	4-6	%	6 and above	%
Below2000	1	50	6	28.6	15	20	2	16.67
2000-4000	-	-	11	52.4	36	48	6	50.0
4000-6000	1	50	3	14.3	14	18.7	4	33.0
6000-8000	-	-	1	4.8	5	6.7	-	-
8000and above	-	-	-	-	5	6.7	-	-
Total	2	100	21	100	75	100	12	100

The SHG age wise the income earned is give in table 5.20. It is expected that the older the age, more would be the experience and higher income will be the result. In this study it is observed that the SHG age and the size of the income earned has been moving on the same direction. Majority of the respondents is able to earn in th range of Rs. 2000 to Rs. 6000 who are in the age group of more than two years old. However, there are few SHG members who are in the age of six and above but still earn in the range of Rs. 2000 to Rs.4000 which may be attributed to the nature of trade or enterprise chosen and the resultant low income earned.

**Table- 5.21 Model wise Distribution of Sample households by Number of Earning Members**

Earne rs	A	%	B	%	C	%	D	%	E	%	Total	%
One	4	40	15	27.7	8	20	-	-	-	-	27	24.5
Two	5	50	34	63	26	65	2	40	1	10	68	61.8
Three	1	10	4	7.4	3	7.5	1	20	-	-	9	8.2
Four	-	-	1	1.9	3	7.5	1	20	-	-	5	4.5
Five	-	-	-	0	-	-	1	20	-	-	1	0.9



Total	10	100	54	100	40	100	5	100	1	100	110	100
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Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

The number of earning members in the household is one of the determinants of the continuous savings and better group performance. It is accordingly analysed in this study as to how far the models are distributed by number of earning members. In table 5.21 it is observed that the number of earning members range from one to five members. Model wise it is observed that majority of the groups have only one or two earning members irrespective of the model. Only a negligible percentage of them are able to have more than two earning members. Model wise, the Self-supported group and the some of the NGO intermediated and facilitated have four or more than four earning members. As already pointed out the larger the number of earning members, steady would be the performance in saving provided they contribute to the family.

**Table 5.22 Model wise Distribution of Sample households by Region of Origin**

Region of Origin	A	%	B	%	C	%	D	%	E	%	Total	%
Rural	9	90	29	53.7	17	42.5	2	40	1	100	58	52.7
Urban	1	10	25	46.3	23	57.5	3	60	-	-	52	47.3
Total	10	100	54	100	40	100	5	100	1	100	100	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

Table 5.22 brings out the details relating to region of the members by model wise. The region of origin has been divided into urban and rural. Majority of the directly formed groups by banks is rural as 90 per cent of them are rural SHGs. Among the others, more than 50% of the NGO facilitated are in rural areas and in others a relatively

higher proportion of them are in urban areas. It is true that in the sample area majority of the SHGs is in rural areas and the NGOs, which have successfully initiated the SHG programmes in rural areas later on extended to urban areas also. Almost all the sample NGOs works both in urban and rural areas and accordingly sampling has been done to include both the urban and rural areas. The distribution of the SHGs in this sample more or less reflects the universe also.

**Table 5.23 Model wise Distribution of Sample households by Contribution of Income by Husband**

Siz of contri in %	A	%	B	%	C	%	D	%	E	%	Total	%
No contribu	1	10	10	18.6	8	20	-	-	-	-	19	17.30
Below 25	-	-	1	1.85	-	-	-	-	-	-	1	0.90
25-50	-	-	-	-	1	2.5	-	-	-	-	1	0.90
50-75	5	50	4	7.4	5	12.5	-	-	-	-	14	12.70
75 & above	4	40	39	72.2	26	65	5	100	1	10	75	68.20
Total	10	100	54	100	40	100	5	100	1	10	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

The contribution of income to the household income by the husband has been analysed to find out how far the sample SHG households are dependent on male's income. In table 5.23 it is observed that the percentage of income contributed by the husbands' of the SHG members ranges from below 25% to above 75%. Majority of the NGO facilitated and intermediated households are more dependent on husband's earnings as roughly 70 percent households depend on more than 75 % of the contribution for the husband. Further it is found that in around 20 percent of the households no contribution

from the husband is realised may be they are widows and female-headed households or no earnings of the husband. The dependency is more among the self-supported group on husband's income as it is observed that almost all respondents are dependent on husband's income to more than 75%. So in the NGO facilitated and NGO intermediated groups the dependency on husband's income is less than others and thereby may be asserted that they are the latter are relatively independent to certain extent in managing the household expenses on their own.

**Table – 5.24 Model Wise Distribution of Sample households by nature of support to household activities by Husband/ other members of the family**

Nature of support	A	%	B	%	C	%	D	%	E	%	Total	%
Monetary	4	40	7	12.95	8	20	-	-	-	-	19	17.3
Physically	1	10	1	1.85	1	2.5	-	-	-	-	3	2.7
Morally	3	30	13	24.1	10	25	-	-	-	-	26	23.6
All	2	20	33	61.1	21	52.5	5	100	1	100	62	56.4
Total	10	100	54	100	40	100	5	100	1	100	100	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

The nature of support of the husband's by model-wise in table 5.24 indicates that the SHG members get the support in terms of physical and monetary and moral support to both household and enterprise. Hence it may be said that the SHG women are able mobilise the support from male and it is appreciable that male are extending their co-operating in running the enterprises and taking care of the household expenses also. Model-wise, majority of the NGO intermediated group is able to realise all the support from the husband compared to other models.

?? The profile of SHG members households discussed in this section revealed that the sample SHG households discussed in the above section revealed that the model wise the NGO facilitated is the dominant group in the sample district followed by NGO intermediated and directly bank linked.

- ?? Majority were from backward community with relatively lower percentage of SC/STs, indicating that the SHGs of the sample area in the beginning failed to follow the criterion of identifying the BPL households.
- ?? The previous occupational status showed that the majority were engaged in paid employment or self employment relating agriculture and few were doing only house keeping.
- ?? The pre and post SHG change in occupational status revealed that nearly half of them were housekeepers and now assumed some occupation or became member of SHGs. Another considerable change has been observed with the non-farm employment category where in nearly 43% are engaged in the post SHG that was very low in the pre-SHG.
- ?? The educational status revealed that it has both illiterate members as well as graduates.
- ?? The age of the members ranged from below 30 to above 50
- ?? Majority of the members are married as unmarried are not encouraged to join
- ?? The nature of family revealed that nearly three fourth live in nuclear families.
- ?? The size of the family is small with four to five members
- ?? The annual income of the households ranged from Rs. 2000 to Rs.8000, which indicates that, the sample households very much belong to BPL households. But while giving the income details there were some underestimation, which must be allowed to.
- ?? The sample households have more than one earning members on an average.
- ?? The family members support the group economic activities and in other affairs, monetarily, physically and emotionally
- ?? The members of the group had their origin from both rural and urban areas.
- ?? The income contributed by the husbands ranged from 25% to 75%.

These findings underline the fact that the SHG households are very ordinary households, which are really longing for improving their economic and social status by associating with SHGs

## II. Profile of SHGs:

This section brings out the profile of SHGs, the group dynamics, the meeting and other details.

**Table 5.25 Factors influenced to join SHG in a particular group**

Factors	A	B	C	D	E
Residence proximity	9	45	30	3	1
Same Community	2	8	8	4	-
Like mindedness/homogeneity of interest	-	25	9	2	1
Interest in the same Activity	1	8	5	-	-
Homogeneity in standard of living	-	6	3	-	-
Nothing special	-	3	-	-	-
Others	-	1	-	-	-

In order to find out what factors have influenced the women to choose to join a particular group, an enquiry was made and found that residence proximity has been the foremost factor followed by the homogeneity of interest. In fact only few respondents have chosen taking the community. Very often group is chosen taking the proximity as it is easy to attend the meeting and participate in all deliberations. This is true in this study also.

**Table 5.26 Model wise distribution of sample respondents by Choice of group decided**

Choice of Decidedby	A	%	B	%	C	%	D	%	E	%	Total	%
Self	5	50	15	27.8	16	40	-	-	-	-	36	34.3
Friends	1	10	10	18.5	6	15	1	20	-	-	18	17.1
Husbands	-	-	-	-	2	5	-	-	-	-	2	1.9

Other members	-	-	7	12.9	1	2.5	2	40	-	-	10	9.5
NGO	4	40	17	31.5	15	37.5	2	40	-	-	38	36.2
Others	-	-	-	-	-	-	-	-	1	100	1	1
Total	10	100	54	?	40	100	5	100	1	100	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

The SHG members choose to join any group in their neighbourhood or locality, which may be influenced by various sources. It is observed in this study that the choice of the group is decided by the 'self' in majority of Directly bank linked groups followed by NGO intermediated groups. Next to this the NGO influence has the major source of influence. It is true that in the sample area, majority of the SHGs are formed and facilitated by NGOs and in that respect it may be said that this district is a model to the entire country in really achieving something favourably to women empowerment. The other sources of influence are friends, husband, and others.

Table 5.27 explains the age of the SHGs. The age is one of the factors, which determines the performance of the enterprise. The age-wise distribution indicates that nearly 75% of them are above the age of four and only a few units are below the age of two. Efforts have been taken to cover the units more than three years but in some categories namely the self-supported and NGO guided SHGs are below the age of two but still covered. The criterion that the units must be more than 30 years old, has been kept primarily because the performance can be analysed at least when they are three years old.

**Table 5.27 Distribution of the SHGs by Age**

Age	Number of Respondents	Percentage
Below 2	2	
2 – 4	21	
4- 6	75	
6& above	12	

The minimum number of members in a group would be ranging from 12 to 20 as per the stipulations of Tamil Nadu Women Development Corporation and others.

Accordingly in this study it is analysed as to find out what is the range of members in the sample SHG.

It is observed in table 5.28 that the members range from below 15 to above 18. The average number of members model-wise indicates that the maximum number group members are in self-supported as the average is close to 20 followed by NGO intermediated and directly formed by banks. Completely Self-Supported group is only one and in which 20 is found but when more number of groups are taken the average may vary.

**Table 5.28 Model wise distributions of sample households by number members in the group**

Size of group	A	%	B	%	C	%	D	%	E	%	Total	%
Below 15	1	10	20	37.0	10	25	-	-	-	-	31	28.2
15-18	4	40	15	27.8	2	5	-	-	-	-	21	19.1
18&above	5	50	19	35.2	28	70	5	100	1	100	58	52.7
Total	10	100	54	100	40	100	5	100	1	100	110	100
Average	18.1	-	16.39	-	18.25	-	19.60	-	20	-	17.40	-

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported

It is good that the self-supported groups are able to have more number of members than others who are supposed to be relying on their own resources for taking up small economic activities.

**Table 5.29 Model wise distribution of sample respondents by the position in group at the start up.**

Position in Group	A	%	B	%	C	%	D	%	E	%	Total	%
Member	-	-	25	46.29	25	62.5	2	40	-	-	52	47.3
Animator	5	50	28	51.85	12	30	2	40	1	100	48	43.6
Repre	4	40	1	1.85	3	7.5	1	20	-	-	9	8.2
Co ordina	1	10	-	-	-	-	-	-	-	-	1	0.9
Total	10	100	54	100	40	100	5	100	1	100	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

The SHG members ranges from 12 to 20, in which any one or two of them will be a representative [s] who takes care of the functioning of the group activities and also they are able to perform day to day bank transactions. No member in the group is placed as leader, though while discussing with the members it was revealed that they call the representative as leader. There are other two members who may be called as animators who will be attending the outside meetings, EDPs, Seminars, representing at the federation if any, village development council and gramashaba activities etc. It is observed in table 5.29 that in the NGO facilitated and intermediated groups roughly nearly 50% of the sample members are just members but another 30 per cent or so are animators and the remaining are representatives. Only one in the directly bank linked groups is the co-ordinator. Hence, the sample of this study covers almost all categories of SHG members including representatives, animators, co-ordinators and ordinary members so that the views of all the cadres may be heard and the problems of each levels may be well reflected. This is related to the start up period.

**Table 5.30 Model wise distributions of sample households by nature of position at present.**

Position in Group	A	%	B	%	C	%	D	%	E	%	Total	%
Member	-	-	21	38.9	25	62.5	2	40	-	-	48	43.6
Animator	5	50	29	53.7	12	30	2	40	1	100	49	44.5
Repre	4	40	4	7.4	3	7.5	1	20	-	-	12	10.9
Co ordina	1	10	-	-	-	-	-	-	-	-	1	0.9
Total	10	100	54	100	40	100	5	100	1	100	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

An enquiry into the nature of position held by the sample SHG members at present has been made, as it is true that the same member cannot continue as representative or animator for more than two years. It will be rolling and on rotation each



member will get the chance of being a representative. The bank transactions will also be done on rotation basis so that each member will be able to know the banking transactions. In fact the SHG members in certain banks are helping the public to fill up the forms of withdrawal and deposits. In table 5.30 the position held by the SHG members at present is given. It is observed in the table that more than 60% of the NGO intermediated group members are just members and it is roughly 40% for NGO facilitated and self-supported groups. On the other hand the sample SHG members in the NGO facilitated and directly bank linked groups are mostly [50%] are animators. However, at the representative levels, only a few are found in all the groups except directly linked groups. The one co-ordinator still continues as the directly linked groups are less than two years old and the position will be changing once in two years.

**Table 5.31: Distribution of the Respondents by nature of entry into SHG**

Details	A	%	B	%	C	%	D	%	E	%	Total	%
Persuasion	1	10	22	40.7	17	42.5	2	40	-	-	42	
Compulsion	-	-	1	1.8	-	-	-	-	-	-	1	
Voluntarily	9	90	31	57.4	22	55	3	60	1	100	66	
Others	-	-	-	-	1	2.5	-	-	-	-	1	
Total	6	100	54	100	40	100	5	100	1	100	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

The sample SHG members have enquired as to how they joined the group whether on persuasion or compulsion etc. In table 5.31 it is observed that nearly 40 per cent on an average among the NGO facilitated, intermediated and self-supported groups have joined by persuasion by peer groups, or NGOs other family members and neighbours. Except only one member in the NGO facilitated group, none of them held that they have joined the SHG on compulsion. A top majority, i.e more than 80% in the directly bank linked group and more than half of NGO facilitated and intermediated have joined voluntarily without any persuasion or compulsion. Only one respondent joined the SHG on other than the reasons mentioned above.

**Table: 5.32 Model wise distributions of sample respondents by savings.**

Amount	A	%	B	%	C	%	D	%	E	%	Total	%
15-40	-	-	10	18.52	2	5	2	40	0	0	14	12.7
40-70	10	100	38	70.37	29	72.5	1	20	1	100	79	71.8
70-100	-	-	6	11.11	9	22.5	2	40	0	0	17	15.5
Total	10	100	54	100	40	100	5	100	1	100	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

Table 5.32 brings out the details of the amount of savings per week or month that the group saves. It is observed that the amount saved ranges from 15 to 100. The groups with economically very poor members are able to save a minimum amount of Rs.10 to 15 per week and others who are well off and able to contribute a considerable amount to saving from their earnings, are saving upto Rs. 100. Majority of the NGO facilitated and intermediated are saving in the range of Rs.40 to 70. The remaining say 10 to 15 percent are able to save more than Rs.70 upto Rs.100. Further it is observed model wise that none of the directly bank linked SHGs are able to save more than 70. This may be due to the fact the bank themselves are involved in organising the group and are very careful in identifying women who are below the poverty line. It is not that the relatively higher saving group members are well off but it may be true that they may reduce their consumption expenditure to a considerable extent in order to save in this group.

**Table 5. 33 Model wise distributions of sample SHGs by subscription amount**

Subscri amount	A	%	B	%	C	%	D	%	E	%	Total	%
No subs	-	-	-	-	13	32.5	-	-	-	-	13	11.8
1	-	-	1	1.5	1	2.5	-	-	-	-	2	1.8
2	-	-	33	61.11	15	37.5	1	20	-	-	49	44.5
3	-	-	1	1.85	-	-	-	-	-	-	1	0.5
5	10	100	19	35.18	11	27.5	4	80	1	100	45	40.9
Total	10	100	54	100	40	100	5	100	1	100	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

The group subscription is collected very nominally at the rate of Rs. 1 to Rs. 10. It is true that the members can subscribe to more than one. Accordingly it is observed in table 5.33 that none of the directly formed groups have any subscription and roughly 30 percent of the NGO intermediated also do not have any subscription other than saving. But others have more than one subscription. In fact, the NGO facilitated and NGO intermediated groups are having nearly five subscriptions. This subscription is normally utilised for the welfare, travel and other expenditures of the group.

It is true that the group saving fixed in the initial period may not continue to be the same till the end. Actually the group revises the saving amount periodically upwards and accordingly the saving will go up. However, it is related to the age of the group. If the group is in infant stage with one or two years old it may not be possible to revise. But groups with more than two years old are capable of revising the savings. It is observed that the revision has not been made in more than 50 per cent of the groups irrespective of the model in which they hail from. It is more so with directly bank linked groups and NGO intermediated groups in which the former is relatively young with two years of age. On the other hand considerable revision has been done by the group which is NGO facilitated and intermediated and also self supported as these groups are relatively older.

**Table 5.34 Age wise distribution of sample SHGs by revision in group saving**

Revis in saving	Below 2	%	2-4	%	4-6	%	6 & above	%	Total	%
Yes	1	50	5	23.8	49	65.33	9	75	64	58.2
No	1	50	16	76.19	26	34.66	3	25	46	41.8
Total	2	100	21	100	75	100	12	100	110	100

An enquiry into the relationship between the revision in savings made and the age of the SHG given in table 5.34 reveals that relatively older groups have brought revision among the groups than the young ones in general. However in certain cases the groups with below 2 years of age, have introduced the revision in savings. Perhaps the members in the group have unanimously expressed that to revise or their affordability to save would have gone up or the group dynamics and the related rewards would have contributed for revision in saving.

**Table 5.35 Model wise distribution of sample SHG s by revision in interest rate**

Revised the int.	A	%	B	%	C	%	D	%	E	%	Total	%
Yes	4	40	19	35.18	11	27.5	3	60	-	-	37	33.6
No	6	60	35	64.81	29	72.5	2	40	1	100	73	66.4
Total	10	100	54	100	40	100	5	100	1	100	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

Model- wise interest rate revision is given in table 5.35 which indicates that nearly two third of the members have gone in for revision of interest shows that as high as 66% have not gone in for revision of interest rate and retaining the interest rate fixed at the start up. Only the remaining have followed revision of interest rate in the latest years. The revision of interest rate depends and determined by the nature of loan. If majority of the loan are extended for non-essential or unproductive consumption expenditure the rate may be revised upwards with the consent of the members. If more loan are extended for productive purpose and emergency reasons, the rate of interest may not be revised frequently.

**Table 5.36 Age wise distribution of sample SHGs by revision in interest rate**

Revised the interest	Below 2	%	2-4	%	4-6	%	6 & above	%	Total	%
Yes	0	0	4	19.04	30	40	3	25	37	33.6
No	2	100	17	80.95	45	60	9	75	73	66.4
Total	2	100	21	100	75	100	12	100	110	100

The interest rate charged from the members also varies from time to time. If the group feels that the interest to be charged from the members must be raised as it is for

non-essential purpose, it would be done so, with the consent of all the members. Similarly the members feel to reduce, it would be done. The model-wise revision of interest rate explains that the revision of interest is done in almost all the models. But the revision done is with very few groups only as on an average nearly 60 percent of them have not gone to revise the interest rates as shown in table 5. 36. As far as the interest rate revision is concerned, unlike the savings rate, it cannot be frequently be varying and hence the interest fixed for group loan more or less remain the same for ever encouraged them to revise their savings.

**Table 5.37 Model wise recovery rate of group loan**

%of reco. Rate	A	%	B	%	C	%	D	%	E	%	Total	%
95%	-	-	2	3.70	1	2.5	-	-	-	-	3	2.7
100%	10	100	52	96.3	39	97.5	5	100	1	100	107	97.3
Total	10	100	54	100	40	100	5	100	1	100	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

The SHG savings and recovery performance has been very good. In fact though these SHGs belong informal sector, still their recovery performance for the loan availed both from the formal sector banks and from the groups has been very encouraging. The criticism that the formal sector has on small borrowers is that they recovery rate is very low. It is on this ground that the banks have been denying the loan to the small borrowers. It is observed in table 5.37 that the recovery performance of group loans and the bank loans among the sample SHGs has been ranging from 95% to 100%. It is really a break through given that the recovery under the previous micro financing schemes such as IRDP, DWCR, TRYSEM etc, it is less than 40%. It is this recovery performance, which has contributed for widespread encouragement given by the governments for SHGs.

**Table 5.38 Age wise distribution of sample SHGs recovery rate.**

% of recover rate	Below 2	%	2-4	%	4-6	%	6 and above	%
95%	--	--	--	--	2	2.66	1	8.33
100%	2	100	21	100	73	97.33	11	91.67
Total	2	100	21	100	75	100	12	100

Age wise recovery performance in table 5.38 revealed that the relatively younger groups with below the age of 2 or 4 were able to pay back fully compared to the older groups. The reasons for such failure has also been very genuine may be that some untoward or unforeseen incident would have occurred the money to be paid here to the group would have been diverted. But the constant monitoring and continuous peer pressure have been contributing for the good recovery performance held.

**Table 5.39 Factors influenced to join SHG**

Factors	Score	Rank
To secure social prestige	824	I
Success stories from SHG Members	728	II
Interested in the Social Service	552	III
Interested in group activities	385	IV
Encouragement of the govt, official /Charitable organization / NGO	144	V
Friends and relatives in SHG	72	VI
Economic compulsion	16	VII
Unemployment	8	VIII

The factors influenced to join SHGs have been enquired into and presented in table 5.39. Majority have joined to gain social prestige implying that these women prior to joining SHGs were docile and had no exposure to outside the domestic responsibilities. Yet another group have been influenced by the success stories of other SHG members followed by the factors that some of them have really interested in doing some service to the community and so became the members. Only very few have responded that they had joined on economic compulsions.

**Table 5.40 Frequency of Group Meeting of the Sample SHGs**

Frequency meeting	A	B	C	D	E	Total	%
Weekly	-	23	17	-	-	40	36.4
Fortnight	6	15	3	-	-	24	21.8
Monthly	4	16	20	5	1	46	41.8

The frequency of periodical meeting may varies from group to group. It is observed in this study table 5.40 that majority of the groups conduct meetings monthly followed by weekly meetings. Only one fifth of them are holding the meeting by fortnight. The more frequent the meeting; more interaction among the members and more would be the intervention in community and social affairs. It would also facilitate the members to save in small amount when it is held weekly rather than monthly. So weekly meeting and savings in lower scale may be suggestive for sustainability.

**Table 5.41 Model wise distribution of sample SHGs by action taken for absence for group meeting**

Action	A	%	B	%	C	%	D	%	E	%	Total	%
1	8	80	30	55.6	22	57	4	80	0	0	64	58.2
2	1	10	9	16.7	7	17.5	0	0	1	100	18	16.4
3	1	10	13	24.1	10	25	1	20	0	0	25	22.7
4	0	0	2	3.7	1	2.5	0	0	0	0	3	2.7
Total	10	100	54	100	40	100	5	100	1	100	110	100

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

1- Excused, 2-Fined, 3- Warned & Excuse, 4- Excused & Fined

It is obligatory for every member who joins the SHG to participate in the periodical meeting regularly. In the event of the absence, prior permission needs to seek or it may have to be informed to the concerned. If any one member remains absent and if it is repeated, penalty may be imposed in money terms. Hence it is necessary that the members take utmost care in informing or get permission of their absence. On emergency reasons or if they failed to be in station on the meeting days, members may be absent. This would not be entertained continuously. Hence for the absence, some action will be taken and they are furnished in the table 5.41. The action taken includes imposing fines, warning and excusing. If the reason is genuine, it will be excused and if it is repeated, they will be penalized monetarily and the fine amount would be added to the group welfare fund.

**Table 5.42 Average Percentage of Attendance**

Level of Attendance	A	B	C	D	E	Total	%
Below 75%	-	1	-	-	-	1	0.9
75-90%	-	4	2	-	-	6	5.5
90%	10	49	38	5	1	103	93.6
Total	10	54	40	5	1	110	100

It is necessary that all the members should attend the meeting, which is one of the indicators for sustainable functioning. As far as this study is concerned only around 7 percent of the member have less than 90% of attendance as shown in table 5.42 and other are able to be very regular in attending the meeting. But none of them have cent percent attendance may be due to emergency and inevitable reasons some of them have failed to attend the meeting regularly.

**Table 5.43 Percentage of members participating in meeting**

Percentage	A	B	C	D	E	Total	%
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of Participation							
50-60%	-	-	-	-	-	-	
60-80%	-	2	1	-	-	3	2.7
80 %and above	10	52	39	5	1	107	97.3
Total	10	54	40	5	1	110	100

It is not enough that the members have to attend the meeting regularly but also it is necessary that they have to participate fully so that the democratic way of conducting the meeting will be realized and also each members opinions and demands will be heard and recorded. It is also one of the indicators of the sustainability of the activities of the group. In this study it is observed that the percentage of participation has been more than 80% except a few members. The participation here refers to at least one interaction per meeting and if it is more than once, still it is good for the democratic functioning of the group and thereby the sustainability. The participation is not 100% as seen in table 4.43 indicating thereby indicating that there are members who just attend and never participate which must be improved.

**Table 5.44 Level of Participation**

Level of Participation	A	B	C	D	E	Total	%
Only once	10	47	34	5	1	97	88.2
Twice	-	6	6	-	-	12	10.9
In all matters	-	1	-	-	-	1	0.9
Total	10	54	40	5	1	110	100

The level of participation measured in terms of number of times they interacted per meeting indicates that majority of the members nearly 90% had interaction only once per meeting and the remaining had more than once. Model wise in table 5.44 it is observed that relatively more percentage of members in the NGO facilitated and

intermediated have more than one interaction compared to other models. It is necessary that in due course of the time all the members interact at least once genuinely in the larger interest of the group rather than participating for the sake of participation and subsequently they fully take off in intervening all the activities so that the SHGs would be a movement for women empowerment.

**Table 5.45 Areas in which members participate and intervene**

Factors	A	B	C	D	E	Total	%
1	10	51	34	5	1	101	91.8
2	3	43	24	5	1	76	69.1
3	3	40	25	5	1	74	67.3
4	8	44	25	5	1	83	75.5
5	8	47	29	5	1	90	81.8
6	2	19	17	2	-	40	36.4
7	1	15	20	2	-	38	34.5
8	3	24	19	1	-	47	42.7
9	5	22	18	1	-	46	41.8
10	-	8	12	1	-	21	19.1

*Note: 1-Fixing the loan amount 2-Deciding the purpose for which it is to be given. 3. Rate of interest to be charged. 4. Questioning recovery performance 5. Accounts maintenance and checking. 6.Distribution of interest income accrued. 7. Nature of Activity to be taken up by group 8. Nature of Seminars/training offered.9. Organising various meetings and functions 10. Campaigning for social cause.*

The members of the sample SHGs participate and intervene in making decisions on various affairs. Majority have participated in decisions as shown in table 5.46 relating the amount of loan to be disbursed to members including the duration of the installment,,amount per installment, etc. Another major participation has been on account maintenance followed by questioning the recovery performance. It is good that the members intervene in important areas relating to accounts, recovery, deciding the loan amount per borrower. In other areas, not all the members participate as the percentage of members participated has been very poor below 40%. It is necessary that the members have to participate in all the affairs of the SHGs.

**Table 5.47 Utility of SHGs**

Factors	A	B	C	D	E	Total	%
1	9	45	28	5	1	88	80
2	7	49	24	5	1	86	78.2
3	6	41	24	5	1	77	70
4	-	33	17	5	1	56	50.9
5	9	33	25	4	1	73	66.4
6	3	27	17	1	1	49	44.5

- i. source of consumption loan 2. source of productive loan 3. it is link to get the loan from banks. 4. agency to solve social and community problems 5. elevates social status 6. link to other agencies of government*

SHG serves the members a lot in improving their standard of living by inculcating regular saving and thrift and also improving the skill in various aspects of the group. The utility of the SHG of the sample respondents shown in table has been investigated and found that nearly 80% treated that as source of consumption loan implying thereby that the sample respondents households had been suffering and borrowing from informal sources even for consumption purposes.

*ii.*

Also equally same percent held that they treat it as a source of productive loan. SHGs have primarily to consumption and productive or investment loan. Apart from these, other utility have also been realized by the members including SHGs acting as a link to get the loan from banks, agency or an institution to solve the community and social problems and also various other ways. Thanks to SHGs, which have brought such utilities to the members, which might be absent otherwise.

The analysis of the profile of SHGs revealed the following findings.

- ?? The choice of a particular group has been on the considerations of residence proximity and homogeneity of interests
- ?? Self as well as the NGOs decided the choice of group in majority of the cases.
- ?? The age of the ranged from below to above 6.

- ?? Average number of the members were 17.4, ranging from 15 to 20.
- ?? The positions held by the members in the group do not show much change except a slight change in the representatives, from the initial to current periods.
- ?? Majority of the [60%] members have joined the group voluntarily without persuasion.
- ?? The weekly savings ranged from Rs. 15 to Rs. 100.
- ?? Nearly 58% of the groups have brought revision in savings and 33% in interest.
- ?? The recovery performance has been ranging from 95% to 100%.
- ?? The meetings are conducted weekly, fortnightly or monthly.
- ?? Absence is severely punished either with penalty or warning.
- ?? Majority of them participate in more than fourth fifth of the activities.
- ?? But the level of participation indicated that more than 80% participate only once in the meeting.
- ?? The areas in which they participate include distribution of loan, questioning the accounts, revising the interest, savings, organizing campaigns, meetings, members to attend the seminars etc.
- ?? Factors to join the group were include, to gain social prestige, success of other groups and to do social service.
- ?? The utility of the SHGs primarily has been a source of consumption and productive loan, bridge between the banks and the members, link with other officials, elevating the social status etc.

The contribution of the SHGs to the participating women could be understood well through the profile of the SHGs better, which revealed that the SHGs have positively contributed to improve the economic and social status of women.

### **III. The Profile of the Activities chosen by the Sample SHG Women:**

The sample enterprises initiated by the sample SHG women were both related to farm and non-farm activities, both self-employed and wage employed. In the gem cutting, tailoring and other such activities, training has been extended, loan has also been

shared from the revolving fund but many of them are engaged in paid employment in such units, which assures a regular stream of income. The amount availed as loan, has been diverted to other household expenditures or buying durables, and other assets, or improving the housing conditions etc.

It is clear from the list of activities that the sample SHG women are engaged in as many as 36 activities in which vegetable vending, rearing milch animals, running petty shops, running cateens etc are found among more than 10 members and other activities are run by very few sample women. In this two of them are engaged in wage occupations.

**Table 5.48 Distribution of the Sample Units by their Product Line**

Sl.	Present occupation	1	2	3	4	5	6	7	8
9	Total								
	1.Beauty Parlour				1	-	-	-	-
	- - - 1								
2.	Petty Shop	2	2	1	1	4	-	-	10
3.	Thread making			1					
	1								
4.	Milch Animal	7		1		7	2		17
5.	Craft Work			1					1
6	Beads Making					1			
7	Gem Cutting				2		1		3
8	Tailoring	2		1	4	1	2	3	13
9.	Vegetable vending	1				1	1		3
10	Banana Sales				1				1
11.	Readymade gar. Sale				1				1
12	Sheep Rearing	1			1	1			3
13	Washing power& Phenoyl		3	1					4
14	Wire basket making	1							1
15.	Flower Sales				1				1
16	Mineral Water			1					1
17	Egg Sales		1						1
18	Fancy articles hiring out		1						1

19	Foot wear shop		1				1
20	Bricks Sales				1		1
21	Coconut sales		1				1
22	Mutton stall	1					1
23	Potterning		2				2
24	Weaving	3					3
25	Grinding		1			1	2
26	Catering services	1	5	3	3		12
27	Mosaic machine hiring out				1		1
28	Hallow blocks making				1		1
29	old iron scraps sales	1					1
30	Electrical shop			1			1
31	Roof tiles making	1			1		2
32	Beedi rolling		1				1
33	Candle, campour making			1			1
34	Agri labourers	1		1		1 2	5
35	Non-agri labourers		1				1
36	Others	3	2	2		1 1	9

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**Table 5.49 Type of Activity**

Type	A	B	C	D	E	Total	%
Farm	5	10	10	-	-	25	22.7
Non farm	4	43	30	5	1	83	75.5
Both	1	1	-	-	-	2	1.8
Total	10	54	40	5	1	110	100

The nature of activities of the sample respondents revealed that more than three fourth of them have participated in non-farm activities and only around one fifth of them are found in farm and farm related activities. A very insignificant percentage of them have participated in both. Model-wise it is observed that relatively greater percentage of directly formed SHGs are engaged in farm activities followed by NGO intermediated group. In the self-supported group, all the members are in the non-farm activities. It is necessary in the event of failure of agriculture due to monsoon failure, number of non-farm micro enterprises emerge-in so that the chances of sustainability may be better.

**Table 5.50 Nature of Activity**

Nature	A	B	C	D	E	Total	%
Seasonal	1	5	7	1	-	14	12.7
Regular	4	42	28	2	1	77	70
Any other	5	7	5	2	-	19	17.3
Total	10	54	40	5	1	110	100

The nature of activity here refers to the nature of demand and accordingly whether it is seasonal or regular. It is observed in this study that a relatively higher percentage of NGO facilitated group are engaged in regular activities without any seasonality factors. In the total also it is true that nearly four fifth of the sample respondents are working in activities which are regular indicating that the women in this sample have not caught into the problem of seasonal demand very much. Only such activities are very much needed for a continuous functioning of business and realize a regular stream of income.

**Table 5.51 Distribution of the sample units into new and Traditional Categories**

Category	A	B	C	D	E	Total	%
Completely new	-	12	9	1	1	23	20.9
Traditionally existed but Modernized	8	23	26	2	-	59	53.6
Any other	2	19	5	2	-	28	25.5
Total	10	54	40	5	1	110	100

The activities of the sample respondents have been categorized into completely new and traditionally existed but modernized. It is found accordingly that nearly one fifth of the respondents have gone in for completely new activities, which needs to appreciate. However a vast majority of the respondents have gone in for modernizing the existing activities with an improvement in technology and with a change in product and process. Apart from these two categories, quite a few of them have also undertaken other

improvements and which are mostly service nature of units which cannot be brought under the above two categories.

**Table 5.52 Kind of Onwership [Group or Individual Based]**

Kind	A	B	C	D	E	Total	%
Group based	6	9	17	1	1	34	30.9
Individual	4	45	23	4	-	76	69.1
Total	10	54	40	5	1	110	100

SHG are already groups and it is optional to the members to either engage in group based or individual based activities. It is quite obvious from the table that as high as two thirds of the respondents are engaged in individual based activities the remaining are found in group based activities. As far as the group-based activities are concerned, if they successfully run, may be enhanced to tiny or small scale of operation. On the other hand the activities run by the individuals have less likelihood of being developed into such scale. In this study majority of the respondents are in the individual based activities either that they do not prefer to be in group-based or they wanted to deal independently. Sustainability of the activities however depends on the resource availability and management skills of the partners rather than group or individual based.

**Table 5.53 Sources of Motivation to participate in training**

Factors	A	B	C	D	E	Total	%
Self	7	19	26	1	1	54	49.1
Govt.	-	1	4	-	-	5	4.5
NGO	2	34	10	4	-	50	45.5
PACB	1	-	-	-	-	1	0.9

The SHG members apart from being a member have also facilitated by various agencies to undergo several training particularly on self-employment activities, the rules and principles to be followed etc. An enquiry into the motivational agencies to participate in various training was made and observed that nearly half of them have been motivated



on their own and except a few, the remaining have been motivated by the respective NGOs. Thanks to the NGOs and also the SHG members who have not only become the members but also undertook several training to uplift their status and engage in some kind of activities or the other.

**Table 5.54 Sources of motivation to choose this Activity**

Sources	A	B	C	D	E	Total	%
Self	7	33	23	-	1	64	58.2
NGO	1	5	6	3	-	15	13.6
Bank	-	1	1	-	-	2	1.8
Others	2	10	6	2	-	20	18.2
1&2	-	5	1	-	-	6	5.5
1&3	-	-	1	-	-	1	0.9
1&2&3	-	-	2	-	-	2	1.8

For choosing a particular line of activity many source of influence may be from various sources. It is observed that majority nearly 60% have chosen or decided the activities on their own and others have been either motivated by NGOs or banks or other sources. Even under the NGO facilitated and intermediated, majority of them have chosen the line of activity on their own. It indicates the independent capability and decision-making ability of the respondent women. Credit goes to SHGs for preparing the women to decide on there an economic activity and also run successfully. Such independent ability would be contributing towards the sustainable functioning of the group.

### **Performance of the SHG Activities**

The performance of the SHG activities has been analysed in order to examine whether the activities chosen are profitably run by the members, in which scale measured in terms of size of investment and what is the marketing arrangement and also where does the raw materials are brought in etc

Mean performance of the activities chosen by the sample women are analysed in this section taking the indicators such as mean growth in fixed capital, variable capital, share of own and borrowed investment, sales turnover, profit, employment etc.

**Table 5.55 Mean Growth Performance of Sample Enterprises fromt the start up to present [In Rs].**

Indicators	A	B	C	D	E	Overall
Fixed Cap S	1700	5944	6000	1380	--	5342
P	1980	6602	4463	1380	--	5104
Vari. Cap. S	600	2404	3650	320	1200	2587
P	600	2333	4044	320	200	2706
Own Invst.S	13722	8084.09	11073	1966.7	1200	9369
P	3714	11670	13404	2500	3000	10938
Borr.Invst S	1200	3194	10375	520	-	5474
P	200	2106	5400	200	-	3025
Tunover S	4300	9784	32546	1560	1000	16000
P	5050	11692	32849	1560	1400	18081
Profit S	2800	4843	11419	1220	600	6845
P	3300	5940	12358	1220	1500	7779
Empt S [in nos.] P	5.2 5.7	5.3 5.6	5.1 5.3	4.3 4.6	3 4	5.2 5.4

Note: S- Start Up : P - Present

The mean performance of the units have been analysed for those women who initiated certain activities. The activities started are not entirely self-employment or business oriented. Some of the women who have undergone training in tailoring or gem cutting, instead of initiating their own units, have chosen to work for wage. Accordingly though they have been included under activities they cannot be strictly being brought under the self-employment categories and thereby the mean performance may not be possible to analyse.

The indicators taken are detailed in table 5.55. The growth of fixed capital in terms of building machines, tools and other instruments required for running the petty businesses of the sample women revealed that there is a growth in fixed capital, sales turnover, profit, employment etc. The growth is consistently higher for NGO facilitated model followed by NGO intermediated model from the start up to present. However, size of investment wise, the NGO intermediated model have relatively large size of investment, turnover, profit etc. The least growth has been experienced with respect to employment, indicating that these sample units initiated by the SHG women are micro in scale and as such mostly self-employed using family labourers. Hence, there is not much improvement in the employment. The growth in other indicators also has been in the order of 10% or below, which may be attributed to the fact that the age of the units are very low ranging between one and two. Hence, as they become old and experienced, the scale of operation would expand and the growth would also be higher.

**Table.5.56 Channels of market for the product**

Channel of market	A	B	C	D	E	Total	%
Group members	1	5	4	1	1	12	10.9
Marketing agency	1	5	6	-	-	12	10.9
Middle men	1	6	4	-	-	11	10
All the above	7	31	24	2	-	62	58.2
1&2	-	-	1	-	-	1	0.9

1&3	-	1	-	-	-	1	0.9
1&4	-	6	-	2	-	8	7.3
2&3	-	-	1	-	-	1	0.9
Total	10	54	40	5	1	110	100

The channels of the marketing for the product have been enquired into. It is true that the sample enterprises are micro enterprises in nature and accordingly most of the marketing it done through the members and the customers chain. However a few of them had gone in for marketing through the agents, middlemen etc. Model-wise it is observed that all the first three models except the NGO guided but self-supported and completely self-supported, follow all the three marketing channels mentioned in the table which constitute to nearly 60% in the total. It is to be mentioned that however the minimum size may be the marketing requires different channels so that expansion is possible

**Table 5.57 Sources of raw material for the product**

Sources	A	B	C	D	E	Total	%
Local	4	36	26	2	1	69	62.7
Outside the village	4	6	7	-	-	17	15.5
Outside the state	-	1	1	-	-	2	1.8
Others	-	1	-	-	-	1	0.9
1&2	2	9	5	3	-	19	17.3
1&3	-	1	-	-	-	1	0.9
2&3	-	-	1	-	-	1	0.9
Total	10	54	40	5	1	110	100

The sources of raw materials of the sample enterprises revealed that more than 60% use the locally available raw materials. Model-wise, only a few enterprises are using the raw materials bought from outside the state or village. It is pleasant to note that more than two thirds of the respondents make use of the locally available raw materials

and thereby contributing to the localization of raw materials, improving the local economy.

The profile and performance of the enterprises analysed above, may be summarized as follows.

- ?? Nearly 75% of the women chosen to economic activities were found in non-farm activities.
- ?? The nature of activities was predominantly regular and only 13% had chosen to seasonal nature.
- ?? Nearly 21% had chosen to completely new activities and other though chose to traditional nature of activities, modernized later.
- ?? The kind of ownership of the activities implied that they are mostly individual based except 30% group based activities.
- ?? The motivational sources to choose to particular activity include, NGOs, Banks and the Self.
- ?? The sources of motivation to have training include self and NGOs.
- ?? The model wise performance indicated that the NGO facilitated model registered better growth in terms of growth of investment, turnover, borrowings, profit, employment etc.
- ?? Channels of marketing chosen include, agents, self and members
- ?? Sources of raw material include mostly local for more than 60% of the units.

The enterprise performance showed that the scale of operation has been very small. Given that they are in their infant stage, the growth may be better in the years to come, provided the problems are well taken care of.

#### **V.Impact analysis:**

The impact analysis has been done taking the pre and post SHG situations in terms of both economic and social aspects. The major economic aspects included were, income, consumption, savings and asset positions. The social impact has been analysed with the Empowerment Index and the SWOT analysis;

In order to find out whether after joining SHGs the size of income of the self, other members, and households increased, the monthly income position of the, other members, and household have been taken and presented in table 5.58

**Size of Income:**

**Table 5.58 Model –wise Average monthly Income during pre and post SHG periods**

Size of Income in Rs.	Pre-SHG	Post-SHG	Due to SHG
A	280	350	120
B	368	698	300
C	586	744	298
D	-	150	105
E	300	300	100
Total	910	1021	110

For Other Members

Size of Income in Rs.	Pre-SHG	Post-SHG	Due to SHG
A	1100	1250	500
B	2527	2929	1167
C	2427	2575	500
D	2000	2000	-
E	1300	1300	-
Total	2297	2718	562

For entire Households

Size of	Pre-SHG	Post-SHG	Due to
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Income in Rs.			SHG
A	1380	1600	320
B	2628	2919	849
C	2651	3636	525
D	2000	2302	102
E	1300	1450	150
Total	2248	2743	643

The income of the SHG members were collected for the pre and post SHG periods. It is true that the sample women engage in other occupations other than the SHG activities in the pre and post SHG situations. Hence the increase in income may be due to SHG or other sources. Accordingly it was examined in this study that whether there is any change in the income and if there is any change whether it is due to SHG. It was observed that the pre-SHG average income has been Rs. 910, which had increased to Rs. 1021, a very marginal increase of say 10% or so. Further it was enquired what is the size of this mean income contributed by SHG and found that Rs. 813 has been realized due to SHG of the Rs. 1021.

The impact measured in terms of incremental income in the post SHG for the self, other members and households revealed that on an average the income of the SHG member shown an increase of Rs. 110 per month, Rs. 962 for other members and Rs. 643 for the household. It may be rose how SHG can raise other member's income. It is because the other members are also working with the sample units initiated by the SHG women and accordingly their income is raised. Model wise it is observed that BGO facilitated and NGO intermediated model SHGs have realized greater income than others. The fact to be underlined is that there is an incremental income realized by the self, other members and the entire households has been from various sources and hence the income due to SHG has been very low. However, SHGs have contributed to increase in income needs appreciation.

### **Consumption Pattern.**

The consumption pattern has been analysed taking all possible expenditures the following has been observed.

The consumption pattern of food, cloth, education, health, recreation, festival and on unproductive items such as alcohol, betel nuts etc has been analysed model wise taking the pre and post SHG situations on qualitative and not value terms. The consumption of pattern of food measured in terms of number of times cooked showed that during the pre SHG period nearly 41% had cooking only once and now they have increased to twice or thrice and this has been attributed to becoming member in SHG. A vast majority nearly 61% held that the SHG and the micro finance and micro enterprises activities did not create any impact on number of times cooked. Model wise there is a considerable change in the number of times cooked from once to twice among the NGO facilitated and intermediated as there us a tremendous improvement in the number of members shifting from cooking for once to twice. Hence it may be claimed that the SHG and its associated improvement has been said to have improved the consumption of food only around 40% and more intensively among the NGO facilitated and intermediated models.

Similarly the consumption pattern of cloth in terms of number of times purchased has been enquired model wise comparing the pre and post SHG situations. Generally the dresses may be bought only once and if there is an incremental income a part of it or less than that may be spent on clothes particularly for children. For instance, in the pre-SHG situation with the limited income they would not have gone in for new dresses on the birthdays or school reopening days for the children. Now they may be facilitated to do so. In the table it is observed that roughly 40% held that they change in the consumption pattern of cloth is due to SHG and 60% felt that SHGs have not created nay impact on the change in the clothing pattern. Model wise it is indicated that the five households were getting only once in the pre-SHG and it had become nil in the post SHG for the directly bank linked groups. On the other hand the NGO facilitated groups have realized better consumption pattern as it was 33 households during pre-SHG buying only once which had declined to just four households in the post SHG with twice. The percentage of households who were purchasing only once in the pre-SHG period wad 52.7% which has later declined to 10% indicating the rest of them moving either to two or three times purchase of the dresses. However all of them were not due to SHG and only 40% agreed it is due to SHG.



It is true that any incremental income would be partly spent first on food and the remaining may be distributed in getting clothes, on consumer durables, on festivals and of course putting their wards in better educational institutions, getting all the books and notes in time and getting a good bag etc. It is enquired that whether they had spent the increased income on education and whether they were doing it prior to SHG or only post SHG. It was revealed that nearly 30% did not spend on their children's education, as either their husbands' income was spent or the government met everything. This situation has changed and in the post SHG the percentage has increased slightly to 35.5%. On the whole it is found that only 18.2% held that the increase is due to SHG and others felt it is not due to SHG income.

The consumption pattern on health expenditures generally explains that when there is an incremental income it would be spent on visiting private doctor rather than a government hospital or self-medication. It is observed here in the pre -SHG period that roughly 55% was consulting government doctors and in the post SHG it has slightly declined to 51.8%. In the category of whether it is due to SHG, nearly 73% who are visiting only Government hospitals and 11% private doctors visitors, held that it is due to SHG. Thanks to the SHG, which had created awareness among the members to regularly, use the government hospital and also questioning their performance and absence and recommending their service to the community. The consumption pattern on festival expenditure revealed that as high as 81% percent were celebrating the festival on a 'simple' manner in the pre-SHG but it had declined to 68% in the post SHG period. Later it was enquired whether it is due to SHG and observed that only 32.7% and 67.3% respectively celebrating on simple and grand manner held that it is due to SHG.

The consumption pattern on recreation has been enquired into. The moment there is an increase in the income of the households, it will be spent certainly on recreation and other unproductive items. In order to find out whether this is true with SHG income also, an investigation was made. It is found that in the pre-SHG period, nearly 65% never spent on recreation as the sample households are poor households and it has declined to 55%. On the other hand the percentage of households spending occasionally and very often have increased considerably. On the whole however, it was asked whether the change is due to SHG and it is found that only 19% who spends occasionally on

recreation held that it is due to SHGs and the percentage that never spend on recreation increased to 81% which has been due to SHG. It is true that there are households, which have been struggling to meet the livelihood needs and therefore question of recreation either going on tour or other such affairs is hard to see.

**Table 5.59 Number of SHG women who held that Consumption Expenditure Improved**

Models	Food	Cloth	Education	Health	Festival	Recreation	UnProductive Expenses
A	23	10	10	-	7	7	2
B	23	17	40	8	31	15	3
C	26	3617	35	4	31	5	3
D	4	21	4	-	4	-	-
E	1	1	1	-	1	-	-
Total	61	66	90	12	74	21	8
Percentage	55.45	60	81	11	67	19	7

Over all: 43.71%

The consumption pattern on unproductive expenditure including spending on alcohol, betel nut, etc has been enquired for the post and pre SHG periods. It was found that there is no impact of SHGs on the spending for unproductive purposes as the percentage of households spending on unproductive purposes was very low and remained the same in the pre and post SHG situations. Thanks to the SHGs, which really protect their families from spending on unproductive items.

From the table 5.59 it is observed that nearly 43.71 percent of the women held their consumption expenditure pattern has improved due to SHG and the incremental income realized. The major improvement in percentage terms has been realized on education, followed by clothing, festival and food expenditure. So SHG intervention has contributed to raise the income and expenditure of the households.

**Table 5.60 Models wise distribution of the average savings of the sample respondents during pre and post SHG periods**

Size of savings	Pre SHG								Post SHG							
	A	B	C	D	E	Total	%	Average	A	B	C	D	E	Total	%	
Below	1	4	7	-	-	12	10.9	530	10	45	33	3	1	92	83.6	

1000															
1000-5000	2	5	7	-	-	14	12.7	2010	-	7	7	2	-	16	14.5
5000 and above	-	4	5	-	-	9	8.2	12955	-	2	-	-	-	2	1.8
No savings	7	41	21	5	1	75	68.2	-	-	-	-	-	-	-	-
Total	10	54	40	5	1	110	100	1374	10	54	40	5	1	110	100
Average	360	1020	2309	-	-	1374			600	1280	698	768	600	977	

Note: A-Directly bank linked, B- NGO Facilitated, C-NGO Intermediated, D-NGO guided but Self Supported E- Completely self-supported.

The size of savings has also been taken as one of the variable of economic impact. It is found that the average size of savings has been lower in the post SHGs than pre-SHG situations. It is further observed that it is influenced by the the NGO intermediated model which had an average saving of Rs. 2309 during pre-SHG has gone down to Rs. 698. The other two models did not have saving at all. It may be mentioned here that during the pre-SHG period there was not limit to savings, and the member had saving in chit funds, which also served as a source of borrowing. The chit funds would be spread to 20 to 30 months or beyond, depending the amount. Those who are in emergent need would auction for an amount such that even if they get less than 50% of what the total would be at the end of the chit, they would not mind, because if they go for interest loan it would still be higher. This is the reason why the saving appeared very high in the pre-SHG now the members do not go for such chit funds and also they are permitted to save only the fixed amount, which could be affordable, by all the members.

**Table 5.61 Model wise Size of Asset Holdings during Pre and Post SHG situation**

Asset Holding	Post SHG								Pre SHG							
	A	B	C	D	E	Total	%	Average	A	B	C	D	E	Total	%	Average
Below	-	2	3	-	-	5	4.5	5012	-	2	1	-	-	3	2.7	9167

.0000																
.0000	1	9	3	-	-	15	13.	3923	1	9	3	1	-	14	12.	3725
50000							6	3							7	
50001	1	13	5	2	-	21	19.	8595	1	12	2	1	-	16	14.	8687
.0000							1	2							5	
)																
.0000	8	13	14	2	-	36	32.	2809	8	8	11	1	-	28	25.	2807
) and							7	39							5	7
above																
No	-	17	15	1	1	33	30		-	23	23	2	1	49	44.	-
assets															5	
Total	10	54	40	5	1	110		1139	10	54	40	5	1	110		8909
								31								
Avera	21812	10234	10911	9200	-	11393			22760	6507	9150	7000	-	8909		
ge	0	3	7	0		1			0	4	5	0		3		

The asset holdings on an average have increased taking the pre and post SHG situations. During the pre SHG period, the average asset holding was Rs. 89093, including, land, house, livestock, jewels, cash balances, etc. This has increased to Rs. 113931 during post SHG that is just a small increase. Moreover, the group members have not gone in for activities, which yields, quick and higher profit. Also not all the earnings are invested on productive or investment purposes as discussed already. Model wise, it is observed that the directly bank linked group has realized a decline in the asset position between the pre and post SHG period. All the others have shown an increase.

**Table 5.62 Models wise distribution of the average borrowings of the sample respondents during pre and post SHG periods**

Size of borrowings	Pre SHG								Post SHG					
	A	B	C	D	E	Total	%	Average	A	B	C	D	E	Total
Below	5	10	11	-	-	26	23.6	850	1	6	3	-	-	10

1000														
1000-5000	3	11	12	-	-	26	23.6	3135	3	23	10	2	1	39
5001-10000	-	7	2	2	-	11	10	9273	4	10	5	2	-	21
10000 and above	-	7	4	-	-	11	10	28455	2	10	17	-	-	29
No borrowings	2	19	11	3	1	36	32.7	-	-	5	5	1	-	11
Total	10	54	40	5	1	110	100	4715	10	54	40	5	1	110
Average	1680	4706	5693	4000	-	4715		6250	6283	13618	4500	2000	2000	8827

The borrowing performance has been taken as another indicator of impact. It is revealed that the borrowing of the total members have almost doubled in the post SHG period compared to pre SHG. Model-wise, it is observed that the directly bank linked model has shown an increase of more than three fold and the NGO intermdiated model women have borrowed less during the post SHG. This may be attributed to their previous borrowing through chit fund sources. The completely self-supported model did not have borrowing but now have Rs. 2000 on an average. Another interesting observation is that the nearly 10% of the women remain with saving alone and did not go for borrowing. This borrowing furnished in the above table includes borrowing from group as well as from banks.

**Table 5.64 Average loan and No of times the group loan Aailed**

Models	A	B	C	D	E	Average
First time	5100	7848	9225	360	1000	7696
Second time	1130	5392	4562	1500	1000	4486
Third Time	1000	15953	1450	1800	-	8532

The number of times loan borrowed indicates the expansion of the enterprises. Accordingly it is observed that the first loan availed by the members constitute 80% which has declined to 67.3% in the second loan and 46.4% in the third loan. Depending the recovery performance, they banks as well as the group members supported the

members to go upto three loans. The decline may be due to the fact that not all the members who had taken first loan would have opted for subsequent loans or they might have failed to complete the installments. There is a slight decline in the amount of loan borrowed as reflected by the average second loan but it has almost doubled in the third loan. Model wise the number of times borrowing done indicates that number of members borrowed has shown a drastic fall among the NGO intermediated as the non-borrowers have almost tripled from the first to third loan and it is just doubled for NGO facilitated. The percentage of members who did not go in for the third loan has been very high among the directly bank linked groups as it was nil who did not avail first loan but it is six in the third loan indicating that many of the directly bank linked groups struggle to repay or expand their enterprises.

The average loan borrowed for the third time has been relatively higher than others. Model wise, the NGO facilitated SHGs have more amount on an average in the second and third times. In the first time it was the NGO intermediated. Other models have borrowed relatively less than the above two models. The successive loans taken from both bank and group, indicates their credentials and credibility of the women. This can be taken as one of the economic impact indicator of SHG evaluation.

### **Empowerment Index:**

Empowerment in simple terminology means helping people to help them and leading the people to learn to lead them. In the broader terms it implies an increase in consciousness. It implies more than a forced change of power in which there is a destruction of previous structures and values. The element of higher consciousness and consciousness of both parties needs and interests gained from a win: win solution provides the opportunity for progress to a richer way of life for everybody involved. It implies transfer of power in a dynamic way over a period of time.

Realising that empowerment of the people would address many issues; various development programmes aim at empowerment of people both men, women, rural and urban, rich and poor etc. Empowering people also make them participate and involve in decision-making. On the basis of the level of participation and extent of decision making, it is possible to say whether there is empowerment. In this study empowerment index has been developed taking sufficient variables from the economic, social, cultural,

environmental, political and other spheres in which the SHG women have the positive role to play. As many as 260 variables have been identified including the areas of solidarity of group, governance issues, conduct of meetings, attendance, financial transactions, transparency, members awareness on various aspects, performance on savings, pattern of internal lending, velocity of internal lending, repayment terms and pattern, borrower quality, asset quality, maintenance of records, enterprise initiation, organizing meeting, seminars, conferences, contact with authorities, participation in community development activities, awareness and addressing social evils, leadership qualities assumed and various other aspects. Depending the level of participation, different values were assigned which came to a total score of 842. If a member participates in all activities in the expected manner, which takes her to empowerment, she will be scoring the maximum. If they were not performing to the expected level to move towards empowerment the scoring would be less. Given that the index values will be ranging from 0 to 1, participation in SHGs would certainly score more than zero, but it may not be possible to score 1 as they cannot be 100% achievers, scoring the maximum in all the variables. Hence assuming that the scoring would be above zero but below one, the level of empowerment has been classified into three categories namely highly empowered carrying a percentage scoring of 75% and above, empowered carrying 50% to 75% and not empowered carrying below 50%.

**Table 5.65 NGO wise Scoring and Empowerment Status – Post SHG**

Name of the NGOs	Scoring	Value of Empowerment Index	Status Obtained
SEVAI	170.40	65.53	Empowered
Gramalya	165.18	63.53	Empowered
PACB	162.80	62.61	Empowered
CSI	168.75	64.90	Empowered
ECG	196.77	75.68	Highly Empowered
NEW LIFE	163.45	62.80	Empowered
Self-Supported	171.00	67.69	Empowered
PDI	129.40	49.76	Not Empowered
Total	169.89	65.34	Empowered

It is observed in the table 5.65 from NGO wise indices that only SHGs formed by ECG have been said to be highly empowered and all the others are empowered. PDI

SHGs have been in the category of “not empowered” as they have scored less than 50%. In this context, it may be suggested that the methods and strategies followed by ECG and other sample NGOs may be followed or other innovative ways towards empowerment may be taken up to make the participating SHG women to reach the stage of highly empowered.

**Table 5.66 Model wise Scoring and Empowerment Status**

Model	Scoring	Value of Empowerment Index	Status Obtained
A	162.80	62.61	Empowered
B	177.64	68.32	Empowered
C	166.10	63.88	Empowered
D	129.4	49.76	Not Empowered
Self –Supported	171.1	65.76	Empowered
Scoring for total members	169.89	65.34	Empowered

The model wise empowerment indices revealed that no SHG member in any model is said to have highly empowered. But all have scored more than 50% except NGO guided by self-supported model and hence attained a status of empowered. Hence as far as SHG members and their participation is concerned, none can claim that they are fully or highly empowered. Given that all of them have attained the status of being empowered, the NGO guided but self-supported group lag behind. This may be due to the lack of formal credit and as such lack of participation in all activities. Also the institutional aspects are missing in these self-supported groups. Further it may be true that these groups have been initiated only in the latest years and so yet to reach the status of being empowered.

**Table 5.67 Model wise Empowerment status in the pre and post SHG Situations**

Sl No	Model	Economic Index		Social Index		Composite Index	
		Pre	Post	Pre	Post	Pre	Post
1	NGO Facilitated	37.49	76.86	13.56	54.21	28.47	68.33
2	NGO intermediated	37.03	71.43	12.83	51.40	27.91	63.88
3	Directly Bank linked	30.62	67.53	13.57	54.48	24.19	62.61
4	NGO Guided by self-supported	13.33	55.30	10.20	40.61	12.15	49.76
5	Completely Self	30.24	75.30	18.36	55.10	25.76	67.69



	Supported						
	<b>Total</b>	<b>35.53</b>	<b>73.04</b>	<b>13.19</b>	<b>52.61</b>	<b>26.94</b>	<b>65.34</b>

The pre and post SHG performance in terms of empowerment indices revealed that there has been a remarkable improvement with respects to social index whose variables and the values assigned are given in the table given in Annexure –II. The pre-SHG economic index has been 35.53 indicating that for the expected level of 100 % economic empowerment only 35 percent could be realized. However in the post SHG it has increase to 73.04%, which is really a remarkable improvement and attributed by the respondents to the SHG and its associated microfinancing activities. On the other hand, with respect to social index, it is found that the value of empowerment was to the tune of 13% indicating that for a 100% expected level, the women could exhibit only 13 % of empowerment levels in terms of participation in decision making on social affairs, but it has increased 52% nearly a thee fold increase, and more than improvement in the economic spheres. Hence, the composite index of including both economic and social index indicates that there has been an improvement from around 27% in the pre-SHG 65% acheivement in the post SHG. This indicates that to attain a 100% empowerment the sample women have to go still a long way in terms of both economic and social empowerment.

**Transaction Cost Differences between SHGs, formal credit and informal credit:**

**Table 5.68 Average percentage of Transaction Cost of SHG and Other Micro Financing**

Transaction Cost	SHG Group	MFwith subsidy	MF by banks to SHGs	moneylender
Paper work	0.5	5	2	2
Transport& food	Nil	10	0.5	2
Mandayslost*	Nil	10	2	2
Procedures**	0.5	5	2	1

*				
Interest	24	12	12	36
Non-interest	Nil	3	1	2
Bribing	Nil	15	Nil	Nil
Penalty*****	2	1	No failure	3
Total	12% [27– 12]	61%	15%	48%

*for both self and accompanying persons.\*\* both for self and accompanying persons*

*\*\*\* producing the relevant certificates from VAOs, Revenue Inspectors, or from others*

*\*\*\*\* The quantitative cost in terms of physical and mental strain, the ill-treatment, the abuse etc has not been brought as it is very difficult to measure.*

*@ The interest charged at 12% by the SHG group loan goes back to group and therefore it is deducted from the transaction cost of 27%*

The transaction cost differences can be both qualitative and quantitative. The cost may be in various forms. It is taken comparatively for SHGs, formal banking sector and informal moneylenders. Each have their own merits and demerits. Taking all such differences, the average percentage of possible expenses in the form of leakages were enquired into and presented in table. The cost of loan includes right from applying for loan, various papers, photos; certificates may have to be produced. After applying, the loan may not be immediately sanctioned by banks. Say for instance if a person is selected for IRDP loan he has to submit the application with necessary documents enclosed, he may be called one day, where he may take his/her friends or wife foregoing his/her work and of his accompanying persons. Hence wage is lost for both of them. Apart from this, while going, one has to spend on transport, refreshments and if delayed on food also, which would consume another day wage of both the persons. Again return transport expenses may be incurred. He/she may not succeed in one attempt, and hence needs to visit again and again at least three or four times. So 12 to 16 person days of labour would be lost accounting for Rs.1000 to Rs. 1200. While getting the certificates, they would have bribed at all levels in all stages, which would have consumed Rs. 200 to Rs. 300. To speed up the sanction, they would have proceeded through the big shots of

the Village such as President or others to whom at on an average Rs. 200 to Rs. 500 have been reported to have spent. Above al, after all these struggle, while getting Rs. 5000, as IRDP loan to get the milch animal, he has to pay under the table for each and every one concerned with sanctioning of this credit. On an average, if five officials are there, at least Rs. 1000 might have been spend as the officials said to claim that nearly 30% to 50% is given as subsidy and hence they can afford to spend a part of it. It is not that the IRDP loan in all cases would ben used for the purpose for which it was borrowed. So if any inspection comes, they beneficiaries may have to pay to the officials for his inability. Hence, the entire subsidy component would be lost and sometimes, what wuld be left with may be hardly 50 %to 60% of the loan. Moreover, hardly any borrowed is committed to repay either they feel that it is a gift or they hardly able to receive the full amount. Hence the outreach ofo such micro financing was very large but the amount was very limited. Also the returns were either zero ro very low for a teimporary period, as the loan has hardly been invested on income generating activities. Those who successfully invested also failed to sustain, as they were not able to get the input subsequently due to small scale of operation and poor returns, lack of subsequent creit forthcoming etc. It is hardly 5% to 10% who were successful in paying the first loan and moved to second loan. Hence the transaction cost for the borrowers was the highest with formal credit microfiance schemes other than SHGs. There is some transaction cost for the banks. It may include the paper work for each and every small borrowers, in failure of paying, visit to borrowers place frequently, interest accumulation and the resultant lost of revenue int eh respective months, more time and energy to be spent in visiting them, shouting at them, etc. So the probability of non-repayment was high and measures adopted to improve it may require at least 10% of the total loan. Hence, 61% for the borrowers and 10% for banks would be transaction cost for the formal sector micro finance other than SHGs.

Taking the informal sector of traiditonal moneylenders and SHG group loan and SHG formal sector credit revealed that SHG formal sector credit happends to be costlier with 61% transaction cost, followed by money lenders and finally the SHG loan, and SHG loan with bank. The informal sector by virtue of better knowledge about the borrowers and small scale of operation is able to charge higher interest, which is accepted

by the borrowers either because the formal credit is not accessible or it involves a lot of procedure. The money lenders on the other hand, do not require much paper work, do not make the borrower to visit several times, do not ask for collateral as he knows the borrower better than others, do not demand any bribing, sanction loan for consumption or investment purposes and do not bother to what purpose it is used. All these merits are paid in terms of higher interest rate and hence the cost per loan on an average has been said to be 48% slightly lower than the formal sector non-SHG micro finance.

When the SHG group loan, and micro financing through formal sector for SHGs is compared and not much difference is found when allowance is made for higher interest rate charged at 24% to 36% by groups going to group income only. Taking the group loan by SHGs and money lender, there is a vast difference as the informal sector money lenders were charging more than the SHGs and accordingly the transaction cost is more than double the SHG group loan. More than that, the moneylenders abuse by words and the action taken sometimes may be very wild and violent which all may be difficult to quantify or impute. The very goal of SHG formation is to increase the distance between the moneylender and the poor and reduce the gap between poor and banks or formal sector lending. The closer the formal credit better would be the reach and the poor would be enabled with better access to credit.

Hence, it is observed that of all the forms of micro finance, both formal and informal credit associated with SHG have incurred less transaction cost compared to other forms. Similarly among the informal credit, it is observed; the SHG group loan involves very low transaction cost compared to traditional moneylenders. Hence the reduction in transaction cost of SHG micro finance has facilitated both the bankers to bank with poor and poor to use formal credit.

In spite of the fact that the informal sector charges heavy interest rate, the repayment has been free from default. This has been mainly attributed to factors such as availability of informal credit at any time with less formalities, failure of payment lead to accumulation of interest, incentive for delivery of second loan on prompt repayment and above all, the pressure from moneylenders in the form of threatening. It is these features associated with informal credit have been well incorporated in SHG micro financing also particularly less paper work, peer pressure and better recovery performance.

**Problems:**

In the group functioning and availing the loan a few problems have been expressed. The foremost problem felt by majority of the members has been the triple role of family group and economic activity, which made them difficult to attend fully on all affairs.

In certain groups the members expressed that there is non-co-operation among the members that make others in the group to suffer.

The group members are mostly from the poor households and lack resource base and as such suffer from expansion of the economic activities chosen. Bank finances have been said to be very small to improve the scale of operations.

The strict repayment schedule made some of the members to borrow from informal sources with higher interest rates. This would question the very objective of the SHGs, which need to be addressed.

The revolving credit or other loan extended will be shared according to the activities chosen and in the end each member gets only a minimum amount. This has resulted in diverting the loan for other purposes, as it does not suffice to start any economic activity.

Still some members felt that there is lack of confidence to start any enterprise, nor approach bank for assistance. This resistance has been mainly due to the inherent cultural influences of considering women as incapable, weak and cannot work like men in businesses. SHGs must bring the women out of these bindings.

**SWOT ANALYSIS**

In the analysis, more than the quantitative information, lot of qualitative information has been collected to assess the impact of various forms of micro financing on women. The qualitative information has to be brought to the limelight to understand the main contribution of the micro financing and SHGs towards the empowerment of women and the other impact created. In this context on qualitative analysis applied is the SWOT Analysis bringing the Strengths, Weaknesses, Opportunities and Threats would be suitable in order to suggest the sustainability on the basis of this analysis.

**Strengths:**

- ?? [i] regular savings and thrift enabling the women to even cut the necessary expenditure to save, and it does not stop with the saving, it is also managed by their own with the guidance of peers, NGO, banks etc.
- ?? Regular meetings in short intervals, either weekly or fortnightly or monthly which did not exist before is another strength which enables the members to discuss their problems and also help to strengthen their relationship.
- ?? In their involvement, they are able to operate bank accounts, which was hitherto a remote possibility. This helps them to acquire knowledge on accounting principles and enhances their administrative capabilities.
- ?? The SHGs and the micro financing enabled the women to engage in decision-making affairs of the group and accordingly they become better decision makers.
- ?? The selection of the representative of the group, conduct of group meetings, involvement in the administration of various aspects, maintaining transparency in the accounts etc. impart a sense of responsibility to each member.
- ?? The group members with homogeneity of interest from various classes and castes together participate thereby eliminating the differences among caste, class etc.
- ?? Responsibility of the members to attend to the problems of each member in their family brings a security to the deprived women and the deprivation of women is slowly removed.
- ?? The available credit enables the women to become entrepreneurs and involve in decision making outside family and business activities.
- ?? The micro financing done both for consumption and investment loans increases the nutritional level of the participants, and thereby contributes to increase the productivity, income and have a better standard of living.
- ?? The group approach and mutual peer members guarantee loans without collateral and hence the hurdle of collateral is removed.

- ?? The transaction cost is minimized, with less paper work and simplified sanctioning/process and hence the unnecessary waiting, loss of person days and other associated leakages are done away with.
- ?? It is free from target and hence not pressure fro bank officials, promotional agencies to identify non-deserving members for micro finance.
- ?? Recovery performance with more than 85% encourages banks to recognize that the poor are bankable and accordingly bank with them
- ?? Financial widening is taking place as every now and then, new members are being injected and financial performance grows horizontally and vertically.
- ?? There is a better recognition of the SHG members by the community and they are brought to participate in village development council and overall administration.
- ?? The SHG women have disproved that the poor ae not bankable. In fact they have grown to bank their savings with bank. On the bank side lthe SHGss help in externalization of the operational cost such as resource mobilization, credit management, recovery performance which may encourage the banks to ezpand their operations and keep the formal credit available to the hither to neglected.
- ?? Social collatera and it is social capital to be a member of SHG as the group stands as the guanrantor both for awailing credit and for maintaining recovery performance. This social collateral in due course of the time helps in improving and bringing social, cultural and political changes.
- ?? The foremost strength of SHGs is that it addresses the gender imbalances, combat unjust social relationship and therefore any attempt to address and eliminate the unjust relationship between caste and class can be doen through SHGs.

**Weaknesses:**

- ?? In spite of more than two decades of its initiation in various parts of the country, SHGs remain in a small scale, operating with micro enterprises.

This expansion has been curtailed. What is the political economy behind it? It is again the dual responsibilities, which constrain women to move to higher scale or it is being deliberately kept at lower level. One of the sample groups has shown interest in doing export business but the NGOs or the banks give no guidelines. So in the policy level, what measures must be probed into.

- ?? Maximum loan is given to consumption purpose, which may contribute to improve the nutritional status but cannot immediately result in income generation activities.
- ?? Another major weakness is that these women grown in big scale may be converted into vote banks which needs caution to not to have political intervention.
- ?? Another major aspects is that they have not accountability nor subject to auditing by the community or state. Hence there may be chances of ignorant members getting cheated by others who are better educated and well aware of the rules and reputation.
- ?? They are not registered institution and the drawbacks associated with non-registration may recur.
- ?? The compulsory savings may sometimes force the women to cut necessary expenditure which may check the nutritional status on the one hand and may lead to borrowing to save in some inevitable situation. Such tendency may bring negative effects on the standard of living of women.
- ?? In many cases the criteria followed to form groups was not based on the BPL criteria and as such the very objective of micro finance for poverty alleviation is nullified.
- ?? The impact of SHGs to a larger extent depends on the ideology, popularity, coverage and implementation, contact and other similar features of NGO. Hence the impact generated among the clients of SHG to certain extent or to a longer extent influenced by the NGOs but this tendency should not be continued as it may affect the independent



functioning and decision making of the SHG participants. It is sufficient the initial facilitation is done by the NGOs

**Opportunities:**

- ?? SHG women by virtue of becoming member of SHGs are extended with several opportunities of participants in seminars, conferences, and important events and thereby the organizational ability gets strengthened.
- ?? The SHGs through their group performance is able to avail credit which will be used for initiating micro enterprises and thereby the women who remained within four walls as housekeepers or wage labourers turn into micro entrepreneurs and thereby mainstreaming women's work and also make the women's work visible.
- ?? The activities initiated also extend an off farm opportunity in the absence of which they had to remain idle without any earning opportunities.
- ?? The increase in income facilitates the women to improve the consumption and investment pattern of the household, improve the educational levels of their children, modernizing the kitchen activities, save time and invest it in productive activities.
- ?? Opportunity to increase the effective demand. The compulsory saving is said to increase investment in productive activities, which may in turn bring out an increase in income, employment and resultant increase in demand. Hence the Keynesian theory of increasing the effective demand to take care of the problem of unemployment would be realized in the long run. The increase in income among the rural and urban may facilitate urban markets to expand and resource flows from urban and rural and vice versa.
- ?? The rural poor have continuously been suffering from unexpected expenditure be it festival or funeral expenditure. The family resistance to such expenditures is better managed by the SHGs either with interest free loan or loan with interest or gift from the members of the SHGs. A case was met where the husband of a SHG member was dead and she did not have any saving, as she is a wage earner. Even if she is lent a loan she

may not find it easy to repay. So the SHG members decided to contribute a certain amount each and donated a sum of Rs. 1000 to meet the funeral expenses. Hence this is an opportunity to meet such emergency needs.

**Threats:**

?? The banks are lending to individuals taking group as a risk reducing mechanism. Sustaining of its growth may emerge as a parallel to informal institutions next to moneylender. Such growth if encouraged at one time or the other, the SHGs may feel to handle their deposits on their own without depositing with banks. This may dismantle the relationship between banks and poor. The cycle may reappear and the poor may suffer again with lack of access to credit. Such withdrawal of formal sector in the present policy environment may be conducive for the government but in the long run the external finance capital may flow in due to privatisation and emerge as competitive financier replacing the formal sector on the one hand subsequently the SHGs and its associated micro finance on the other.

?? The state regulations to control such growth of external sector would be absent and again the poor would be in the clutches of the informal sector of other kind. Hence SHG formation, regular saving, depositing the balance with bank after internal lending, approaching the bank for micro credit to initiate micro enterprises regular repayment to go for subsequent loan for expansion etc would be sustainable. Growth of SHG to any scale should not give up the basic principle and objectives for which they were introduced so that long run stability and growth and sustainability would be ensured.

Lack of accountability, mushrooming of growth of NGOs, increasingly everyone taking up the SHG principle, continuous support from abroad but without any commitment on accountability may give way for petty capitalists in the form of NGOs to grow and ultimate exploitation as done by land lords may repeat the history and make the poor ever sufferers.

Some important cases of interest highlighting how the SHG members have changed in their attitude, behaviour etc is produced below.

### **Case I**

In the Tiruchirapalli urban where Gramalaya is working, a discussion was held with a 48 year old women. She is a lady with louder voice, stout and dark. She described how her life is changed after joining SHG. In the Pre SHG period, her husband died leaving two children. She became widow in her young age and unable to bring up her children properly. She is an illerate, poor and left the children in some relatives place. She also got into alcoholic and smoking. Used to abuse others with bad words. She practiced prostitution. She hardly had bath, hardly washed her clothes. It is in this context she was able to meet the NGO personnels and joined the SHG.

She is now taking bath regularly washes her clothes daily; she has given up the smoking, drinking and also prostitution, never abuses anybody. Now she is the representative of a group. She has been involving in representing the community problems to the authorities, creating awareness on AIDS etc She said her voice is helping to represent the problems to the officials. She has learnt computer education and claims that she can operate on inter net. The members around her approved those facts.

### **Case II**

Another woman is 'separated' as her husband ill-treated her demanding dowry. Failing to tolerate the ill treatment, she left him. Her husband married another woman. She is now a member of a group and able to lead a comfortable life with her earnings. When her parents asked to take action against her husband she did not. Seeing that she is earning and has money, her husband is approaching her to live with him. But she refused saying that she likes to live alone. She belongs to ECG NGO groups. If she had not been the member of the group, she would have joined her husband she added.

### **Case III**

A member of SHG in urban area was running a flower shop on the platform. She struggled to meet her survival needs as her husband's earning was also very meager in bookbinding. But still their income was not sufficient to meet food and clothing requirements. After becoming the member of SHG, she is able to avail group loan, which was invested back in their petty businesses. The earnings were reinvested and helped in expansion. She claimed that after joining SHG she feels as if recognition came to her from the society through the participation seminars and other meetings. She felt that she

has been relieved from the struggle for survival; she is able to pay back the credit in time, both group and bank loans. She is the representative and maintains the records and accounts of the group. With the representation they are able to bring a public tap to their streets.

She added that the government hospital, which is closely located to her residence, does not serve the people proper. Only the poor go there by the treatment is very poor. The environment is also kept untidy. The visitors are charged Rs.5. The doctors who serve in GH have private clinics and come to the hospital late and hardly devote time to fully analyse the disease. Taking all these issues, a dharna by SHG members was done but due to lack of support from the government, the police did not permit them to do so and the problem persists she added.

#### **Case IV:**

Woraiyur Josephine is a member of SHG. Her husband is a conductor. She has succeeded in creating 90% micro entrepreneurs from her group. She has chosen to a very modern activity of mineral water making and selling. She has bought an auto for the same, which is used on part time for schools also to take the children. She visits the orphanages and distributes food. She has adopted two orphan children and meet their expenses towards food, cloth and other items.

#### **Case V**

Sivagami in the weaver's colony is the representative of a group. She is also a leader of the federation of the entire urban groups of ECG. She is intervene in solving the problems among the husband and wife, eve teasing of college students by punishing the boys who are involved in eve teasing, condemning the commodification of women in films and advertisements etc. She also helps the members in getting the ration cards, insurance among, collecting donations for the sick and various other social services. She runs an activity of hiring out decorative ornaments for the brides. She takes free tuitions to the children during her leisure time. She helps in meeting the funeral expenses of group members.

#### **CaseVI**

The general discussions with all the members in the rural areas revealed that the SHG has been helping them in having regular and compulsory saving, getting the

revolving credit, and bank loan, facilitate to invest these loan on education of their wards, medical expenses, initiate petty trades, etc. On the whole, their need for consumption loan, dependence on moneylenders etc could be addressed. By virtue of members of SHGs they are able to participate in-group meeting, seminars, community development activities, participate in all ceremonies of the members without caste and creed differences. Engaging in-group activities is very limited. But most of the rural SHG women are engaged in milch animals, milk production, goat and sheep rearing, beedi rolling, pottering, running petty shops, beads making, etc. indicating agro-based and non-farm activities.

The SHG women not only involve in improving their own self but also involve in visiting the schools, balwadi in their villages, to check whether everything is done well, distributed plates, glass and toys to the balwadi children. They have also contributed to get prizes for the participants of sports. For the poor children, they get the books and notes books.

To sum up, the economic and social impact analysed in terms of group performance growth of income, consumption, savings, borrowings, asset holdings and social empowerment measured in terms of empowerment index measured in terms of participation in decision making, community affairs etc, transaction cost differences, SWOT analysis, cases described etc revealed the following.

- ?? Montly income has been found to increase on an average of Rs. 110 per member; the maximum has been by NGO facilitated and NGO intermeidated. Other member's income increased byRs. 562 due to SHG and the Household income increased by Rs. 643.
- ?? Nearly 43.71 percent of the women held their consumption expenditure pattern have improved due to SHG and the increasemental income realized. The major improvement in percentage terms has been realized on education, followed by clothing, festival and food expenditure. So SHG intervention has contributed to raise the income and expenditure of the households
- ?? The savings performance has shown that there has been a decline in the average size of savings during pre and post SHG situation, which was

mainly influenced by NGO intermediated model primarily as these women were saving through chit funds for borrowing sake, which have inflated the saving figure.

?? The size of increase in asset holdings has also been taken as one of the indicators of creating an impact in the economic life of the SHG women. Accordingly it was analysed that the asset position has shown a marginal increase and it was claimed that it is due to SHG.

?? The borrowing performance of the pre and post SHG periods revealed that it has almost doubled on an average during post SHG periods. However, in certain categories, it has declined, perhaps the members who have borrowed from outside with higher interest rate would have stopped and the chit funds sources must have been given up. Around 10% remain without borrowing, which just save and be a member of the group.

?? The empowerment index developed taking as many as 260 variables of both economic and social affairs, revealed that model wise, except the NGO guided but self-supported models, all others have said have empowered in the post SHG situation compared to pre SHG. NGO wise, it was observed, the ECG group members have been found to be highly empowered and other have attained the status of being empowered. But the PDI groups have not been empowered. The ECG groups are highly empowered because, they are quite old, more than 90% have initiated enterprises with bank loan and also participated in various other community development activities. On the other hand the PDI groups remain self-supported with petty trades or just with group savings, not much involved in community development activities, etc. and therefore scored very less and lagged behind.

?? The transaction cost differences of various micro financing were computed and observed that the maximum transaction cost including interest has been incurred in the micro financing of IRDP, DWCRA etc, though they are formal credit, followed by informal credit source of traditional money lenders. The least has been by the informal but

organized credit by the SHGs called group lending allowing that their interest income earned will go back to the group. And hence, though they charge relatively higher interest than the formal credit leaving the interest aspect, SHG group loan has said to incur less than the other categories.

The analysis of the primary on the impact created on women by SHGs revealed certain interesting findings. The SHGs and the micro financing have created great impact on the lives of women as evidenced through the analysis.

## **Chapter VI**

### **Summary of Findings and Conclusion**

This chapter summaries the major findings and discusses the issues of micro financing and brings conclusion. The objectives and goals of micro financing are to bring economic and social empowerment among women, ensure financial sustainability, and provide skill development so that it would sustain with an economic activity. This present study attempted to analyse whether the micro financing have brought any change in the lives of women. Great debates are on as to whether, forming groups, making women as members, providing credit and imparting some business skill would change the social equations in the society. The proponents argue that providing credit targeting women can prove to be a suitable mechanism in enhancing poor women's socio-economic conditions and thereby altering the relations between gender and class. On the other hand, critics argue that provision of credit may lead to marginal increase in income and assets which may enhance the well being and economic security, but the increase maybe too little to affect pervasively entrenched political and economic relations.

**The objectives of the study were:**

- [i] to examine the upcoming institutionalization of small credit lending /micro financing and its impact on women's empowerment as against informal lending;
- [ii] to analyse the impact of micro financing, outreach and performance, socio-economic impact on women;
- [iii] to analyse the achievement of micro financing in terms of savings, access to credit, reduction in transaction costs, etc;
- [iv] to bring out the behavioural outcomes such as asset holdings, family expenditure pattern and education of the children etc. and
- [v] to assess the empowerment of women in terms of decision making within and outside family matters.

The data collected in this study were both quantitative and qualitative from 110 members hailing from both rural and urban areas in five models of SHGs. In addition to this to find out the impact, apart from collecting the pre and post SHG information, a



control group of non-participating members have also been chosen from the neighbouring areas of the SHG households mainly to find out whether the variations in membership could be explained by variation in membership.

To study these objectives a study was conducted in Tiruchirapalli district of Tamil Nadu taking five categories of SHG micro financing models were identified and their comparative performance and achievements were analysed in both rural and urban Tiruchirapalli district. The sample has been distributed such that more than nearly 50%, followed by NGO intermediated where NGOs acts as a financial intermediary accounted for 36%. The remaining were distributed into three models namely, directly bank linked SHGs by the PACBs [9%] NGO guided but self-supported [4.5%] and only one SHG which is completely initiated on its own and laid down the rules of the group following the neighbours and independently functioning neither with the guidance nor with the financial support of external agencies, including government. These 110 SHG members were drawn from 78 SHGs, as some times, more than one members of the same group with different trades would have been taken.

The analysis has been done throughout taking model wise and a comparative analysis revealed some interesting findings, which were very much in line with the popular trend in micro financing.

#### **Findings:**

Unlike the previous forms of micro financing including IRDP, DWCRA, TRYSEM, STEP etc, and the micro financing intervention through the SHGs have the component of institution behind and group binding. As Georange Stiglitz and other held in 1981 that the formal sector in the event of failing to have perfect information, kept a distance in their outreach to small borrowers. As a result both the banks and the small borrowers were at loss the former losing a new credit market and the latter with cheap and large credit. It required certain institution building so that the adverse selection of borrowers by the bankers and the high risk of default may be done away with. On the other hand such institution may also safeguard the interest of the members in getting the sufficient credit from formal sector. This is achieved by the concept micro financing and SHGs wherein the peer monitoring and peer pressure have been proved to be the effective instrument of addressing the flaws associated with the previous micro financing models.

In doing so, it was concluded that though not it is possible to get the formal credit at a cheaper nor tapped with the informal money lenders, the second best alternative of SHGs and micro financing with no collateral but with little higher interest facilitated the access to credit better. In this study it is proved true that such savings and credit through SHGs and its associated micro finance have resulted in institutionalization of small credit lending. It is observed that all the savings and credit are done through the groups and the group approach have resulted in safeguarding the interests of the members in getting the loan at a cheaper rate may be above the formal bank rate but below the informal money lending rate.

The impact of micro financing on women has been analysed taking the various indicators in the pre and post SHGs situations. It is observed the impact is reflected in the change in the asset value, change in the income and consumption pattern and above all changing in the savings and thrift which was minimum or absent in the pre SHG period. More than the economic empowerment, the sample SHGs has attained social empowerment better, which may be solely attributed only SHGs and the concept of micro financing. They are observed in the change in their attitude against the social evils such as gender discrimination, dowry, equal property right, equal nutrition, health attention and education and treatment of girls children, widow remarriage, participation in decision making within the households affairs such as deciding the education of the children, the schools to be chosen, the standard upto which he or she is to be educated, the course to be chosen, the mode of transport, marriage age and marriage of the children. Purchases of land, jewels, consumer durables, sources of borrowing and savings, participation in community affairs, membership in Village Development Council, representing the problems to the concerned authorities, traveling outside without the support of any body, participation in local elections or intend participating in future, questioning the non-performance of the chosen local government, questioning the revenue and expenditure structure and representing the problems of villages in the areas of drinking water, construction of overhead tanks or other sources to improve the base of the drinking water, desilting of tanks, attendance of the school teachers, the teacher pupil ratio, the quality of the noon meal, the facilities in the schools and in the village, such as road, transport and communication, banks, post office, schools, hospitals, and regular visit of

the doctors or the health assistants, helping in immunization, protecting environment, participation in awareness camps on gender, environment, AIDS, blood donation and also organizing such camps for the villagers, observing the women's day and celebrating other days etc. So in such aspects, the social empowerment has been more pronounced than economic empowerment. Apart from these outside achievements, within the group they have been empowered to participate in meetings, make decisions on the loan, saving amount, number instalment, and repayment norms and also going out for attending various seminars, which are in the interest of the group.

The transaction cost in terms travel, time, loss of person days, several visits to banks and the associated expenditure for the self and the accompanying persons, the loss of person days for the accompanying member, waiting period, and above all paying the interest for a loan to outsiders have all been vanished with the emergence of SHGs. The transaction cost in terms of interest may be higher as in certain groups the rate of interest charged ranged from 24% to 36%, which is less than 10% in the formal sector. But the members do not mind paying the higher interest as it goes back to their group fund and later realized as their earnings. The transaction cost is completely absent compared to the formal sector and informal sector loan.

The micro finance has been emerging as a significant instrument to address the problem of lack of access to credit for the poor and also indirectly attacking the poverty and unemployment. The third sector between the market and the government has emerged and most vigorously involved in the process of organizing the rural poor particularly women. The SHGs and their role is exaggerated though previous IRDP was the world's largest micro finance programmes. The SHGs are now glorified as it really achieved several attributes in the short run unlike other forms of micro financing. They are glorified and exaggerated for their transparency, group approach, recovery performance, entrepreneurial skill development etc. But whether this will be long-lived or short lived must be analysed.

The SHGs are mostly promoted and encouraged among the women for the reasons that they are better organizers and have better involvement. As already pointed out it emerged in the context of both market and government failing. The micro finance institutions and the micro enterprise activities promoted by them are remaining in micro

or tiny scale even with the institutions which have been in existence for more than two decades, such as SEWA,, Grameen Bank of Bangladesh etc. One advantage of remaining in such scale is its long run stability and sustainability. In the event of growing in large scale, the dangers relating to the long run stability by Samar Dutta and Raman may emerge and the group may break. Now the question is why does the SHG not expand beyond micro scale, however glorified may be its operations and outreach. Is it just a coincidence or deliberate. What is the political economy behind it? Assuming that with the expansion to more than micro scale would raise diversity of interest and the inability of the SHGs to fund the requirements which may result in drop out of members and ultimate failure of the micro finance institutions, which is glorified to the maximum, is it deliberately kept in such micro scale. It may be partly true because the so-called integration with the global system requires less intervention with the government and more roles for market. This is realized by the various micro finance institutions taking up the role of government institutions and in the event of failure of such institutions may prevent the other parts of the world particularly developing countries from integrating with the global system. Given these, it may be asserted that the micro financing is largely promoted among women. Such targeting of women itself may be due to the fact that given the dual responsibilities they may not grow beyond micro or tiny scale i.e. not beyond the capabilities or abilities of SHGs to fund. By keeping in this scale the sustainability of the interest of the so-called Washington Consensus may be attained which does not believe in government intervention rather on market and fiscal compressions.

Another argument is the emergence of NGOs parallel to the government departments in both rural and urban areas. On the one hand it is a self-employment for them and survival that they have to operate with some target population. But only few are operating with people's participation with people's fund or domestic fund and progressively a large percentage of NGOs are only depending on external credit. This questions the sustainability of their intervention on various target population on the one hand as they would not withdraw in their withdrawal phase, though many of them claim that they have imparted sufficient skill and alleviated poverty and empowered the women and other disadvantaged. In a way the NGO funding makes the existing NGO work in their respective areas or in conflict with others in other areas, without putting an end and

accordingly the problems will be remaining without any end. Such support by the external agencies in a way makes the receiving countries dependent obviously. But what is implicit or the hidden agenda is that by supporting and encouraging the growth of such a parallel sector and SHGs, farmers clubs, etc, the government can withdraw slowly which means less intervention on regulations, so that easy entry for the foreign producers to have market in developing countries like India. In addition to these indirect way of bringing the foreigners, the governments commitment with new economic reforms, signing with WTO and integrating with global economy, also have paved the way for dwindling of Indian industries and resultant economic and social problems of unemployment, terrorism etc. It is not only that the foreign funds are available for development purposes but also on health areas such as prevention of AIDS, and other killing diseases. It is quite surprising to read Bill Gates extending Rs.500 crores for five years to attend the AIDS related issues in India. Already several NGOs have operated in full scale in development and poverty alleviation programmes and hence pouring of more and more in this areas may not be worth or it is not necessary that such economic problems are fully addressed. Also the NGOs working in such aspects would have been tired and they may look for a change and tend to work in such health related areas. Reading the minds of such NGOs and also as a step to implement their hidden agenda, the external agencies are sanctioning funds for the developing countries. This has to be taken in the right perspective and the government therefore has to be very keen in safeguarding the interest of the people and self-reliant which is the foremost responsibility of the state in a democratic country like India.

In this study, a model wise analysis on the impact of women revealed that the performance of NGO facilitated model has been found to be performing better in various aspects such more number of groups, high average savings, more linkage with banks, higher recovery, and other achievements of empowerment indices due to the motivation given by the respective NGOs. Given that these NGOs are working in the intervention area for more than a decade or two decades, by expanding various programmes of intervention, almost made the rural population dependent in some respects or the other. It may be true the SHGs may be independent and decide the rules and regulations etc by themselves. But which group must be recommended to the bank for linkage, how much

loan must be allotted, what trade to be chosen etc are still done or decided by the NGOs. Hence what is actual posed may not reflect the real empowerment. The predominance of NGO facilitated models reinforce the fact that both the NGOs, the government and the external funding agencies wish the micro financing must be routed through the NGOs and the banks need not directly operate their business with SHGs. The neoclassical paradigm of information would be costly if it is directly done by the bank as they banks may not fully have knowledge about the credentials of a group going by the savings performance and records maintenance alone. Hence the banks would also be preferred by the NGOs remaining as facilitators. It is true in other studies also that only NGO facilitated groups have performed better than others and it is needless to say that everything is going in right direction as the agenda set by the so called power economies.

Given such introductory remarks about the micro finance institutions the findings emerging from this study has been summarized below with suitable policy recommendations.

The institutionlisation of SHG loan is reflected in the form of group of members joining, involve in compulsory savng, conducting regular meetings, to assess the performance, problems etc. The development experience showed that both the government and market failed in certain ares and there is a consensus that both hae to play a role wherein the role of institutions would be noteworthy. This is true in the finance capital market also, whether it is micro finance or corporate finance. It is in this juncture the SHGs with group approach emerge as an institution building the savings among the poor.

The achievement of this institutionalization of micro finance in terms of savings, access to credit etc showed that the savings performance has improved over 90% as more than 95% of the women of othe sample did nto save at all and now they are regularly saving at the rate of Rs. 20 to Rs.100 per week. Credit goes to the SHGs, the NGOs, the banks and other stakeholders of micro financing.

The access to credit is absolutely easy with simplified procedure, less paper work, sanctioning of credit in in no time from the group with less interest or no interest for emergency reasons, and the transaction cost compared to informal moneylender for both consumption and investment purposes. More than 3/4<sup>th</sup> fo the respondents have

borrowed for consumption purposes from the group. The revolving fund credit has been availed by 30% of other respondents who have reported to be used only for the purpose for which it has been borrowed. This was absent in the micro financing previously available with subsidy component. Also the subsequent loan has been made available on successful payment of the previous loan from the revolving credit and to few under SGSY scheme with Rs. 1.25 lakhs with subsidy component. Hence the access to credit has been improved to more than 100% from the formal sector with less interest and less transaction cost among the SHGs in their sample area in Tiruchirapalli district of Tamil Nadu.

Behavioural outcomes indicated that the SHG women are now changed in their attitude, dealing with others doing away with caste differences participating in family ceremonies of SCs by BCs etc. In urban areas it was observed that they have changed in their attitude of using open toilet to modern toilet, looking into the complete sanitation and proper drainage in the area, attending to removing the garbage regularly etc. It was also told that the so-called petty quarrels, street quarrels, tap quarrels were no longer in existence. If any such quarrels occur outside the SHG members attended smoothly by these SHG members.

The SHG members expressed that the question of decision-making is more on female than male. The male members of the families of SHG members have also showed attitudinal change in recognizing the power of women, obliging to their decisions not to go for moneylenders for borrowing, to give up smoking, alcoholism, illicit arrack, illegal relationship with women etc. In certain areas, both in urban and rural, it was learnt that the SHGs quietly acted to uproot the system of illicit arrack.

The incremental income, regular savings, peer group influence made several women to enhance their expenditure on education such as sending their children to better school, getting them bicycles, getting better uniforms or additional sets, etc. The additional income realized has been mostly spent to improve the housing conditions including better flooring, roof, etc, constructing additional rooms, getting a plot, improving the amenities at home in terms of consumer durables, time saving kitchen wares such as grinder, TV, mixie, getting tap connections for drinking water, buying jewels, silk sarees etc. Since the groups are only in micro enterprise activities of very

meager returns, their expenditure pattern has not improved beyond the above-mentioned levels. Reinvestment of income/profit back to enterprises may be better realized in the years to come and may help to expand the scale of operations.

The asset holdings in the form of improved housing, modernized and extended houses, plot for house building has been observed only with less than 10% of the sample women.

The family expenditure pattern on food, medicines, education, clothing etc found to have changed. The nutritional status of food, visiting to doctors, unlike self-medication done in the pre-SHG's etc have changed.

On the whole it is observed that the impact of microfinancing on socio-economic empowerment of women, improving access to credit, improving the saving, family expenditure pattern on food, cloth, consumer durables, etc and above all reducing the transaction cost as against informal lending and also other forms of lending with subsidy component in the sample area. But the impact has not been significant except in few areas, namely social empowerment measured in terms of decision making with family and community affairs, participation in social activities, improving the skills, capabilities, such **Conclusion:**

This study on the impact of the various forms of micro financing on women has been done taking 110 women from five different models namely Directly Bank Linked, NGO facilitated, NGO intermediated, NGO guided but self-supported and Completely self-supported. All these models have similar objectives and goals on women empowerment but the approaches adopted to reach the objectives have been different. It is revealed that the NGO facilitated model where the NGOs are not the financial intermediary has been performing better in terms of the various indicators taken and fulfilling the objectives for which they have been initiated. In terms of empowerment Index it is observed except the NGO guided but self-supported groups, all other members have attained a status of moderate empowerment and labeled as empowered. NGO wise only one particular NGO could lift their members to a highly empowered status. This particular NGO has done all possible ways by which the members can be linked with bank, avail credit, initiate enterprise, attend seminars, organise meetings arrange to participate in trade fairs at the state and national levels, and the like. There are certain



inherent strengths, weaknesses, opportunities and threats identified and discussed in this study. Taking the strengths and opportunities, SHGs may be encouraged as a movement and as an institution to facilitate the women to have better access to credit, with larger outreach, create micro entrepreneurs and participate in various community and social affairs and empowered in taking decisions. However, there are certain serious questions to be raised.

These SHGs in the long run may create a parallel line to formal sector and in the event of growing large, they may wish to handle the money without depositing with bank and emerge as another kind of informal credit. Given that the state will not intervene, it is highly conducive for the private lenders to emerge as capitalists and exploit the poor. This spiral of repeating the cycle first relieving form the traditional moneylenders going to NGOs, SHGs and again emerging as exploitative with the clutches of a new group of intermediaries or capitalists are really the expected outcome of the micro financing through the SHGs. These issues must be taken care of and future researches may focus on these lines. The action needed in future on the basis of this study is that, the women should not stop with savings along, nor divert the loan to other purposes which do not bring any return.

It is observed that the NGO facilitated group where NGO does not operate as financial intermediary has been found to be performing better in terms of out reach, forming more groups with BPL households, with homogeneity of interest, improving the access to credit and control over resources, improving the quality of life, etc.

Above all, it has also contributed to improve their self-confidence, which has revealed in the discussions empowerment in the household and community has been realized. Hence such models may be encouraged to replicate in future. However, the dependence of SHG on NGOs for all matters concerning the forming, functioning etc must be done away with, so that the SHG efforts would sustain. Networking the NGOs and the Federation of the SHGs are very much needed so that in future they may be able to represent their problems and find solutions better. The emergence of SHGs should not replace the formal bank rather they must growth in complement to bank keeping the deposits and also taking credit, so that the bank will grow and help SHGs to grow and sustain. Above all the SHG must work democratically and even in working event of

growing to a large scale the SHG members must stay in tact without considering the opportunity cost to safeguard the interests of the group and long run stability and sustainability.

**Conclusion:**

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### **Recommendations:**

Micro finance is a movement and an institution, which has reached its heights in every parts of the country. It is popularized as a right strategy to address the poverty among poor nations. UN declared year 2005 as the international year of micro financing. It has significance as the micro credit summit is reaching its final year by 2008. In this study on the impact of various forms of micro financing, certain lessons have been learned, and in the light of such findings the following are suggested.

- ?? The earlier enthusiasm shown by the members in forming the group must be sustained among the women so that the micro finance movement would

be addressing the long awaited demand of ensuring access to credit to poor in general and women in particular.

- ?? The rapport established crossing the boundaries of class, caste must be used for strengthening the collective interests to create a world without disparities and micro finance has really revolutionised in this regard. This must be sustained.
- ?? The long stability and sustainability of SHGs require the groups forming a networking and federating so that it would collectively represent in future to get their problems solved.
- ?? In certain cases the SHGs lead to higher transaction cost when the SHG members seek moneylenders to pay back the loan borrowed from the group. This is mainly due to the peer pressure and maintaining the recovery performance of the group. This should be checked at once.
- ?? The earlier enthusiasm should not be short lived as at present the SHGs are so popular which encourage women from all strata from both rural and urban regions, poor and non-poor to join the group. Such overwhelming growth should not in course of time forget the basic goal and objectives of SHGs in empowering women on the one hand and getting relieved from the clutches of the money lenders and provide access to credit at a cheap rate of interest on the other.
- ?? Model wise, it was observed that in various performance and empowerment indicators, outreach, and spread, the NGO Facilitated model found to be in the front line compared to other models. This implies that the SHGs though function independently they always expect the NGOs directions to move further and take decisions. This dependency may not allow the SHGs to grow on its own. Hence the self-supported models which are formed and functioning independently on their own, establishing the contact with banks so that their credibility with the banks will be increasing. This strengthened bank-SHG relationship would be needed for future sustainability.

- ?? The empowerment of the stakeholders of SHG has been revealed that both social and economic empowerment were realized by the SHG but the social empowerment in terms of involvement in community activities, participation in community development and decision making affairs of family and society and other related aspects were more than economic empowerment in terms of incremental income, asset value, increase in consumption expenditure, change in consumption pattern, increase in savings, thrift, etc are minimal. Hence there is need for more economic empowerment, which would take care of other aspects.
- ?? Recognising the strengths of other SHGs, the bank can utilize these women bankable thereby achieve the twin objective of increasing the access to credit and the extending credit to poor and earn income on the other.
- ?? Compulsory saving may also result in cut in the necessary expenditure. This should not check the nutritional status as it may result in the reverse impact on the standard of living of the poor. Hence the group, which has homogeneity of interests, must assess whether the members will be able to save a fixed amount out of their earning without foregoing their essential expenditure or borrowing from others.
- ?? It is true that for its claimed merits, the SHGs are popularizing and government shows an enthusiasm to introduce the SHG concept in every programme. Such efforts have been found in SGSY scheme. SHG is a self help, participatory programme to mobilize resource within and if successful, credit would be sought without any subsidy component. But SGSY is a scheme of self-employment with subsidy. Combining such schemes may ruin the inherent objective of SHGs and may spoil the SHGs also to act like the beneficiaries of previous micro financing scheme with subsidy. Hence, the goal of poverty alleviation with extending subsidized credit may be done away with.
- ?? The SHG women in the marginal farming categories with assured irrigation in wet areas, may be extended with group loan, wherein a group of women can engage in the cultivation of short term crops such as

vegetables, herbal and medicinal plants and also long term crop like coconut. This has better assured marketing linkage and hence the group will be able to repay the loan. The activities identified in this sample are mostly related to non-agri traditional rural activities. It needs to be appreciated. But the potential of agriculture cannot be ignored.

- ?? The networking of SHG initiated micro enterprises at the national, regional and local levels may enable to find the market. They can organize trade fairs periodically at all levels to introduce and market the products to widespread customers. This would improve the market share of SHGs and in the long run, may be competent to large corporations.
- ?? Proper encouragement to use the SHG products by the state NGOs, group members through customer's chain would enable to improve the market.
- ?? The performance of the activities assumed by the socially and economically forward communities other than SC/STs and MBCs has been better, which could be possible due to better resource base and contacts. Hence they can involve in such activities, which require maximum internal resources. Banks to provide resources may give the SC/STs and other backward communities, which struggle for initial capital and also working capital for sustenance.

#### **General Observations on Few Cases:**

The NGO facilitated group formed based on the interests of the groups rather than BPL criteria in many cases at least in the beginning. The composition of groups by OC, BC, OBC and SC & ST showed that SC/STs have been less than their proportion in BPL households than others.

An interaction with the SHG women in Viragu Pettai, Kuruvattu Pettai, Gandhi Market and its surroundings was held. Statistics relating to the SHG details were received from six members. The sample area is a trading centre characterised with traffic congestion and density with considerable floating population. It is observed that nearly 90% of the members live in own houses. It is reported that it is an urban area and the tenant households are not encouraged to join the SHG as it is felt that they may leave the

place in between and the group activities may suffer. As such these women are not able to become SHG member primarily due to lack of ownership of houses.

It is learnt that not all the SHG members were able to avail bank loan and the revolving fund. Only three groups out of 14 groups were able to receive bank loan. Some of the groups, which have availed the revolving fund assistance, have not distributed to among all the members. Some groups, which have very meagre savings, are not able to avail any assistance from neither bank nor the bank come forward to extend credit. It is true that there is a limit of 250 groups to receive the revolving fund assistance from the bank. Given that NGOs are mushrooming day by day and also each one is engaged in SHG formation, it is highly difficult to expect all the groups to avail revolving assistance. The SHG members felt that the preference and priority given to the members of rural SHGs are not given to urban SHGs also and that is the reason why they are not able to get similar assistance.

As a result many of them failed to invest in enterprise and failed to become entrepreneurs. With all the constraints faced the some women are able to start their own self-employment but they are not functioning successfully due to lack of working capital. The poor infrastructure, lack of technical know-how, etc was responsible for the same. Though the products produced by the SHGs are quality and competitive in par with others, lack of packing, brand name, advertisement etc, constrain them in expanding their business. Accordingly the products produced by them are mostly supplied to the neighbours, own family and friends and relatives. The return realised is fully spent of consumables. But there is lack of expansion of industries.

It is in this context, Gramalaya one of sample NGOs has constructed a public toilet under the Water Aid 'Water and Sanitation Project' and gave it to the SHG members to maintain it. It is pay and use toilet and the revenue realised is used for the community welfare. In fact the amount realised is donated in the form of a community centre worth Rs. 3 lakhs, wherein the group meetings and other functions are held usually. In the beginning they were appointing outsiders that is other than the group members to maintain, wash etc, who were paid at the rate of Rs. 60 per day on three shifts. Later it was realised by the members themselves that why should it go out rather may be benefitting the members themselves. Accordingly the SHG members themselves

are taking care of the maintenance at present and save Rs.180 flowing outside everyday. This is done on rotation basis among the members.

Another landmark achievement is that in the beginning they were buying the phenoyl, dettol, bleaching powder etc from outside for maintaining the toilets. However, as SHG members, some of them have received training on preparing phenoyl and other cleaning powder and hence they were able to prepare these consumables on their own and able to save considerable amount as they are just spending one tenth of what they had spend prior to preparing on their own. This has served two purposes of extending self-employment opportunities for the SHG members on the one hand with assured marketing and at cheap rate on the other.

- ?? The profile of SHG members households discussed in this section revealed that the sample SHG households discussed in the above section revealed that the model wise the NGO facilitated is the dominant group in the sample district followed by NGO intermediated and directly bank linked.
- ?? Majority were from backward community with relatively lower percentage of SC/STs, indicating that the SHGs of the sample area in the beginning failed to follow the creterian of identifying the BPL households.
- ?? The previous occupational status showed that the majority were engaged in paid employment or self employment relating agriculture and few were doing only house keeping.
- ?? The pre and post SHG change in occupational status revealed that nearly half of them were housekeepers and now assumed some occupation or became member of SHGs. Another considerable change has been observed with the non-farm employment category where in nearly 43% are engaged in the post SHG that was very low in the pre-SHG.
- ?? The educational status revealed that it has both illiterate members as well as graduates.
- ?? The age of the members ranged from below 30 to above 50
- ?? Majority of the members are married as unmarried are not encouraged to join



- ?? The nature of family revealed that nearly three fourth live in nuclear families.
- ?? The size of the family is small with four to five members
- ?? The annual income of the households ranged from Rs. 2000 to Rs.8000, which indicates that, the sample households very much belong to BPL households. But while giving the income details there were some underestimation, which must be allowed to.
- ?? The sample households have more than one earning members on an average.
- ?? The family members support the group economic activities and in other affairs, monetarily, physically and emotionally
- ?? The members of the group had their origin from both rural and urban areas.
- ?? The income contributed by the husbands ranged from 25% to 75%.

These findings underline the fact that the SHG households are very ordinary households, which are really longing for improving their economic and social status by associating with SHGs

**Conclusion:**

This study on the impact of the various forms of micro financing on women has been done taking 110 women from five different models namely Directly Bank Linked, NGO facilitated, NGO intermediated, NGO guided but self-supported and Completely self-supported. All these models have similar objectives and goals on women empowerment but the approaches adopted to reach the objectives have been different. It is revealed that the NGO facilitated model where the NGOs are not the financial intermediary has been performing better in terms of the various indicators taken and fulfilling the objectives for which they have been initiated. In terms of empowerment Index it is observed except the NGO guided but self-supported groups, all other members have attained a status of moderate empowerment and labeled as empowered. NGO wise only one particular NGO could lift their members to a highly empowered status. This particular NGO has done all possible ways by which the members can be linked with bank, avail credit, initiate enterprise, attend seminars, organise meetings arrange to

participate in trade fairs at the state and national levels, and the like. There are certain inherent strengths, weaknesses, opportunities and threats identified and discussed in this study. Taking the strengths and opportunities, SHGs may be encouraged as a movement and as an institution to facilitate the women to have better access to credit, with larger outreach, create micro entrepreneurs and participate in various community and social affairs and empowered in taking decisions. However, there are certain serious questions to be raised.

These SHGs in the long run may create a parallel line to formal sector and in the event of growing large, they may wish to handle the money without depositing with bank and emerge as another kind of informal credit. Given that the state will not intervene, it is highly conducive for the private lenders to emerge as capitalists and exploit the poor. This spiral of repeating the cycle first relieving form the traditional moneylenders going to NGOs, SHGs and again emerging as exploitative with the clutches of a new group of intermediaries or capitalists are really the expected outcome of the micro financing through the SHGs. These issues must be taken care of and future researches may focus on these lines. The action needed in future on the basis of this study is that, the women should not stop with savings along, nor divert the loan to other purposes which do not bring any return.

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Above all, it has also contributed to improve their self-confidence, which has revealed in the discussions empowerment in the household and community has been realized. Hence such models may be encouraged to replicate in future. However, the dependence of SHG on NGOs for all matters concerning the forming, functioning etc must be done away with, so that the SHG efforts would sustain. Networking the NGOs and the Federation of the SHGs are very much needed so that in future they may be able to represent their problems and find solutions better. The emergence of SHGs should not replace the formal bank rather they must growth in complement to bank keeping the deposits and also taking credit, so that the bank will grow and help SHGs to grow and

sustain. The SHGs must work democratically and even in working event of growing to a large scale the SHG members must stay in tact without considering the opportunity cost to safeguard the interests of the group and long run stability and sustainability.

In a nutshell, it must be stated that this study while analyzing the impact of various models of SHGs on women arrived that SHGs have created a positive impact in both social and economic spheres. However, from the sustainability aspects, without going by the figures and values of empowerment index, completely self-supported with people participation may have a better chance of being sustaining followed by the NGO guided by self-supported models. Though these models have exhibited poor index in terms of various indicators, they might show a better index in future in terms of sustainability, being independent and democratic. Hence SHGs with people's participation without the dependence on external agencies must be encouraged in future years to come. However, given the poverty and backwardness of the households, the directly bank linked groups wherein banks themselves directly reach the poor may be encouraged to bring empowerment and create other impact in the lives of women.

## Annexure I

### Empowerment Index

#### Empowerment Index Variables and the values assigned

Sl. No	Governance Intervention	Score	Sevai	gramalaya	ECG	New life	C SI	P A C B	PD I	Self supported	Total	Points
1.	Village Cleanliness	1	17	14	15	10	6	9	1	1	83	83
2.	Repair of the Village approach road	1	13	2	8	6	5	4	0	0	38	38
3.	State transport Bus/Connectivity	1	4	3	8	5	10	2	0	0	23	23
4.	Adult literacy campaign	1	7	2	13	8	6	6	1	1	44	44
5.	Drinking water through Oht, EC	1	11	11	13	10	9	5	4	0	63	63
6.	Repairing irrigation structure	1	6	4	7	5	9	6	0	0	37	37
7.	Pulse Polio Campaign	1	16	11	15	12	10	5	3	1	73	73
8.	Demanding Accountability of local Government	1	3	1	6	0	4	3	0	0	17	17
9.	Background Garden/Afforestation	1	8	6	14	5	5	5	0	1	44	44
10.	Organizing health checkup camps for raising nutrition level	1	6	4	15	3	5	3	0	0	36	36
11.	Participation in prohibition of illicit arrack	1	6	5	0	5	5	3	0	0	24	24
12.	Banning tobacco consumption and smoking	1	6	2	0	9	12	6	0	0	35	35
13.	AIDS awareness campaign	1	12	14	16	15	11	8	5	1	82	82
14.	Blood donation campaign	1	8	7	5	6	5	5	0	1	37	37
15.	Resolution in eye donation	1	5	3	2	5	2	3	0	0	20	20
16.	Participation in VDC	1	2	5	6	1	1	0	0	0	15	15
17.	Participation of SHG	1	1	0	2	2	0	0	0	0	5	5

	member in local election											
18.	Participation of SHG members in assembly election	2	0	0	0	0	0	0	0	0	0	0
19.	Participation in parliamentary election	3	1	0	0	0	0	0	0	0	3	3
20.	Mobilizing revenues to the VP	1	0	1	0	1	6	1	0	0	4	4
21.	Distribution of notebooks to poor	1	4	1	16	6	6	4	0	0	37	37
22.	Meeting health/funeral assistance	1	8	6	15	7	8	3	1	0	48	48
23.	Campaigning for children's education	1	9	8	13	8	7	6	2	1	54	54
24.	Campaigning against dowry	1	12	8	15	10	19	8	3	1	76	76
25.	Campaigning for RWH	1	17	14	15	10	16	9	5	1	87	87
26.	Campaigning for environmental awareness	1	10	6	17	6	11	8	2	1	61	61
27.	Campaigning for conservation of natural resources	1	8	4	17	1	6	1	0	1	38	38
28.	Campaigning for raising nutrition level.	1	6	1	6	3	12	1	0	0	29	29

<b>Regularity and Discipline</b>	<b>Score</b>	<b>Sevai</b>	<b>gramalaya</b>	<b>ECG</b>	<b>New life</b>	<b>CSI</b>	<b>PACB</b>	<b>PDI</b>	<b>Selfsupported</b>	<b>Total</b>	<b>Points</b>
Meeting are held regularly on fixed date and time	3	20	16	18	20	10	10	5	1	110	330
<b>Attendance:</b>											
Above 90% in all group meeting		20	16	18	19	20	10	5	1	109	327
70 to 90% in all group meeting		-		-	-	-	-	-	-	-	-
<b>Financial Transparency:</b>											
All fund collection,		20	16	18	20	20	10	5	1	110	330

financial decisions loan disbursement made in meetings											
<b>Member's Awareness about all Financial Transaction:</b>											
1. All members are aware about all financial transaction	3	19	16	18	18	20	10	0	1	102	306
2. Between 75 to 50 are aware all financial transaction		2	0	0	2	0	0	5	-	8	16
<b>Savings Mobilization</b>											
100% on time payment of savings by members	4	18	13	18	20	19	10	0	1	190	396
90% on time payment	3	2	3	-	-	1	-	5		11	33
<b>Financial Sustainability:</b>											
Need based loan availed by many members	3	20	16	18	19	20	10	5	1	109	327
Equal distribution of loans among the members		-	-	-	1	-	-	-		1	2
1. Over 1.5 times	2	18	16	18	20	20	10	5	1	108	216
2. Between 1 to 1.5 times	1	1	-	-	-	-	-	-		1	1
3. Less than 1 time	0	1	-	-	-	-	-	-		1	0

<b>Repayments Terms</b>	<b>Score</b>	<b>Sevai</b>	<b>gramalaya</b>	<b>ECG</b>	<b>New life</b>	<b>CSI</b>	<b>PACB</b>	<b>PDI</b>	<b>Sel supported</b>	<b>Total</b>	<b>Points</b>
Monthly installment	3	19	16	18	20	20	10	5	1	109	327
Lump sum payment	1	1	-	-	-	-	-	-	-	1	1
<b>Repayment Pattern</b>											
Regular Repayment of principal and into in full on monthly basis	3	20	15	18	20	20	10	5	1	109	327
Regular repayment of principal in part and into in full on monthly basis	2	-	-	-	-	-	-	-	-	-	1
<b>Borrowing quality</b>											
Less than 2 members	2	19	15	18	20	20	10	5	1	108	2
Between 2 to 5 members	1	1	1	-	-	-	-	-	-	-	2
<b>Overdue:</b>											

Zero due	3	15	10	18	18	15	10	5	1	92	276
Less than 25	2	2	6	-	2	4	-	-	-	14	28
Between 2 to 5%	1	3	-	-	-	1	-	-	-	4	4
<b>Maintenance of Records</b>											
All the eight records	3	16	12	18	1	6	-	-	-	54	162
Only important records	2	4	4	-	16	14	10	5	-	53	106
Less than four	1	-	-	-	3	-	-	-	-	3	3
<b>Up to date maintenance of record</b>											
Records as on date prepared immediately after the meeting	3	14	13	1	12	12	8	2	1	63	189
Prepared with in a day	2	5	3	17	8	8	2	3	-	46	92
Prepared after a day	1	1	-	-	-	-	-	-	-	1	1
<b>Awareness of group activities</b>											
<b>1. Member-wise saving and loan portfolio</b>											
>90%	4	18	13	16	15	13	6	4	1	86	344
90-75%	3	2	3	0	5	7	4	0	-	21	63
75-50%	2	-	-	-	-	-	-	-	-	2	4
<50%	1	-	-	-	-	-	-	-	1	1	1
<b>2. Awareness of objectives of SHGs</b>											
>90%		17	12	18	14	10	6	1	1	79	316
90-75%		3	4	-	6	7	4	3	-	27	81
75-50%		-	-	-	-	3	-	1	-	4	8
<b>3. Literacy</b>											
>90%	4	12	10	18	10	8	5	0	1	64	256
90-75%	3	6	6	0	9	8	5	1	-	49	105
75-50%	2	2	-	-	1	4	-	3	-	10	20
50-25%	1	-	-	-	-	-	-	1	-	1	1
<b>4. Awareness about rules and regulations</b>											
>90%	2	19	11	18	16	11	7	1	1	84	168
60-90%	1	1	5	-	4	4	3	4	-	26	26
Groups size											
10-20%	2	20	15	18	19	20	10	5	1	108	216
<10%	1	-	1	-	1	-	-	-	-	2	2
<b>Enforcement of rules and regulations</b>											
Strictly enforced	2	16	12	18	17	14	9	5	1	92	184
Sometimes	1	4	4	-	3	6	1	-	-	18	18

<b>Selection of group leaders</b>											
By the group	2	19	16	18	14	16	8	5	1	97	194
NGO	1	1	-	-	6	4	2	-	-	13	13
<b>Rotation of group leaders</b>											
Once in a year	2	-	6	18	2	2	-	-	-	28	56
Once in 2 years	1	2	-	-	-	-	-	-	-	2	1
No rotation	0	18	10	0	18	18	10	5	1	98	0
<b>Record keeping and maintenance</b>											
By leader only	2	10	13	1	14	8	9	0	1	56	112
Leader/member	1	10	3	17	6	9	1	3	-	49	49
NGO	0	-	-	-	-	3	-	2	-	5	0
<b>Visit to bank and doing transactions</b>											
All members	2	15	10	17	5	6	4	3	1	61	122
Leader	1	5	6	1	13	4	5	2	-	36	36
NGO	0	-	-	-	2	10	1	-	-	13	0
<b>Revolving fund availed</b>											
Less than 4000 p. member	4	3	6	18	5	4	1	-	-	37	148
Between 3000 to 2000	3	4	3	-	1	2	5	-	1	16	48
Between 2000 to 1000	2	6	5	-	3	10	-	-	-	24	48
Below 1000	1	2	2	-	0	-	-	-	-	4	4
No RF	0	5	0	0	11	4	4	5	-	29	0
<b>Revolving fund utilized:</b>											
Productive purpose by all the member	3	4	3	17	-	4	-	-	-	28	84
Partly for production p. f. Consumption	2	11	13	1	9	12	6	-	1	53	106
For consumption by all member	1	-	-	-	-	-	-	-	-	-	-
Not yet used	0	5	0	0	11	4	4	5	-	29	0
<b>Members taken loan for Eco.Activity</b>											
>90%	3	11	4	16	7	4	-	-	-	42	126
90-50%	2	6	8	2	9	9	4	-	-	38	76
<50%	1	1	3	-	2	6	2	3	-	17	17
No Group Loan	0	2	1	-	2	1	4	2	1	13	0
<b>Amount of group loan from bank availed for eco.activity</b>											
> 1 lakh	4	3	3	16	11	10	-	-	-	27	108
75-50	3	-	-	16	4	-	2	-	-	22	66
<50	2	1	4	2	1	1	2	-	-	11	22



<25	1	16	9	-	4	9	6	5	1	50	50
<b>Activity Chosen by the Group:</b>	Score	Sevai	gramalaya	ECG	New life	CSI	PACB	PDI	Sel fsu pport ed	Total	Points
All members chosen some activity	3	5	2	16	1	3	0	0	1	28	84
75-50%	2	10	8	2	10	6	3	0	-	39	78
<50%	1	2	5	-	6	9	2	3	-	27	27
No activity	0	3	1	-	3	2	5	2	-	16	-
<b>Nature of activity chosen by the Group</b>											
Activities	1	14	15	2	16	16	4	-	1	62	68
No activities	0	6	1	16	4	4	6	5	-	42	-
<b>No of loans availed by the group for economic activities</b>											
Two loans per year	3	8	-	4	11	7	-	-	1	31	93
Once	2	8	9	3	5	9	4	-	-	38	76
<Once	1	4	7	11	4	4	6	5	-	41	41
<b>Number of individual taken loan:</b>											
Twice a year	3	12	8	13	10	8	0	2	1	54	162
Once	2	7	2	4	7	9	5	-	-	34	68
<Once	1	1	6	1	3	3	5	3	-	22	22
<b>Repayment of Loan:</b>											
No default	2	19	10	17	10	16	10	5	1	98	196
Only savings	1	1	4	1	-	4	-	-	-	10	10
No linkage	0	-	2	0	-	-	-	-	-	2	0
<b>Bank linkage:</b>											
Linked with bank for IGA	2	9	10	18	5	16	3	0	-	61	122
For savings	1	11	6	-	7	4	5	4	1	38	38
No linkage	0	-	-	-	8	-	2	1	-	11	0
<b>Index of Industrial Activities</b>											
<b>Composition:</b>											
Growth Activity	2	2	2	4	0	4	0	0	-	12	24
Individual	1	18	14	14	20	16	10	5	1	98	96
<b>Nature of activities</b>											
Completely new modern	3	5	6	1	3	-	-	-	-	15	45
ABI & NFI	2	4	8	2	5	8	2	3	-	32	64
ABS & NFS	1	11	2	15	12	12	8	2	1	63	63

<b>Size of the Investment</b>											
Above 1 lakh	5	1	1	1	2	1	1	-	-	7	35
1-0 to 0.5	4	-	-	4	1	-	-	-	-	5	20
0.5 to 0.25	3	1	1	4	3	2	-	-	-	11	33
0.25 to 0.1	2	6	2	1	5	9	1	-	-	24	48
<1	1	12	12	8	9	8	8	3	1	161	61
No Investment	0	-	-	-	-	-	-	2	-	2	0
<b>Employment</b>											
Family Lab & Hired Lab	3	1	1	6	0	1	-	-	-	9	27
Only Fl	2	2	0	0	4	6	-	-	-	12	24
Only Self	1	17	15	12	16	13	10	3	1	89	87
<b>No of employment</b>											
>5	3	1	-	3	2	0	-	-	1	7	21
<5	2	4	3	3	3	1	-	-	-	14	28
No outsider	1	15	13	12	15	19	10	2	-	89	87
<b>Turnover</b>											
> 1 lakh per annum	5	0	0	0	3	3	1	0	-	7	35
1.0 to 0.5	4	1	0	1	3	2	1	0	-	7	28
0.5 to 0.25	3	1	1	1	5	5	1	0	-	13	39
0.25 to 0.10	2	3	7	3	3	4	8	6	-	31	62
<0.10	1	11	12	11	4	6	9	4	1	52	50
<b>Profit</b>											
>5000 per month	5	1	1	0	4	1	0	0	-	7	35
5000-3000	4	0	2	3	0	0	0	0	-	5	20
3000-2000	3	0	0	2	2	0	0	0	-	4	12
2000-1000	2	16	13	8	13	19	10	3	1	83	166
Below 1000	1	3	-	5	7	0	0	2	-	11	9
<b>Exposure to information:</b>											
Informed about the related seminar training conference etc	1	18	9	9	16	20	10	3	1	86	86
Informed about the trade training exhibition of the product	1	15	6	9	8	14	8	3	1	64	64
Informed about the latest schemes of assistance	1	10	10	10	7	12	10	3	-	62	62
Informed about the latest development in SHGs	1	11	7	12	9	11	8	0	-	58	58
Informed about the various development in policy affecting your trade	1	5	0	5	3	8	2	0	-	23	23

<b>Organizational activity</b>												
Organized meeting Conferen	1	16	4	18	11	17	8	3	1	78	78	
Not organized any such meetig	0	4	12	0	9	3	2	2	-	32	0	
<b>Guest invited</b>												
Eminent scholars	1	16	13	8	20	15	10	2	1	85	85	
All	0	4	3	10	0	5	-	3	-	25	50	
<b>Nature of Conference/Seminar/meeting</b>												
All national festival days	3	5	-	17	1	1	9	0	1	25	75	
Only few festivals	2	12	6	1	10	19	6	4	-	58	116	
Only group meeting	1	3	10	0	9	0	4	1	-	27	27	
<b>Repayment of SHGs Bank loans</b>												
Out of earnings	3	11	5	17	10	12	5	3	-	63	189	
Out of savings	2	6	7	1	8	8	5	2	1	38	76	
Out of borrowing from	1	3	2	-	1	-	-	-	-	6	6	
From Money Lender	0	-	2	-	1	-	-	-	-	3	0	
<b>Marketing</b>												
Direct to the consumer	3	12	11	14	19	16	7	3	-	80	240	
Through retailer	2	2	3	0	0	0	3	0	1	9	18	
Middlemen	1	6	2	4	3	4	-	-	-	19	19	
No	0	-	-	-	-	-	-	2	-	2	0	
<b>Raw materials:</b>												
Local and indigenous with the village	3	17	8	15	10	18	8	3	1	80	240	
Indigenous outside village	2	3	8	3	10	2	2	-	-	28	56	
Imported	1	-	-	-	-	-	-	-	-	-	-	
No Marketing	0	-	-	-	-	-	-	1	-	2	0	
<b>Total</b>												
<b>Economic Impact</b>	Score	<b>Sevai</b>	<b>gramalaya</b>	<b>ECG</b>	<b>New life</b>	<b>CSI</b>	<b>PACB</b>	<b>PDI</b>	<b>Sel fsu pported</b>	<b>Total</b>	<b>Points</b>	
Cultivated saving Habit	2	16	15	17	16	18	7	5	1	95	190	
Improved savings	1	11	14	7	16	4	8	5	1	66	66	
Small credit needs met and household needs eased	1	10	14	17	15	10	7	5	1	79	79	
Done away with money	1	6	7	4	12	5	4	3	1	42	42	

lender partly											
Done away with money lender completely	2	11	9	18	6	14	3	2	-	63	126
Utilizing loan properly for the same purpose	2	7	5	17	8	13	4	1	-	55	110
Utilizing the loan properly for different but essential purpose	2	9	7	13	7	7	5	2	-	50	100
Utilizing the loan properly but non essential peer phase	1	0	1	7	0	1	1	3	-	13	13
<b>New skills learnt</b>											
Employed from unemployed	1	3	-	-	2	1	1	-	-	7	7
Could earn to meet HHD expenses	2	12	8	-	12	0	9	2	-	43	86
Income for both spending and saving	3	5	5	14	3	4	-	3	1	25	75
Earn income to pay off debts	4	-	1	0	0	15	-	-	-	30	120
Earned income to improve the living stds	5	-	2	0	3	0	-	-	-	5	25
Earn income to facilitate family meet men charitable needs	6	-	-	-	3	0	-	-	-	-	-
<b>Earning are spent apart from repayment</b>											
Fully on investment	3	-	-	-	0	3	-	-	-	3	9
Partly invested and partly consumed	2	16	9	18	5	15	8	3	1	75	150
Fully consumed	1	4	7	-	15	2	2	2	-	32	32
<b>Expansion/Modernizati on under taken</b>											
25%	1	15	9	-	0	20	9	3	1	57	57
50%	2	3	2	-	0	-	-	-	-	5	10
100%	3	1	0	3	2	-	-	-	-	6	8
>100%	4	1	5	15	18	-	0	0	-	39	156
No Modernisation		-	-	-	-	-	1	2	-	3	0

<b>Modernization undertaken</b>												
	1	8	4	12	5	7	3	-	1	40	40	
	2	12	12	6	15	13	7	5	-	70	70	
<b>Bank loan availed under</b>												
Various welfare schemes	2	3	2	-	6	1	10	-	-	22	44	
Only individual loan with SHG performance	1	17	14	18	14	19	-	-	1	83	83	
	-	-	-	-	-	-	5	-		5	0	
<b>SHG members getting loan</b>												
From SHG and Banks	4	12	14	17	16	16	8	2	1	86	344	
From SHG alone	3	5	2	1	4	3	2	3	-	19	57	
From SHG, and Money lenders	2	1	-	-	0	1	0	-	-	2	4	
From SHG	1	2	-	-	1	-	-	-	-	3	3	
<b>Social Impact:</b>												
We for ourselves	2	20	16	18	18	20	10	5	1	108	216	
Among few members	1	-	-	-	-	-	-	-	-	2	2	
Among none	0	-	-	-	-	-	-	-	-	-	0	
<b>Inculcated a sense of awareness to remove caste, creed, etc</b>												
Members from same community	1	6	2	17	2	13	-	-	1	41	41	
Members form various community but non SC	2	6	10	1	13	5	7	-	-	42	84	
Members form various community but SC & non SC	3	8	4	0	5	2	3	5	-	27	81	

<b>Resources: Access to Human, Material and social Resources:</b>	<b>Score</b>	<b>Seva i</b>	<b>gramal aya</b>	<b>EC G</b>	<b>New life</b>	<b>CSI</b>	<b>PA CB</b>	<b>PDI</b>	<b>Sel fsu pp ort ed</b>	<b>To tal</b>	<b>Points</b>
<b>Access to Human resources</b>	1	20	16	18	20	20	10	5	1	110	110
No	0	-	-	-	-	-	-	-	-	-	-
<b>Access to all Social Resources</b>	1	19	16	18	19	16	10	5	1	104	104
No	0	1	-	-	1	4	-	-	-	6	-
<b>Cash to HHD expense</b>	1	17	9	18	10	18	5	5	1	83	83

Sufficient											
Not sufficient	0	3	7	-	10	2	5	-	-	27	-
<b>Freedom to purchases cloths Fully</b>	2	9	6	8	5	9	4	0	1	42	84
Partial	1	9	10	10	15	11	6	5	-	66	66
No	0	2	-	-	-	-	-	-	-	2	0
<b>Control</b>											
<b>Household Earning Kept by Self</b>	2	13	8	-	7	15	5	-	1	49	98
Husband	0	-	1	-	-	-	-	-	-	1	0
Both	1	7	7	18	13	5	5	5	-	60	60
<b>Deciding on HHD Expenses Self</b>	2	8	4	1	1	7	2	-	1	24	48
Husband	0	-	3	-	3	1	-	-	-	7	0
Both	1	12	9	17	16	12	8	5	-	79	79
<b>Ownership of Resources</b>											
Yes	1	14	8	18	13	12	3	-	0	68	68
No	0	6	8	-	7	8	7	5	1	42	0
<b>Entitlement to resources</b>											
Yes	1	18	8	18	10	12	3	-	0	69	69
No	0	2	8	-	10	8	7	5	1	41	0
<b>II. Decision Making</b>											
<b>Household Budget Self</b>	2	5	1	1	1	9	-	-	1	18	36
Husband	0	-	-	-	1	1	-	-	-	2	0
Both	1	15	15	17	18	10	10	5	-	90	96
<b>Purchase of Food, Major HHD items Self</b>	2	7	3	3	4	9	1	-	1	28	56
Husband	0	-	-	-	-	-	-	-	-	-	0
Both	1	13	13	15	16	11	9	5	-	82	82
<b>Course of Action if Child falls ill Self</b>	0	5	-	-	2	5	1	0	-	13	0
Husband	1	1	2	17	-	1	-	0	-	21	21
Both	2	14	14	1	18	14	9	5	1	76	152
<b>Disciplining Children Self</b>	1	4	-	4	3	5	-	-	-	16	16
Husband	0	-	-	-	-	-	-	-	-	-	0
Both	2	16	16	14	17	15	10	5	1	94	188
<b>Deciding on Children's Education Self</b>	2	8	-	15	1	6	-	-	1	31	62
Husband	0	-	-	-	-	-	-	-	-	-	0
Both	1	12	16	3	19	14	10	5	-	79	79

<b>Use of family planning Self</b>	1	17	4	18	20	20	10	4	1	94	94
Husband	2	0	1	-	-	-	-	-	-	1	2
Both	0	3	11	-	-	-	-	1	-	15	0
<b>Age of children marriage Self</b>	1	4	3	4	2	5	3	1	-	22	22
Husband	0	1	0	-	-	-	-	-	-	1	0
Both	2	15	13	14	18	15	7	4	1	87	174
<b>How to spend husband income</b>											
Self	2	8	4	14	2	6	-	-	1	35	70
Husband	0	-	-	-	1	3	-	-	-	4	0
Both	1	12	12	4	17	11	10	5	-	71	71
<b>Women work outside home</b>											
Yes	1	18	14	18	18	18	5	-	1	92	92
No	0	2	2	-	2	2	5	5	-	18	0
<b>Visit to friends and relatives alone</b>											
Yes	1	20	13	18	18	17	10	5	1	102	102
No	0	-	3	-	2	3	-	-	-	8	-
<b>Market transaction</b>											
Yes	1	18	11	15	16	17	6	0	1	84	84
No	0	2	5	3	4	3	4	5	-	26	-
<b>Participation in election</b>											
National	3	-	-	-	-	-	-	-	-	-	-
State	2	2	-	-	-	-	0	-	-	2	4
Local	1	2	0	-	1	1	6	-	-	10	10
No	0	16	16	18	19	19	4	5	1	94	-
<b>Participation in grass root mobilization</b>											
Yes	1	9	7	14	13	5	3	2	-	53	53
No	0	11	9	4	7	15	7	3	1	57	-
<b>Participation in community development programme</b>											
Yes	1	10	7	18	7	5	3	-	1	51	51
No	0	10	9	-	13	15	7	5	-	59	-
<b>Participation in local administration</b>											
Yes	1	5	3	-	1	1	-	-	-	50	50
No	0	15	13	18	19	19	10	5	1	60	-
<b>Participation in settling</b>											

<b>family quarrels</b>											
Yes	1	9	4	14	10	5	4	-	-	46	46
No	0	11	12	4	10	15	6	5	1	64	-
<b>Achievement</b>											
<b>Domestic violence</b>											
Yes	1	14	4	10	9	11	5	1	1	53	55
No	0	6	12	8	11	9	5	4	0	55	-
<b>Dowry paid at marriage</b>											
Yes	1	17	13	3	17	16	9	4	0	79	79
No	0	3	3	15	3	4	1	1	1	31	-
<b>Belief in daughter's education</b>											
Yes	1	19	13	17	19	19	10	5	1	103	103
No	0	1	3	1	1	1	-	-	-	8	-
<b>Freedom of mobility of daughter</b>											
Yes	1	17	13	17	19	18	10	4	1	98	98
No	0	3	3	1	1	2	-	1	-	12	-
<b>Sharing of role and decision making</b>											
Yes	1	18	14	17	19	18	10	4	1	101	101
No	0	2	2	1	1	2	-	1	-	9	-
<b>Equality in marriage/divorce</b>											
Yes	1	18	12	17	19	18	10	5	1	100	100
No	0	2	4	1	1	2	-	-	-	10	-
<b>Financial Autonomy</b>											
<b>Access to work related facilities</b>											
Yes	1	18	13	18	17	19	10	-	1	96	96
No	0	2	3	-	3	1	-	5	-	14	-
<b>Access to institutional credit</b>											
Yes	1	11	11	18	17	18	10	1	-	91	91
No	0	4	5	-	3	2	-	4	1	19	-
Without collateral	2	13	5	18	8	18	7	-	-	69	138
With collateral	1	7	9	-	10	1	3	-	-	30	30
No access	0	0	2	-	2	1	-	5	1	12	-
<b>Access to production/marketing</b>											
Yes	1	18	14	18	19	19	10	2	1	101	101
No	0	2	2	-	1	1	-	3	-	9	-



<b>Small age difference in husband and wife</b>											
Yes	1	20	16	18	19	19	10	5	1	108	108
No	0	-	-	-	1	1	-	-	-	2	-
<b>To choose husband/wife</b>											
Yes	1	17	15	17	1	16	7	3	-	76	76
No	0	3	1	3	17	4	3	2	1	34	-
<b>Freedom to involve in social movement</b>											
Yes	1	15	13	18	16	18	10	4	1	95	95
No	0	5	3	-	4	2	-	1	-	15	-
<b>Resistance from family for women's upper mobility</b>											
Yes	1	18	16	18	20	20	10	4	4	107	107
No	0	2	-	-	-	-	-	1	-	3	-
<b>Total</b>	<b>3408</b>	<b>2643</b>	<b>3542</b>	<b>3269</b>	<b>3375</b>	<b>1628</b>	<b>647</b>	<b>176</b>			<b>18688</b>

**Note: ABI-Agricultural business in industry. NFI- Non-farm Industrial activity.**

**ABS-Agricultural business in service. NFS- Non-farm industr**

## Annexure II

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