

Self help groups
and
Community empowerment



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Dedicated to the
Cherished memories of
Professor D. Palani
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Forward

Throughout history, people have formed groups with others who have something in common with them, and oppressed people have joined together to overcome the conditions they face. Self Help Groups, as we know them, go back at least to the 1930s, when Alcoholics Anonymous started in USA. While Self Help Groups have distinct characteristics, the philosophies of the self-help movement overlap with various other ways of working. The emergence of Self Help Groups can be seen as a response to industrialization, the breakdown of the kinship system, and the decline of the community, although alternative views see it as a reflection of an ineffective, inefficient and dehumanizing formal system of care. Currently, the increasing interest in providing services that are family-centered is also considered a factor contributing to the increased number of Self Help Groups.

Despite the variety of explanations for the self-help phenomenon, the consensus is that there is a need for a new model to supplement and complement professional services, and that Self Help Groups are growing at an unprecedented speed worldwide. For example, about two percent of Canadians belonged to Self Help Groups in 1987 approximately 10 percent of

Israel's population, was estimated to have some type of involvement in a Self Help Groups and cancer Self Help Groups were found to be prevalent in major cities in China. In the United States, Self Help Groups participation amounted to 10 million in 1996 and it was recently noted that more Americans try to change their health behaviors through self-help than through all other forms of professional programs combined.

The proliferation of Self Help Groups in various countries can be seen as an initial indication of self-help group effectiveness, because groups will cease to exist without value. The self-help movement is becoming a global phenomenon. In some countries, Self Help Groups already exist for every medical condition listed by the World Health Organization and they are serving people who encounter almost every physical, behavioral and emotional problem. In spite of the rapid growth of Self Help Groups in India, the full potential of utilizing Self Help Groups remains untapped. One of the reasons may be attributed to the lack of systematic research and solid methodological foundations. Little was known about how helpful Self Help Groups are to members, and what kind of social impact they have brought about. The self help movement itself has clearly left behind the research component of the self-help phenomenon.

Theoretically and empirically, the effectiveness of Self Help Groups has been widely documented in global context. The “helper-therapy principle” postulated by Riessman pointed to the process by which helping others has a therapeutic effect on the helper, and the Self Help Group provides the context for members to gain the unique benefits that may arise from helping someone who has the same problem as the helper. Rappaport asserted that Self Help Groups, which offer the venue for shared experience, emotional support and social learning, can help constitute a social identity. Along the same line of thinking, Yalom contended that self Help Groups provide a unique opportunity for growth, social experimentation and change.

Past research has also identified several major outcomes of Self Help Groups. These include: emotional support, acceptance, empathy, affirmation, spirit of hope, and sharing of feelings; provision of factual information and sharing of experiential knowledge; development of a sense of community; and individual and collective empowerment.

The Self Help Groups are voluntary associations of people formed to achieve both social and economic goals. The concept of micro-financing rural poor for self-employment was started by Prof. Muhammad Yunus of Bangladesh and is now being followed in more than 52 countries around the globe.

This publication is a comprehensive record of self help groups with special reference to Indian experiences. The knowledge hub is very much indebted to Prof N. Shanmugalingam for bringing out this publication which will be of immense value to the students of development studies. The knowledge hub is dedicated to pool the good practices of human and social development scenario at global level .Prof Shanmugalingam with his wider experience in teaching and research had opportunity to interact and study the Indian experiences of community empowerment programs during his stay as visiting fellow of some of the Indian universities. We are happy in bringing out this publication and hopeful that many more will follow this in the near future.

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Preface

Self help groups (SHG) are acting as intellectual force fighting against the evils of this unjust society through their mobilization and social capital building. SHGs are a creative force among the rural and marginalized poor through its direct grass root involvement and thus creating leaders who would become agents of social change. SHGs are a protest force, in collaboration with other NGOs, challenging the prevailing values and attitudes of the unjust and exploitative systems, self individualism, un-bridged competition and consumerism built by means of every endeavor is a fuller expression of justice and love into the structures of human life in common.

Microfinance to SHGs for promoting enterprises for sustainable livelihood is emerging as a powerful instrument for poverty alleviation in the new economy. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country playing major roles in rural social transformation. Economic empowerment through SHG results in women's ability to influence or make decision, increased self-confidence, better status and role in household etc. Support to micro finance and enterprises development is necessary to overcome exploitation, create confidence for economic self-reliance among the

rural poor, particularly among rural women who are mostly invisible in the social structure.

Self Help Groups are seen as instruments for a variety of goals including developmental institutional building and social capital formation, empowering men and women through skill training and capacity building, developing leadership abilities among poor people, enhancing individual as well as family income by undertaking market-driven enterprises and giving the power of scale to small producer through SHGs and supporting and increasing incremental income among its members by effectively utilisation of the natural resources for sustained source of income, playing as platform for eliminating un employment and poverty in rural areas, improve socio-economic position of rural poor by increasing income generation potential with financial support and substituting for money lender menace, school enrolments, and improving nutrition and the use of birth control, Enhance the social status of rural poor by raising skills and knowledge and fostering confidence among them to strive for social change.

This book is an outcome of my teaching of sociology of development and participatory methods in community development for our special degree students of sociology. In the meantime my experiences as consultant to some of the community empowerment programs I was able to observe gaps in the processes. My observations of the Indian situations are more successful, it was this that urged me to bring out this publication. I am grateful for the funding sources, knowledge hub. I am confident this publication will benefit the students as well as the community workers.

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SHGs AND DEVELOPMENT: THE SCENARIO

The International Network for Mutual Help Centres has developed this working definition:

Self-help or mutual support is a process wherein people who share common experiences, situations or problems can offer each other a unique perspective that is not available from those who have not shared these experiences.

Self-help groups are run by and for group members. Professional providers may participate in the self-help process at the request and sanction of the group and remain in an ancillary, or consultant role.

Activities focus on social support through discussion and sharing of information and experiences but may extend to other activities and ways of interacting. Self-help groups are open to people who share a common concern. Self-help groups meet face-to-face, by conference call and online on a regular basis.

Self-help groups are voluntary and open to new members.

There is no charge to participate in a self-help group, although a nominal donation to cover expenses is sometimes requested, but not required.

Self-help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and actively engage in savings (in actual term Thrift) and credit (S/C), as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The S/C focus in the SHG is the most prominent element and offers a chance to create some control over capital. The SHG system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation. Almost all major donor agencies support SHGs in India in one way or another and many success stories are available, describing how membership in a SHG changed the life of a particular individual or group for the better. Many NGOs are promoting the SHG mechanism and linking it to various other development interventions. Whereas there is ample evidence that the SHG approach is a very effective, efficient and relevant tool for organizing and empowering the poor queries do arise with design, development and introduction of programmes to promote Income Generating Activities (IGAs) that will generate sufficient, sustainable and regular income.

THE CONCEPT OF SELF-HELP GROUP:

Self-Help Groups (SHGs) or Thrift and Credit Groups are mostly informal groups whose members pool savings and relend within the group on rotational or needs basis. These groups have a common perception of need and impulse towards collective action. Many of these groups formed around specific production activity, promoted savings among members and use the pooled resources to meet emergent needs of members, including consumption needs. Sometimes the internal savings generated are supplemented by external resources loaned/donated by the Voluntary Agency which promoted the SHGs. Since SHGs were able to mobilize savings from the poor who were not expected to have any savings and could also recycle effectively the pooled savings among members, they succeeded in performing/providing banking services to their members, may be in a primitive way, but in a manner which was cost effective, simple, flexible at the door step of the members and above all without any defaults in repayment by borrowers.

Involvement of SHGs with banks could help in overcoming the problem of high transaction costs in providing credit to the poor, by passing on some banking responsibilities regarding loan appraisal, follow-up and recovery to the poor themselves. In addition, the character of SHGs and their relations with members offered ways of overcoming the problem of collateral, excessive documentation and physical access which reduced the capacity of formal institutions to serve the poor. Based on local conditions and requirements, the SHGs have evolved their own methods of working. Some of the

common characteristics of functioning of these groups are indicated below:

- (i) The groups usually create a common fund by contributing their small savings on a regular basis.
- (ii) Most of the groups themselves, or with help of NGOs, evolve flexible systems of working and managing their pooled resources in a democratic way, with participation of every member in decision-making.
- (iii) Request for loans is considered by the group in their periodic meetings and competing claims on limited resources are settled by consensus.
- (iv) Loaning is done mainly on trust with a bare minimum documentation and without any security.
- (v) The amounts loaned are small, frequent and for short duration.
- (vi) The loans cover a variety of purposes, some of which are non-traditional and rather unconventional.
- (vii) Rate of interest differs from group to group and even with purpose. Interest charged is generally higher than that charged by banks and lower than that charged by money lenders.
- (viii) Periodic meetings of members also serve as a forum for collecting dues from members.
- (ix) Defaults are rare mainly due to group pressure and intimate knowledge of the end use of credit.

Experience in many countries demonstrates that poor women make investments wisely and earn returns (Human Resource Development, 1995). However, the flow of financial

assistance to them was too marginal, if at all, to enable them to cross the poverty line. The need to create a grassroots organizational base to enable women to come together, to analyse their issues and problems themselves, and to fulfill their needs was strongly advocated. In fact, experience shows that some of the successful 'group-based participatory programmes' have made significant improvement in the conditions of living poor women.

The concept of self-help groups gained significance, especially after 1976 when Prof. Mohammed Yunus of Bangladesh began experimenting with micro-credit and women SHGs. The strategy made a quiet revolution in Bangladesh in poverty eradication 'by empowering the poor women'. SHGs are small informal associations created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity, and joint responsibility. The benefits include mobilization of savings and credit facilities and pursuit of group enterprise activities. The group-based approach not only enables the poor to accumulate capital by way of small savings but also helps them to get access to formal credit facilities (Shylendra, 1998). These groups by way of joint liability enable the poor to overcome the problem of collateral security and thus free them from the clutches of moneylenders. The joint liability not only improves group members' accessibility to credit, but also creates mechanisms like peer monitoring leading to better loan recoveries (Stiglitz, 1993). Besides, some of the basic characteristics of SHGs like small size of membership and homogeneity of composition bring about cohesiveness and effective participation of members in the functioning of the

group (Fernandez, 1994). In general, SHGs created on the above lines of functioning have been able to reach the poor effectively, especially women and help them obtain easy access to facilities like savings and credit and empower them (National Bank, 1995).

Studies reveal that certain elements become crucial or critical for the successful formation and functioning of the groups. These include voluntary nature of the group, small size and homogeneity of membership, transparent and participative decision-making and brisk use of funds for micro-enterprise creation. (Fernandez, 1994). Regular meeting of the members fosters meaningful relationship among them and issues other than thrift and credit, issues on gender and social problems also get a platform for discussion. Empirical evidence has shown that women as a group are consistently better in promptness and reliability of repayment. Targeting women in these 'male stream' programmes has been a very effective method of ensuring that the benefits of increased income accrue to the general welfare of the family, and particularly of children. At the same time, women themselves benefit from the higher status they achieve when they are able to get new income.

FORMATION AND DEVELOPMENT OF SHGs

According to Rao et. al. (1999) a systematic and scientific approach in the formation of SHGs is of paramount importance to the long term sustainability of these informal community based organizations (Rao et.al. 1999). It has been observed by Fernandes (1992) that SHGs formed and promoted

for limited purposes of availing subsidy laced bank loans, grants and other materialistic benefit generally disintegrate, while according to Srinivasan & Rao (1996) the SHGs developed for genuine purpose of self help in the wake of needs had much better chances of long term sustainability (Srinivasan and Rao, 1996). SHGs like any other type of groups have distinct phases through which they pass over a period of time. According to Johnson & Johnson (1994) there have been well over 100 theories to describe the development stages of groups (Johnson & Johnson, 1994). Hill & Gruner (1973) have opined that most of these theories are based on Sequential Stage Theory while others are best described as in the Recurring Phase Theory (Hill & Gruner, 1973). Theories based on sequential stage- of group development are based on the identification of definite phases in the life cycle of group. The most famous of these theories has been proposed by Tuckman (1965) and Tuckman & Jensen (1977).

Tuckman studied a number of groups of varying nature and objectives such as therapy, training, and focus groups and identified four distinct development stages, viz. Forming, Storming, Norming and Performing. These distinct stages are characterized by the specific focus attributed by the groups during each stage and the related consequences on the behaviour of the members. Forming Stage is marked with initial attraction towards each other in a group. The stage is characterized by initial euphoria of coming together, chaos and uncertainty. Kruger & King (1998) have indicated that during

forming stage each member tries to figure out his/her own role in the group and gets indulged in evaluating his likely individual gains vis-a-vis group objectives. Lingering suspicion and anxiety prevail among the group members during this stage. Storming Stage is earmarked by the expression of varying thoughts by the individual members, which reflects the prevailing conflict and confusion in the group. Kruger & King (1998) have indicated that this stage is completed with the evolution of leadership and decision-making capabilities within the group. Norming Stage is reached when the group under the chosen leader/s starts evolving group norms and the groups solidarity comes into force. The group becomes more cohesive and development oriented as gradually the individualistic tendencies are replaced by the collectivism. Performing Stage is the state of readiness the readiness to act. Leadership is established, role clarity is developed and the group behaves in a unified manner so as to achieve its mission with the help of collective action.

Gerber (1994) as quoted by Harper (1995) has also identified the above four stages in the development of SHG's. Other researchers such as Moreland & Levine (1982) & (1988) have identified stages of development based on the status of membership and proposed a sequential theory based on the membership. They termed the various stages of group development, as prospective membership stage, new member stage, full member stage, marginal member stage and ex-member stage (Moreland & Levine, 1982). Similarly Worchel et al (1992) have -also identified six sequential stages of group

development, which have been identified on the basis of prevailing 'feelings' in the members. These are discontent stage, participative stage, identifying with the group stage, involvement in the group activities stage, proactive involvement stage and disintegration stage (Johnson & Johnson, 1997).

Based on Tuckman's theory, Johnson & Johnson (1997) have identified seven stages in the development of co-operative learning groups. These are

- (i) Defining and structuring procedures and becoming oriented,
- (ii) Conforming to procedures and getting acquainted,
- (iii) Recognizing mutuality and building trust,
- (iv) Rebellious and differentiating,
- (v) Committing to and take ownership of the goals, procedures, and other members,
- (vi) Functioning maturely and productively and
- (vii) Terminating.

In contrast to sequential stage theories, the recurring phase theories underline the issues that prop up in a group from time to time and thus affect the group behaviour. In essence, the recurring phase theories place more emphasis on the issues instead of individual feelings as is the case with the sequential stage theories.

The other noticeable difference between the sequential stage and recurring phase theory is that the former is of irreversible nature, i.e. the stages are fixed in a chronological

order and are never repeated, while, the latter is based on re-occurrence of phases depending on the issues being confronted by the groups. A few of the recurring phase theories, as proposed by various social scientists, are as under; Bales (1965) indicated about a state of equilibrium, within a group, between a task oriented work and emotional expressions (Behaviour) of the members. This state of equilibrium decides long enduring mutually rewarding relationships among the group members and it keeps recurring from time to time (Bales, 1965). Another theory of Schultz (1958) proposed that group development is reflective of the concern of members towards affection, inclusion and control and is repetitive in nature (Schultz, 1958). Dion (1961) stated that group development depends on the three basic themes of the dependency on the leader, desire for emotional support among the members and confrontation among the members with threats to abandon the groups. Such tendencies recur during the group development (Dion, 1961).

THEORITICALFRAMEWORK:

Theoretical framework is the base of every research to discuss the present and future perspectives of the research gaps under investigation. In this regard this research work has been anchored on some of the sociological theories to ensure logical and scientific procedures in inquiring in to the problem and its solution.

(A) Structural - functional theory

Structural - functionalism draws its inspiration primarily from the ideas of Emile Durkheim. Durkheim was concerned with the question of how societies maintain internal stability and survive over time. He sought to explain social cohesion and stability through the concept of solidarity. In more “primitive” societies it was mechanical solidarity, everyone performing similar tasks that held society together. Durkheim proposed that such societies tend to be segmentary, being composed of equivalent parts that are held together by shared values, common symbols, or systems of exchanges. In modern, complex societies members perform very different tasks, resulting in a strong interdependence between individuals. Based on the metaphor of an organism in which many parts function together to sustain the whole, Durkheim argued that modern complex societies are held together by organic solidarity.

(B). Structural theory

Spencer developed a theory of two types of society, the militant and the industrial, which corresponded to this evolutionary progression. Militant society, structured around relationships of hierarchy and obedience, was simple and undifferentiated; industrial society, based on voluntary, contractually assumed social obligations, was complex and differentiated.

Structural functionalism, or in many contexts simply functionalism, is a broad perspective in sociology and anthropology which sets out to interpret society as a structure with interrelated parts. Functionalism addresses society as a whole in terms of the function of its constituent elements, namely norms, customs, traditions and institutions. A common analogy, popularized by Herbert Spencer, presents these parts of society as “organs” that work toward the proper functioning of the “body” as a whole. In the most basic terms, it simply emphasises “the effort to impute, as rigorously as possible, to each feature, custom, or practice, its effect on the functioning of a supposedly stable, cohesive system.” For Talcott Parsons, “functionalism” came to describe a particular stage in the methodological development of social science, rather than a specific school of thought.

Giddens's theory of structuration explores the question of whether it is individuals or social forces that shape our social reality. He eschews extreme positions, arguing that although people are not entirely free to choose their own actions, and their knowledge is limited, they nonetheless are the agency which reproduces the social structure and leads to social change. His ideas find an echo in the philosophy of the modernist poet Wallace Stevens who suggests that we live in the tension between the shapes we take as the world acts upon us, and the ideas of order that our imagination imposes upon the world. Giddens writes that the connection between structure

and action is a fundamental element of social theory; structure and agency are a duality that cannot be conceived of apart from one another and his main argument is contained in his expression "duality of structure".

Radcliffe-Brown argued for the importance of the notion of a 'total social structure', which is the sum total of social relations in a given social unit of analysis during a given period. The identification of 'functions' of social practices was supposed to be relative to this total social structure. Merton (1957) proposed a distinction between manifest and latent functions. Manifest functions are the intended functions of a phenomenon in a social system. Latent functions are the unintended functions of a phenomenon in a social system. An example of manifest and latent functions is education. The manifest purpose of public education is to increase the knowledge and abilities of the citizenry to prepare them to contribute in the workforce. A latent function of the public education system is the development of a hierarchy of the learned. The most learned are often also the most affluent. Thus, while education's manifest function is to empower all individuals to contribute to the workforce and society, it also limits some people by creating boundaries of entry into occupations.

Davis and Moore argue that all societies need some mechanism for insuring effective role allocation and performance. This mechanism is social stratification, which

they see as a system, which attaches unequal rewards and privileges to the positions in society. They concluded that social stratification is a device by which societies insure that the most qualified persons conscientiously fill the most important positions. Davis and Moore's argument is based on the functionalist premise that social order rests on consensual values, which define collective goals that are in the general interest. In order to encourage those who are best able to realize these goals it is necessary to offer unequal rewards.

Structural functionalism has its roots in the work of early sociologists, especially Durkheim and Weber. Among contemporary scholars, it is most closely associated with the work of Talcott Parsons(1951),Robert Merton (1968)Malinowski and Radcliff Brown. It is the dominant theoretical view in sociology today. When two individuals have a relationship where each expects something from the other their behaviour is predictable and social behaviour is, thus an expected and organized behaviour. It is defined by the social norms and given sanction by society. Herbert Spencer (1820-1903) viewed that a society is made up of different parts, all of which have to work in order to remain healthy, meet the demand of the environment and survive.

Theoretically and empirically, the effectiveness of self-help groups has been widely documented in global context. The "helper-therapy principle" postulated by Riessman (1965) pointed to the process by which helping others has a therapeutic

effect on the helper, and the self-help group provides the context for members to gain the unique benefits that may arise from helping someone who has the same problem as the helper. Riessman (1965, p. 27) made extensive discussions on Self Help Groups that have continued since the 1970s, and many theories that have evolved about them. First, the “helper-therapy principle”. This was coined by Riessman (1965, p. 27) and he asserts that “while it may be uncertain that people receiving help are always benefited, it seems more likely that the people giving help are profiting from their role.” People who are suffering from their own difficulties find that their painful experiences can help others in the same boat, thus enabling them to realize the humanitarian or existential meanings of their experiences. Additionally, people can deepen their understanding of their own problems by helping others in similar circumstances.

Second is “experiential knowledge.” In early studies of self help groups, it was asserted that a dichotomy existed between professional and nonprofessional help (Riessman & Gartner, 1976) with non-professional help consisting of a jumble of self-help and lay help. Borkman (1984) proposed a trichotomy of helping perspectives: professional, lay, and experientialist. According to Borkman what differentiates lay people and members of self-help groups is “experiential knowledge.” This theory implies that it takes considerable time

for new-born Self Help Groups to become fullfledged unless “experiential knowledge” developed by other groups is made available to them, because “experiential knowledge” is developed by accumulating the experiences of many people who have undergone various aspects of the common difficulties. This theory concurs with an assumption of Oka (1999) that “continuous activity” is one of three essential foundations of self-help groups, the others being “common experience” and “spontaneous participation.”

The third idea focuses on the special perspective of the problem or predicament and its resolution. Self Help Groups develop perspectives that are different from medical or professional views. Antze (1976) called it “ideology” and Kennedy and Humphreys (1994) used the term “worldview.” Borkman (1999) expanded on these ideas to emphasize that the alternative perspectives are “liberating meaning perspectives,” that is, they are less likely to be stigmatizing, and more likely to be constructive, positive, and view the members in a dignified and respectful manner than professional perspectives. This idea is also related to “emancipation from suppression”, which Oka (1999) proposed as one of “the three basic processes and qualities of self-help groups”, the others being “sharing” and “individual independence.” Professionals are often unaware that their technical perspectives are stigmatizing, dehumanizing, or implicitly negative about living with the condition. Qualitative research, rather than quantitative or conventional research, is needed to explore these perspectives.

The fourth idea is based on the view of Self Help Groups as voluntary organizations, not as a form of therapy or treatment. Borkman (1999, p. 17) states that "the social science literature on self-help / mutual aid has taken a disproportionately therapeutic and individualistic perspective, focusing on such questions as how individuals are benefited by their participation in a group." The emergence of self-help groups can be seen as a response to industrialization, the breakdown of the kinship system, and the decline of the community (Katz & Bender, 1976; Humm 1997; Kessler et al. 1997), although alternative views see it as a reflection of an ineffective, inefficient and dehumanizing formal system of care (Gartner & Riessman, 1977). Currently, the increasing interest in providing services that are family-centered is also considered a factor contributing to the increased number of self-help groups.

Rappaport (1993) asserted that self-help groups, which offer the venue for shared experience, emotional support and social learning, can help constitute a social identity. Along the same line of thinking, Yalom (1995) contended that self-help groups provide a unique opportunity for growth, social experimentation and change. Past research has also identified several major outcomes of self help groups. These include: emotional support, acceptance, empathy, affirmation, spirit of hope, and sharing of feelings; provision of factual information and sharing of experiential knowledge; development of a sense of community; and individual and collective empowerment (Gottlieb, 1982; Kurtz, 1988; Borkman, 1976; Levy, 1979;

Gartner & Riessman, 1977; Katz & Bender, 1976; Gidron et al., 1991; Jacobs & Goodman, 1989; Bennett et al., 1996; Humphreys & Rappaport, 1994).

Merton and Shoden (1994) assert that the concept of SHG mainly revolves around the reasons that may lead to the genesis of self-help as a way to mitigate the problems faced by a set of people. According to Morton the development of contemporary forms of SHGs is generally ascribed to Alcoholic Anonymous, which was initiated in 1935 in USA. As per Kingree the concept of SHG's can be traced to collection of people to informal groups with an aim to overcome the problems related to a particular negative status. Jacobs and Powell reported that SHG's have proliferated in recent years, serving more people and addressing many types of status related problems. Social scientists have forwarded various definitions for SHG.

Gregory and Marry (1994). Gregory and Marry have defined SHG's as being cost free, member governed, peer led group made up of people, who share the same problems or situations. Gupta (1996) has described SHGs as the voluntary response in the form of informal groups, of poor, to their marginalization - social, economic and political. Singh (1995) has defined SHG's as voluntary associations of people formed to collectively perform certain activities of their common interest. Nanda has defined SHG's as informal groups of people who have a common perception of need and impulse towards

collective action. Kurtz (1997) has defined SHG as a supportive, educational, usually change oriented mutual aid group that addresses a single life problem or condition shared by all members.

According to Kessler (1997) in the United States, self help group participation amounted to 10 million in 1996 and it was recently noted that more Americans try to change their health behaviors through self-help than through all other forms of professional programmes combined (Davison et al., 2000). The proliferation of self-help groups in various countries can be seen as an initial indication of self help group effectiveness, because groups will cease to exist without value. Humphreys, 1997; Kessler (1997) feel that in spite of the rapid growth of self-help groups in India, the full potential of utilizing self-help groups remains untapped. One of the reasons may be attributed to the lack of systematic research and solid methodological foundations. Little was known about how helpful self-help groups are to members, and what kind of social impact they have brought about. The self-help movement itself has clearly left behind the research component of the self-help phenomenon.

Rosenbaum (1998) opine despite the variety of explanations for the self-help phenomenon, the consensus is that there is a need for a new model to supplement and complement professional services, and that self-help groups are growing at an unprecedented speed worldwide. For example, about two percent of Canadians belonged to self-help groups in 1987 (Gottlieb & Peters, 1991), approximately 10 percent of

Israel's population, was estimated to have some type of involvement in a self-help group (Ben-Ari & Azaiza, 1995), and cancer self-help groups were found to be prevalent in major cities in China (Mok & Zhang, 2001).

Riessman (2000) observe that the self-help movement is becoming a global phenomenon. In some countries, self-help groups already exist for every medical condition listed by the World Health Organization and they are serving people who encounter almost every physical, behavioral and emotional problem.

SHGs AND MICRO FINANCE AND MICRO CREDIT:

Micro finance can be defined as the provision of comprehensive financial services to micro-entrepreneurs. The vast majority of the population of emerging economies works in the informal economy of urban and rural areas. These micro-entrepreneurs, traders, artisans or farmers are excluded from mainstream economic growth and must rely on themselves to survive. Their income often depends exclusively on the success of a small business in which they invest their frequently impressive skills, creativity and energy. Unfortunately, their ventures rarely extend far beyond the subsistence level, mostly because of lack of capital.

Over the past centuries practical visionaries from the Franciscan monks who founded the community-oriented

pawnshops of the fifteenth century, to the founders of the European credit union movement in the nineteenth century (such as Friedrich Wilhelm Raiffeisen) and the founders of the microcredit movement in the 1970s (such as Muhammad Yunus) have tested practices and built institutions designed to bring the kinds of livelihood opportunities and risk management tools that financial services provide to the doorsteps of poor people.

Mayoux (1995) has identified three 'paradigms' on micro-finance and gender. The 'financial self-sustainability paradigm', currently dominant within most donor agencies and USAID, World Bank, UNDP, etc. assumes that increasing women's access to micro-finance services will lead to individual economic empowerment, well-being and social and political empowerment.'

The impact of SHGs on social harmony has also been mixed. It has been observed that groups with mixed membership had group leaders who came from a variety of the social groups. In the vast majority of instances, group leaders were almost exclusively from the dominant social groups' category. This demonstrates a lack of equality and unity across caste divisions. Given the relatively young history of SHGs, it is to be expected that their impact on bridging centuries old divisions would be slow. Social Justice: Social justice is the presence of moral and ethical conduct in areas that are historically typified with backward and abusive customs. There have been several occurrences of SHGs resolving disputes between members and the community at large. These instances

include initiating legal action, arbitration, divorce and others. While there have long been dispute resolution mechanisms in villages, in the past it was controlled by men. Now, there are instances of women, SHG members, being involved in resolving disputes. Whether or not the women are working for their own interests or in the case for justice varies, regardless SHGs' impact on the political arena is certainly being seen also in social justice, albeit in a slow and evolutionary process. Community: Being a group-based organization of members of similar caste and geography, the community resources that are shared / affected by the SHG. Recent analysis has shown that the impact that SHGs have on the community at large have been minor. There have been few instances of significant contributions from SHGs to education, family planning, eradication of child labour and hygiene.

The perception of a women based organization taking a leading role for the betterment of the greater good has monumental impacts on the local community. Gender dynamics begin to balance in instances such as these. Livelihoods: Livelihood, meaning a persons' economic activity, is an area that is vitally important to SHGs. The loans that SHG members receive are intended to improve their livelihood so that they can receive greater and steadier cash flows. In rural areas, livelihood range from agriculture farming, animal husbandry, dairy and various other goods and services activities. Experience has shown that SHGs have had improved livelihood to the extent of providing the leveraging needed to start an enterprise. However, the interventions to introduce new livelihood or refine existing ones that could yield better economic results were done by external agencies.

SHGs have another very important role to play particularly in the transfer of technology to user group population. It has been found by the members of SHGs that they offer them organizational base, large resources, and access to modern technology leading to employment and income generation. Thus, SHG movement among the rural poor in different parts of the country is emerging as a very reliable and efficient mode for technology transfer. However, it is strongly felt that the pace of transfer and popularization of technologies must be accelerated so that even the small farmer can benefit from new technologies.

SELF HELP GROUPS & LINKAGE PROGRAMME:

The Indian experience of SHG Linkage Programme is unique in some respects. RBI and NABARD have tried to promote 'relationship banking' i.e. improving the existing relationship between the poor and bankers with the social intermediation by NGOs. The Indian model is predominantly "linkage model", which draws upon the strengths of various partners - NGOs (who are the best in mobilizing - and capacity building of poor) and bankers (whose strength is financing). Thus, as compared to other countries, where "parallel" model of lending to poor (i.e. NGOs acting as financial intermediaries) is predominant, the Indian linkage banking tries to use the existing formal financial network to increase the outreach to the poor while ensuring necessary flexibility of operations for both the bankers and the poor. Thus in nutshell, the SHG linkage

programme offers a win-win situation for the credit delivery system comprising banks of all types.

THREE MODELS OF LINKAGE

The NABARD refinancing programme piloted in 1992, is one of several in India. Currently, NABARD refinances loans generated by 17,085 bank branches throughout the country, yielding a branch penetration of 11%. With plans to reach one million SHGs by 2008, NABARD's annual growth predicts success. Whereas refinancing reached 25,000 new self-help groups in 1998-99, it reached 200,000 new self-help groups in 2000-2002. NABARD partners with 444 banks and a network of 2,155 NGOs and independent agents.

Three models of linking self-help groups to banks have evolved over time. Model 1 encourages banks to form and finance self-help groups. Model 2 encourages NGOs to form groups giving small cash grants and training as an incentive and then link them to local banks. Model 3 finances NGOs forming self-help groups to intermediate loans to groups. From the point of view of CRS, Model 2 is the most advantageous to local nonprofit partners. CRS has development partnership with 2,500 grassroots organizations across India. Most are small, local entities, often social extensions of the Catholic church. Partners work in isolated areas of the tribal belt, which stretches east to west and north to south in two great bands. Tribal villages, often composed of desparate hamlets, make the task of amassing large concentrations of SHG members a challenge that rules out

Model 3.

Each of the three models can be qualitatively assessed to arrive at the strategic significance and scope for widespread adoption. Criteria for evaluation may include factors like

- Transaction cost of lending for the banks
- Transaction cost of borrowing for SHGs and poor
- Risk of funds and guarantee of repayment
- Training
- Load (costs) of co-ordination and management
- ease of adoption by all stakeholders
- Smoothness and ease of providing credit to the poor and its repayment
- Quick replicability
- Social and economic impact on SHG movement
- Extent of social investment required

The linkage between the Self Help Groups and the Formal Financial Agencies (FFAs) has to be on a symbiotic relationship. In most of the developing countries, the savings and credit schemes of FFAs are separate, each with its own set of clientele. For the purpose of linking the SHGs to FFAs two basic models with a number of modifications are at present working in India. In each model there exists a two way flow of funds as shown below (SIDBI, 2000).

DIRECT LINKAGE MODEL

In the case of the direct linkage model the bank identifies the group (or facilitates evolution of the group) and deals with the SHG directly for both mobilizing the savings and

for making available credit facilities to the group as a whole or to individual members. Group members act as collateral security. In this model, the credit is generally made available to the group and members to be financed are identified by the group itself, which takes the responsibility of loan repayment.

MODIFIED DIRECT LINKAGE MODEL-I

Here group identifies the activity and member to whom loan is given. The group is morally responsible for repayment but credit is given as in any individual loan. Credit at normal rates prevailing depending on quantum of loan.

MODIFIED DIRECT LINKAGE MODEL-II

In this model, NGO is not the financial intermediary. The NGOs role is only in group evolution and stabilization, where as the financial linkage is directly with the group.

INDIRECT LINKAGE MODELS

In this model basically the funds flow through the NGO i.e. the NGO is the financial intermediary. In the case of this linkage model various types exist which have been given below:

MODIFIED INDIRECT MODEL

This model exists in cases where the groups are artisan/handicraft groups and NGO support for marketing is also available like SEWA, Luck now.

IFAD MODEL

In this model, the NGO is involved as in (Hi) above but the line departments of Government like Women Development Corporations, Sericulture, Rural Development are also involved in identification of activity, beneficiary etc. The model is in existence in areas where IFAD projects are being implemented like in Tamil Nadu, Maharashtra and Uttar Pradesh.

In the above models, apart from two-way flow of funds, there is also flow of services, extension, consultancy, training etc., from the banks and the voluntary agencies. The Self Help Group approach to the development of rural poor appears to be an effective and viable proposition as a supplementary micro credit delivery system. The models of linkage between SHGs and FFAs could be specific to the needs of the group. A strong linkage and continued development dialogue between the SHGs and FFAs appear to be the panacea for many of the ills in the present system.

ORIGIN OF SELF-HELP GROUPS:

In 1976, Prof. Mohammed Yunus of Bangladesh started women's groups in Bangladesh and developed thrift and savings among the poorest. Now it has developed into a bank named Bangladesh Grameen Bank. Its report in February 1998 states that the bank has 1138 branches and covers 39572 villages. It has 2367503 members of which only 124571 are men. The bank has disbursed a cumulative amount of US \$ 2714.61 million whereas the savings of the members has reached US \$ 202.73 million.

With the success of BGB and similar organizations elsewhere, the concept of Micro credit has gained momentum in India. Based on this success many Non-Governmental Organizations (NGOs) in our country are involved in organizing SHGs and they serve as an agent between the bank and the poor. Self Help Groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people, mostly women, in various parts of India are members of SHGs and actively engage in savings and credit, as well as on other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The S/C focus on the SHG is the most prominent element and offers a chance to create some control over capital, albeit in very small amounts. The SHG system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation.

SHGs - A GLOBAL SCENARIO:

The first people in history to demonstrate the power of self-help groups were alcoholics. Alcoholics Anonymous was started in 1935 to help "hopeless alcoholics" recover from alcoholism, something the medical profession had been unable to do. The power of self-help groups to help people suffering from other problems was not widely recognized until after World War II. In the 1960s, civil right movements began to evolve in many developed countries, as people became aware of their collective power. These power-to-the-people movements provided avenues for the development of the self-help group movement (Vattano, 1972).

In the 1970s, the emphasis moved from mass movements to small group movements in some countries. In Germany, people began to be more interested in their ordinary lives than in political abstractions (Moeller, 1978) while in Japan, people with disabilities and chronic illnesses started to spend more energy on activities within their local communities rather than on political actions against the central government (Osa, 1991, pp. 43-45; Tsuda, Kida, Yamada, & Saito, 1977, pp. 62-67). Moreover, by mid-1970s welfare states were being challenged by criticism of their rising public expenditure and inefficiency, while international economic growth rates were declining due to rising oil prices (George & Page, 1995, pp. 8-10). Then in 1976 a strange coincidence occurred. In North America, two edited books (Caplan & Killilea, 1976; Katz & Bender, 1976) and two journal issues (Borman & Lieberman, 1976; Riessman, 1976) written by social scientists appeared which featured self-help groups. In Japan that same year, a voluminous edited book on "small grassroots groups" was published with detailed reports on various groups, including self-help groups for people with disabilities (Shish no Kagaku Kenkyukai, 1976). In 1977, in the UK, and in 1978, in Germany and Belgium, research books on self-help groups were published that were clearly influenced by the studies in North America (Brankaerts, 1983; Moeller, 1978; Robinson & Henry, 1977) and in 1979, Japanese psychologists published a book on self-help groups, and introduced the studies of North America to Japanese readers (Murayama & Agari, 1979).

In the 1980s, self-help support systems such as self-help clearinghouses, which provided information and referral

services linking the public with the groups and assisted groups to develop, were established in North America and Germany (Matzat & Estorff, 1989; Oka, 1992; Wollert, 1987). In our opinion, it was at this point that these countries and Japan went their different ways. Although Japan had as many self-help groups as North America and Germany, it has never established any self-help clearinghouses with paid staff. Even today, Japan has only a few volunteer-based self-help clearinghouses and paidstaff-based clearinghouses catering to a limited client base, such as a women's clearinghouse (Oka, 1994a).

Another characteristic trend of the 1980s was the development of international networks of self-help supporters. In 1980, the Regional Office for Europe of the World Health Organization established a Copenhagen-based working group on self-help and health. This resulted in an international report on self-help (Hatch & Kiebusch, 1983). In 1983, another international report was published which covered self-help groups in countries, including the UK, Germany, the US, Canada, and New Zealand (Pancoast, Parker, & Froland, 1983). As a result of this internationalization and other factors, in 1992 an international conference in Ottawa, Canada, attracted people not only from North America but also from Europe and East Asia. Two years later, the conference research committee (a Canadian, American, and an Israeli) edited a book published with papers from the conference including ones from Eastern Europe, Japan, Israel, and Hong Kong (Lavoie, Borkman, & Gidron, 1994).

In the 1990s, a new trend appeared: online self-help groups (Madara & White, 1997). Going on-line has contributed to the self-help group movement in the following ways: first, the Internet has made it much easier for people to communicate with each other especially those who are separated by great distances. International interactions have increased (our co-authorship, for example, would be impossible if we were unable to use the Internet), and people with very rare and special needs, who naturally live great distance from each other, can now easily form groups. Second, by using searching engines, people can easily find out if groups they would like to participate to exist as long as they have web pages.

The Grameen Foundation USA (GFUSA) Program Department (formerly Grameen Bank Replication Program) was established in 1999 to support institutions and social entrepreneurs throughout the world who seek to replicate the Grameen Bank approach, or scale up existing programs to provide financial services to the poor. The Program Department works to advance the global elimination of poverty by providing financial, technical, technological, and human resource support to advance microcredit lending in developing countries.

The main objectives of the Grameen Foundation USA Program Department are to:

1. Mobilize financial and human resources in support of initiating and scaling up poverty- focused

microfinance programs.

2. Provide technical assistance through training and advisory services to poverty-focused microfinance programs.
3. Promote a favorable policy and regulatory environment for poverty-focused microfinance programs.
4. Promote networking among members of the Grameen Global Network and disseminate information to the general public in support of microcredit for the poor.

SHGs in ASIA

The involvement of formal sources in microfinance has increased during the last two decades. This greater involvement has stemmed from

- (i) the expansion of the scope of formal institutions into microfinance through downscaling and establishment of linkage programmes with semiformal sources of different types;
- (ii) the emergence of new formal institutions focused on microfinance, such as the Grameen Bank of Bangladesh;
- (iii) reforms of state-owned financial institutions such as unit of BRI; and
- (iv) the introduction of new microfinance programmes by the governments through non financial

institutions. However, the formal operations concentrate mostly on providing credit facilities, and savings mobilization has yet to receive adequate attention, with few exceptions.

Formal microfinance has changed to some extent with an increasing involvement of private sector institutions. The Bank Dagang Bali in Indonesia has expanded its microfinance operations and increased its clientele. Badan kredit-desas, owned by Indonesian villagers, now have reached 1.7 million clients, and the Grameen Bank in Bangladesh, owned largely by its borrower members, operates in over 38,000 villages with 1,140 branches and reaches about 2.4 million clients. Cooperatives are also playing a significant role as financial intermediaries in the Region, particularly in India, Sri Lanka, Thailand, and Viet Nam. The thrift and credit cooperative societies in Sri Lanka reach about 800,000 households while primary agricultural cooperative societies in India have about 89 million members. These cooperatives, among other things, provide microfinance services. In many countries, the cooperatives have begun to explore possibilities for deeper penetration into the microfinance market and show a greater concern about their financial viability than they did in 1980s.

A major feature of semiformal microfinance sources in the region is the extensive involvement of NGOs. In virtually all DMCs (except for transitional economies such as the People's Republic of China and Viet Nam) NGOs have become important providers of microfinance services. Their

involvement is important because their clients in general are poorer than those reached by many formal institutions, their services are targeted in most countries to serve poor women, and their credit services are provided largely on the basis of social collateral. The small average loan sizes of NGOs, which usually range from about \$30 to \$150 per active loan account, suggest that their clients include the poorest. NGOs in some countries are trying to organize themselves into national coalitions to improve the industry standards and self-regulation. A few NGOs in the region have plans to transform themselves into formal financial institutions. In Japan, people who had come to enjoy a free society welcomed "the peak of circle movements" in 1955 (Osawa, 1976), and, influenced by Western civil right movements, they promoted the establishment of similar movements.

A focus of Sri Lanka's enterprise support programme under the Praja Sahayaka Service has been Women's mutual help groups. The idea is based on the traditional system of savings and credit in Sri Lanka known as seetu. The participants in such self-managing group contribute an agreed sum of money to a pool on a daily, weekly, bi-weekly or monthly basis. The pooled amount is awarded to one member of the group at a time, either in an agreed order or by drawing lots. Seetu enables individuals who find it difficult to save to gain access to a lump sum of money which they would otherwise not be able to acquire easily. By using the concept of seetu, the programme is able to make the women feel quickly familiar with the concept of the group. To be eligible for membership to a women mutual

help group, a woman must have low income, she must reside in a low-income settlement and she must be willing to participate in group activities according to a set of rules and regulations.

Only one member of a household can participate in a particular group. The formation of a group and the learning of the rules and regulations take one to two months. During this period, the group establishes a routine of weekly meetings which last 30 to 90 minutes each. At these meetings, the women learn to arrange savings and loans, to keep records of all monetary transactions, to select office bearers, to understand the group constitution, to open a bank account and to manage emergency loans. Savings is the first activity a group undertakes once it has formed. Each group fixes its own amount of regular savings and each member must deposit this amount weekly into the pool. Once the group has built a fund of 500 it opens a bank account. The group must adopt a standard constitution and all members of the group must understand and sign this document which is a requirement for a group to open a bank account in Sri Lanka.

The National Housing Development Authority presents the group with a small "starting kit" of equipment (cash box, account books, stationary etc.) and a small grant: 5,000 for groups of less than 10 members and z 7,500 for groups of more than 10 members. The grant is used to issue small loans to each member on a monthly basis with weekly repayments. Each woman is guaranteed a loan each month if her group functions

well. The first series of loans cannot exceed 250 per member. If all members make their weekly repayments, loans 375 may be issued. If these loans are again successfully repaid, each member may borrow 500. This is the maximum monthly loan for any woman of the group. The group levies a service charge of 1 per cent per week on loans and this amount is used to pay the group leader a small honorarium for her efforts to organize meetings, collect loan repayments and record financial transactions. The service charge is much lower than the interest of 5 per cent per week levied by most local money lenders.

SHGs IN DEVELOPING COUNTRIES

Micro credit as a system of lending small loans has been followed the world over. For example, during the seventies many initiatives were taken in developed and developing countries in Asia, Africa and Latin America. The approach of micro - credit consisted of Self Help Groups (SHGs), Revolving Savings and Credit Associations (RSCAs), Solidarity Groups, Money store, etc. Some of the examples outside India are ACCION International (Latin American countries), Philippines Commercial and Industrial Bank, Rural Bank of Ghana and Grameen Bank (Bangladesh), Bangladesh Rural Advancement Committee (BRAC) and Proshika and Association Advancement (ASA).

In Latin America, there is the example of ACCION International which supported the development of solidarity groups lending to urban vendors. At the same time Foundation Carvajal developed a successful credit and training system for

individual micro entrepreneurs. Another example is Bank Raykyat, Indonesia, which developed a transparent set of incentives for its borrowers and staff, rewarding on-time loan repayment and relying on voluntary savings mobilization as a source of funds (Joanna, 2000). In Indonesia, credit unions, fishermen groups, village based bank like institutions, irrigation groups etc. have been in existence since long. An alternative financial instrument in Vietnam for the poor, "Hui" with 10-15 members involved in financial activities in cash or in kind has been in existence for generations (Abid, 1995). Other countries like Thailand, Sri Lanka and India have also experienced the role of SHGs in uplifting the socio-economic conditions of rural poor, particularly women (Gaonkar, 2003). In Sri Lanka, the institute "SANSa" has created a high social impact in reducing rural indebtedness and poverty from 1978 to 2003 through a thrift and credit movement. It has been successful in raising the living standards of the rural people of Sri Lanka. Janashakti Bank in Sri Lanka also aims to eradicate rural poverty (Lalitha, 2003).

SHGs IN INDIA

During the Vedic and Rigvedic periods, approximately between 4000 and 1000 BC, women in India enjoyed equal status with men (Kuppusamy, 1995). However, the degradation of women started since the beginning of patriarchal joint family system (Neera et al., 2004). Today, the position of women is not an enviable one. Several social reformers fought against the oppression of females in pre-independent India. Independent India adopted several measures to protect the rights of women

and establish equality of status between men and women. In spite of these, the condition of women in India continues to be one for concern.

In Southern India organizations like PRADAN, MYRADA, ASSEefa, MALAR etc. have entered into this rural credit system. NABARD introduced a pilot programme for starting and lending to SHGs in 1992 based on the experience of BGB and MYRADA. Now seeing the success in repayment many banks are eager to lend to SHGs and because of the pressure from government. NABARD has started giving targets to Banks. NABARD also provides training support, grant cum aid support for micro credit under its different schemes. SIDBI has entered this field late but now SIDBI has formed a micro-credit foundation, which gives loans to NGOs after rating them by an external agency. The minimum loan is 50 lakhs and it is to be used only for micro enterprises.

The Government of India, which is under IMF and WB guidance, has launched schemes scrapping Integrated Rural Development Programme, Scheme for Urban Micro enterprises, Prime Minister's Urban Poverty Alleviation Programme and TRYSEM. The Schemes are known as

- (1). Swamajeanthi Gram Swarozhar Yojana- SGSY.
- (2). Swarnajeanthi Sahahari Swa Rozhar Yojana- SJSRY.

The former is for Gram Panchayats and the latter for Town Panchayats, Municipalities and Corporations. According to this scheme, the Panchayats will select the good group with assistance from BDO, Bank and NGOs and provide Rs. 10000/- as revolving fund, free of interest and then banks will provide loan

to the group seeing the performance. There is an individual subsidy of 30% for those who do individual enterprises and 50% subsidy for group enterprises. After the introduction of this scheme NGOs and Panchayat are forming groups or trying to get control of the groups and funds. The scheme has a trap. If the repayment under this scheme is less than 70% in a Panchayat, nobody will get loan in this panchayat.

After the Micro Credit summit held at Washington WB, IMF and many foreign funding agencies have directed their projects towards micro-credit. Now the government of India has also directed CAPART and other funding agencies to focus on micro credit because of which all NGOs are running after people for SHGs so that they can get funds. Thus a slow and steady SHG movement started during 1990s in India truly represent the concerns of the poorest of the poor.

If we see the presence of SHGs in India, 64% of total SHGs are in Southern India that too particularly in A.P and Tamilnadu, whereas SHG movement is very weak in Northern and Western states. In developing micro finance in India, especially through the SHGs, a major role is that of the promotional institutions. Several institutional variants of the Self-Help Promotion Institutions (SHPIs) have come to the fore since the beginning of the last decade. In India, the promotional institutions are basically of three types:

- (1) Government
- (2) Banks and
- (3) NGOs.

These institutions have over a period of time developed systems and practices, some of which can be emulated as best practices and some others which should be learning points for caution.

Government as a SHPI: As in all developing countries, in India development was considered to be the government's responsibility and it started several subsidy-linked credit programmes where it had a major role right from the stage of identifying of the borrowers to the disbursement of credit and subsidy. The results of these programmes were not positive. Experience has shown that the noninvolvement of the people has led to an attitude of total dependence on administrative efforts. This was especially true in credit programmes for the rural poor. To overcome this, government started adopting participatory approaches to rural development, particularly the SHG approach. The entry of the government into the self help group movement was through the Rashtriya Mahila Kosh, which started funding NGOs for forming and nurturing SHGs. Later, the Indira Mahila Yojana came into existence, which also facilitated the group formation and nurturing process. A few states like Andhra Pradesh, Maharashtra, Karnataka, and Tamilnadu have taken very successful initiatives in this regard.

In India a number of micro-credit schemes have been introduced, first in the form of cooperatives and later in form of loan melas for rural financing. Targeting women specific programmes however started much later mainly by NGOs such

as SEWA, PRADAN, MYRADA etc. The Government later entered this arena through Rashtriya Mahila Kosh, Indira Mahila Yojana, STEP and through NABARD. Of late the Rural Women's Development and Empowerment Project known as 'Swashakti' has reached a take off stage in nine states by involving NGOs fully for its delivery of various components of the Project leading to holistic empowerment of women, by making them stakeholders along with the State Government Departments, Banks and beneficiaries.

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There has also been a significant shift in the manner of funding the schemes. The Micro-Credit Rating International Ltd. (M-CRIL) in a study found that micro-finance had started to shift from being almost exclusively donor funded to being significantly financed through credit. Loan funds were sourced increasingly from apex level NGOs and developmental banks

like NABARD and SIDBI, cooperative banks such as SEWA and even commercial banks. The Reserve Bank for example has been actively intervening to ensure that development banks and commercial banks play an active role in financing the SHGs and small micro-enterprises without demanding collateral and without putting the women's group through banking loans and such other bureaucratic red-tapes. The Government promoted SHGs through the following programmes in various parts of India to strengthen SHG movement:

DWCRA Groups The Department of Rural Development under the Development of Women and Children forms groups with a maximum membership of 15 women in Rural Areas (DWCRA) scheme. Thrift is used as an important point for entry and micro financing among members. The scheme focuses on organization of women into groups to foster a collective approach to their problems and to enhance their bargaining power. These organized women pull many of the government programmes into their respective villages for their benefit. Under DWCRA 25,000 is provided to the group as lump sum grant. The members can use it collectively or share it on prorated basis and can be used for any income generating activity. DWCRA recognizes that thrift and credit is essential for improving livelihood. Members are encouraged to save their money as a common fund. Training in leadership, attitudinal changes, and skills for income generation are integral parts of the DWCRA scheme.

SGSY Scheme: Swaranjyanthi Gram Swarozgar Yojana (SGSY) is a modified version of IRDP with a focus on group approach. Cost of group formation and development is met from

SGSY funds amounting to 10,000 per group over a period of 3-4 years. Process approach and social mobilization with minimum of 50% of women groups are salient SHGs approaches. Grading of groups is done once in six months to ascertain their status of performance and corrective capacity building is undertaken. Assistance for economic activities is given through bank loan-cum scheme subsidy to individuals in groups as well as to groups. Anganwadi groups: These groups are formed by the Department of Women and Welfare at the habitation level for implementing health, nutrition; and literacy programmes for women. Micro finance is extended to the members for taking up income generating activities as individual or group enterprises.

Joint forest management groups: Village communities in notified forest areas are formed into Vana Samrakshana Samithis (VSS) to conserve forest wealth. Social mobilization through the SHG route is being achieved under this programme. Village communities are exhorted to take up alternative income generating activities. Watershed management groups: Farmers in the watershed areas are formed into groups for implementing improved techniques of watershed development with the intervention of a facilitating agency, normally an NGO. While on-farm development activities are funded through grant support, these groups are also encouraged to take up microfinance, with thrift as an entry point activity. Rashtriya Mahila Kosh groups (RMK groups) are formed by NGOs and funded by RMK, a fund set up by the Government of India for associating women to undertake income-generating activities. Credit is extended to individual women in the group mode.

Micro finance programmes of CAPART: The Council for Advancement of People's Action and Rural Technology (CAPART) is set up by the Ministry of Rural Development, Government of India, to fund voluntary organizations and community based organizations engaged in serving rural areas. CAPART occupies a significant space in shaping the development innovations of NGOs and catalyzing development initiatives to reach the poor.

Kudumbashree Project: The project is launched by the Government of Kerala with the active support of the Government of India and NABARD for wiping out absolute poverty from the state within a period of 10 years. This project aims at combining the self help group approach with demand led convergence of available services and resources to tackle the multiple dimension and manifestation of poverty holistically. The project is implemented through community based organizations. This project is based on the successful experience of the Alapuzha model (a district in Kerala) of poverty alleviation with community participation, which won the UN Award at the 50th Anniversary of UN at New York in 1995. Kudumbashree aims at

- (i) empowerment of women through community based organizations
- (ii) formation of informal banks for the poor

- (iii) promotion of micro enterprises and establishment of rural marketing networks.
- (iv) striving for convergent community action.

District Poverty Initiatives Project: This project is being implemented in Andhra Pradesh with the aid of World Bank. The project aims to organize the poorest of the poor in selected districts through convergence of resources. The project has components of organization capacity building, linkages, and capital support. The project envisages "common interest groups" to focus on accelerated progress in poverty alleviation. CIG (common interest group) members, mostly drawn from existing groups, are motivated to take up economic activities and community welfare programmes through the provision of revolving fund (Rs.20,000/-) called common investment fund.

SJSRY (Swarna Jayanthi Shahari Rozgar Yojana): SJSRY is an anti-poverty programme launched by the Government of India for eradicating absolute poverty from urban areas. The community development structure provides the channel for the delivery system of the scheme. The scheme has two sub components- Urban Self Employment Programme (USEP) and Development of Women and Children in Urban Area (DWCUA). DWCUA helps urban poor women in setting up gainful employment through group activity.

Banks as a SHPI: Among the formal institutions, next to government, banks play a major role as self-help promotion institutions in India. For several years, since the nationalization of the commercial banks, there has been a commitment at the highest policy levels, towards improving access to financial

services for the poor. Several policy measures have also been in force to ensure this, such as the allocation of committed bank funds to small loans (priority sector banking), subsidized interest rates (ranging from 4% to 10%) for micro loans, and the opening of small rural bank branches. Hence, the mainstream banking system in India has always been involved in microfinance as a special area of their operation.

SHGs AND MICRO CREDIT AND MICRO FINANCE

The first effort in institutionalizing rural credit was made by the Government of India in the first decade of the present century with the passing of the Co-operative Societies Act in 1904 to support the country's predominantly agricultural economy. Though the country witnessed significant growth of the commercial banks since then, their involvement in rural lending was negligible till the mid-sixties. Following the introduction of social control in 1967 by the Government of India and later nationalization of major Commercial Banks in 1969, these banks also were directed to involve themselves in rural lending. Later in 1975, The Government of India also introduced a specialized state sponsored, regionally based and rural oriented Regional Rural Banks with the objective of accelerating rural economic development of the identified target groups i.e., weaker sections comprising small and marginal farmers, agricultural labourers, artisans, small entrepreneurs etc.

In 1981 National Bank for Agriculture and Rural Development (NABARD) came into existence. Rural financing has been playing and will continue to play an important role in

the development of the Indian economy as 75% of the India's population lives in its villages. Commercial Banks, cooperative credit institutions and RRBs (Regional Rural Bank), which form an important segment of the rural financing system, have been helping in progressive monetization of the rural economy through their operations in the rural areas. Although the institutional share in total rural credit has increased many fold over the years there is still a large institutional credit gap. Despite the multi agency approach adopted for providing rural credit, certain inbuilt formalities viz. documentation, restricted working hours, loan amount, purpose of loan and proximity factors have been causing inconvenience to the deserving rural poor. Yet, exploitation of the rural poor continues by the local moneylenders. Only 2% of the 500 million small and micro entrepreneurs are accessed to formal sources all over the world.

There is a need to provide them micro credit. The Banks have evolved a new approach to reach out the rural poor, named "SELF HELP GROUP FINANCING". In India local money lenders dominate the rural areas. Self Help Group Financing (SHG) is a new concept. SHG - a group of rural poor generally comprising of small/marginal farmers, landless agricultural labourers, rural artisans, women folk and other micro entrepreneurs organized themselves to achieve socio economic development by raising resources at their level initially and linking with the bank subsequently with the help of NGOs.

MICRO CREDIT IN THE WORLD:

Micro credit as a system of lending small loans has been followed worldwide. For example, during the seventies many initiatives were taken in developed and developing countries in Asia, Africa and Latin America. The approach of micro-credit consisted of Self Help Groups (SHGs), Revolving Savings and Credit Associations (RSCAs), Solidarity Groups, Money store, etc. Some of the examples outside India are ACCION International (Latin American countries), Philippines Commercial and Industrial Bank, Rural Bank of Ghana and Grameen Bank (Bangladesh), Bangladesh Rural Advancement Committee (BRAC) and Proshika and Association Advancement (ASA). In Latin America, there is the example of ACCION International which supported the development of solidarity groups lending to urban vendors. At the same time Foundation Carvajal developed a successful credit and training system for individual micro entrepreneurs.

Another example is Bank Raykyat, Indonesia, which developed a transparent set of incentives for its borrowers and staff, rewarding on-time loan repayment and relying on voluntary savings mobilization as a source of funds (Joanna, 2000). In Indonesia, credit unions, fishermen groups, village based bank like institutions, irrigation groups etc. have been in existence since long. An alternative financial instrument in Vietnam for the poor, "Hui" with 10-15 members involved in financial activities in cash or in kind has been in existence for generations (Abid, 1995). Other countries like Thailand, Srilanka and India have also experienced the role of SHGs in

uplifting the socioeconomic conditions of rural poor, particularly women (Gaonkar, 2003). In Sri Lanka, the institute "SANSa" has created a high social impact in reducing rural indebtedness and poverty from 1978 to 2003 through thrift and credit movement. It has been successful in raising the living standards of the rural people of Sri Lanka. Janashakti Bank in Sri Lanka also aims to eradicate rural poverty (Lalitha, 2003).

MICRO CREDIT IN INDIA

In India, though NABARD initiated micro credit in 1986-87 the real effort was taken after 1991-92 through the linkages of SHGs with the bank (Vinayaga Moorthy, 2007; Naithani, 2001). Starting with a significant upward movement since the mid 90s, micro finance, through independent micro finance institutions (MFIs) and through linking the self help groups, has played a commendable role in India. A study made by the National Bank for Agriculture & Rural Development (NABARD) has found that over 22.50 lakh SHGs have so far been offered minimum banking service by NABARD with 60 percent of them coming from 13 under developed states (Mukherjee, 2007).

There are many organizations helping with micro credit. The Self Employed Women's Association (SEWA) in Gujarat and Madhya Pradesh, Mysore Resettlement Development Agency (MYRADA) in Karnataka, Professional Assistance for Development Agency (PRADAN) in Rajasthan, Association of Sarva Seva Farms (ASSEFA) in Tamilnadu, New Public School Society in Uttar Pradesh and SAMBHAV in Madhya Pradesh

have made remarkable contributions towards the use of micro credit by SHGs (Joshi, 2002).

Micro Credit supports would help the individuals /groups to invest their business for getting an incremental income, leads to empower them in social, political, economic and legal patterns of life, help them to promote sustainable income generation activities and enhance their status. There are some indicators in their

- (i) Economic life: increase in savings, increase in income, increase in assets, repayment rates & repeat loans and skill development,
- (ii) Social life: increase in self-confidence, change in attitude to women's role, improvement in communication skills and in social outlook
- (iii) Political and Legal life: increase in participation in political process and removal of legal discrimination against women.

NABARD AND SHGs

NABARD Criteria for selection of SHGs:

- (i) The group should have been in active existence for at least a period of six months.
- (ii) The groups should have successfully undertaken

- saving and credit operations from its own resources.
- (iii) Democratic working of the group wherein all members feel that they have a say should be evident.
 - (iv) The group should be maintaining proper accounts / records.
 - (v) The banker should be convinced that the group has not come into existence only for the sake of participation in the project and availing benefits there under. There should be a genuine need to help each other and work together among the members.
 - (vi) The SHGs members should preferably have homogenous background and interest.
 - (vii) The interest of the NGO or the self - help promoting institution (SHPI) concerned, any in the group should be evident and the agency is helping the SHG by way of training and other support for skill up gradation and proper functioning.

Inclusion in Service Area Approach: The scope for lending to SHGs in a particular area may depend upon the extent of poverty, presence and availability of support from NGOs and above all upon the need and desire among the poor to form groups for mutual benefit. Banks may identify branches having potential for linkage and provide necessary support services to such branches and include SHG lending within their Service Area Plan. Keeping in view the potential reliability, the Service Area Branches may fix their own programme for lending to SHGs as in the case of other activities under the priority sector.

With a view to enabling the bank branches to get the benefit of catalytic service of NGOs, the names of NGOs dealing

with the SHGs will be indicated on a block-wise basis in the "Background paper for Service Area Credit Plans". The service area branch managers may have constant dialogue and rapport with the NGOs and SHGs of the area for effecting linkage. If a NGO/SHG feels more confident and assured to deal with a particular branch other than service area branch and the particular branch is willing to finance, such an NGO/SHG may at its discretion deal with a branch other than the service area branch. The lending to SHGs by banks should be included in the LBR reporting system and reviewed, to start with at SLBC level. However, it has to be borne in mind that the SHG linkage is a credit innovation and not a targeted credit programme.

Opening of Savings Bank A/c.:

In terms of RBI circular, letter DBOD. No.BC.63/13.01.89/92-93 dated 4 January 1993(1) banks were allowed to open savings bank accounts of SHGs financed under pilot project. In order to facilitate promotion of SHGs and their eventual credit linkage with banks, it has been decided that SHGs which are engaged in promoting the savings habit among their members, may be allowed to open savings bank accounts. It is clarified that SHGs need not necessarily have already availed credit from the banks before opening of saving bank accounts. Margin and Security Norms: As per operational guidelines of NABARD, SHGs are sanctioned savings linked loans by the banks (varying from a saving to loan ratio of 1:1 to 1:4). Experience has shown that group dynamics and peer pressure have brought in excellent recovery from members of the SHGs. The flexibility allowed to the banks in respect of margin, security norms etc. under the

pilot project vide RBI circular dated 24th July 1991(2), referred to above will continue to be operational under the linkage programme even beyond the pilot phase.

Rate of Interest: NABARD would continue to provide finance support to the banks under the linkage project. The present interest rate structure stipulated by NABARD at different levels under the SHG- Bank Linkage Programme is as under.

NABARD to Banks (Refinance)	-	6.5 %
Banks to SHG	-	12 %
Banks to NGOs/VAs	-	10.5 %
NGOs/VAs to SHGs	-	12 %
SHG to members	-	As decided by SHG

(exclusive on interest tax whatever applicable)

Banks may charge interest on the finance provided to the groups NGOs for on-lending to SHGs at the rates indicated by the National Bank from time to time. Further, the groups will be free to decide on the interest rate charge to its members provided the rate of interest is not excessive.

Documentation: Keeping in view the nature of lending and status of borrowers, the banks may prescribe simple documentation for lending to SHGs. The working group has suggested a set of documents for use of banks while lending to SHGs directly or through NGOs to SHGs. The documents are inter agreement to be executed by the members of the SHGs, a loan application to be submitted by SHGs, model loan agreement, sponsorship letter from NGO/SHPI, specimen loan application by NGO/SHPI for loan assistance for on-lending to SHGs and loan agreements for lending to NGOs. The banks may adopt these documents in consultation with their law department.

Presence of Defaulters in SHGs: The defaults by a few members of SHGs and /or their family members to the financing banks should not ordinarily come in the way of financing SHGs by banks provided the SHG is not in default to it. However, the bank loan may not be utilized by the SHGs for financing a defaulter member to the bank. Training: An important step in the linkage programme would be the training of the field level officials and sensitization of the controlling and other senior officials of the bank. After the launching of the pilot project, NABARD would conduct a series of training programmes for the field level officials of the banks and also their trainers.

To motivate and assist members of matured SHG to take up income generating activities on a sustainable basis, NABARD continued to promote micro-enterprise development by SHG members. Under the Micro-Enterprise Development Programme (MEDP), 564 such programmes covering 41,030 SHG members were conducted during the year. The pilot project launched during 2005-06 for promotion of micro-enterprises among members of matured SHG, is being implemented in nine districts across nine States, involving 14 NGO acting as 'Micro-Enterprise Promotion Agency (MEPA)'. Cumulatively 6,107 micro-enterprises have been established under the project, involving bank credit of 535 lakh, as on 31 March 2009.

NABARD selectively extends Revolving Fund Assistance (RFA) to MFI (Micro Finance Institution) for experimenting with various MF models. During the year, RFA of t 6.35 crore was sanctioned to four agencies taking the aggregate support to 43 crore. In addition, NABARD provides financial assistance to commercial banks and RRB to avail the services of credit rating agencies for the purpose of rating of MFI and empowering them to intermediate between the lending banks and the clients. During the year, support of 3.40 lakh was extended to four agencies for availing credit rating services. The Scheme to provide capital/equity support to MFI was introduced by NABARD to enable them to leverage capital/equity for accessing funds from banks, providing financial services at an affordable cost to the poor, and achieve sustainability in their credit operations over a period of 3-5 years. During 2008- 09, capital/equity support of 11.75 crore was sanctioned to 13 agencies.

SHG-Bank Linkage Programme, since its pilot operation in 1992, has emerged as the leading Micro-Finance (MF) programme in the country. It is recognized as an effective tool for extending access to formal financial services to the unbanked rural poor. Encouraged by the success, the programme has been adopted by state governments as a major poverty alleviation strategy. It has also led to the emergence of Micro-Finance Institutions (MFI) as a bridge between the banking sector and the rural poor. During the year 10, 81,474 SHG were credit linked with banks and bank loan of 11,131.74 crore (including repeat loans) disbursed taking the number of SHG credit linked to 47, 07,415 SHG as on 31 March 2009. As on 31 March 2008, 50.09 lakh SHG maintained savings bank accounts and had savings worth ~3,785.39 crore. The programme has covered more than 7 crore poor households, making it the largest MF (Micro Finance) programme in the world.

During 2008-09, NABARD extended refinance of c 2,620 crore under the SHG-bank linkage programme, registering an increase of 62 per cent over the previous year. The savings kept as deposits and loans outstanding position of SHG, as on 31 March 2008, revealed that both the number of savings accounts and amount of savings mobilized improved by 20 and 8 per cent, respectively. Similarly, the number of loan accounts and amount of loan outstanding registered a growth of 25 and 37 per cent, respectively.

The Process of Self Help Group Development

NGOs and banks define the group development process in many ways. Even among CRS partners, ideas vary about

stages of group development-Financial development of a Group:

The SHG movement in India is basically aimed at utilizing the SHG's as an 'intermediatory' between the banks and the rural poor to help drastically reduce transaction costs for both the banks and the rural clients (Nanda, 1995). NABARD with its head quarters at Mumbai is an Apex Development Bank in India for financing and promoting agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts so as to promote integrated rural development. In the wake of banking sector reforms invoked in early 1990's the role of commercial banks in providing credit to rural poor came under intensive debate vis-a-vis the sustainability of entire banking operation for providing banking services-both in terms of savings and credit to the rural poor. Sheokand (1998) has indicated that as the rural poor's share in availing formal sector credit got further marginalized, NABARD, in 1992 launched the SHG - Bank linkage programme with the policy backup of the Reserve Bank of India (Sheokand, 1998).

According to Shanmugam(1998) the SHG -Bank linkage programme initiated by NABARD, in active collaboration with Non-Governmental Organizations (NGOs), aimed at enhancing the coverage of rural poor under institutional credit thereby focusing on poverty alleviation and empowerment (Shanmugam, 1998). Prior to this, NABARD's initiative in promoting active partnership between banks and SHGs was encouraged by the findings of a study conducted in 1988-89 by NABARD in collaboration with member institutions of Asia Pacific Rural and Agricultural Credit Association.

As per a NABARD report (1995) the scheme on SHGs was made applicable to RRBs and co-operative banks of the country in 1993 and in April' 96, RBI advised the banks that lending to SHGs should be considered as an additional segment under priority sector advances and it be integrated with mainstream normal credit operation. Rao & Dasgupta (1999) have commented that the SHG-bank linkage programme has gained considerable movement in southern region of the country, though the northern states too are now catching up fast and an overwhelming (78%) of the listed SHGs are Women Self Help Groups (WSHG's), that is the SHGs which constitute only women members (Rao and Dasgupta, 1999). Since the inceptions of NABARD promoted SHG linkage programme there has been an appreciable increase both in formation of SHG and their linkage with the banks. The concept and importance of SHGs has been accepted and adopted by policy makers and they will form the backbone of rural poverty alleviation strategies, implemented by Government of India.

Micro finance programmes for women are promoted not only as a strategy for poverty alleviation but for women's empowerment as well (Mayoux, 1996). Since the early 1980s empowerment has become a key objective of development. Empowerment has been considered both an end and as a means of development. There has taken place a steady acceleration of literature on the subject ever since the concept gained wide acceptance among academics and policy makers. Depending on the context concerned, empowerment is defined variously. In our present context, empowerment may be defined ideally as a

continuous process where the powerless people become conscious of their situation and organize themselves to improve it and access opportunities, as an outcome of which women take control over their lives, set their own agenda, gain skills, solve problems and develop self-reliance. Three different approaches have been identified by Batliwala (1994):

- (i) the integrated development approach
- (ii) the economic approach and
- (iii) consciousness raising-cum-awareness approach.

They are not mutually exclusive and have the potential to be linked with one another. Where (i) and (ii) as stated above address the practical needs or material conditions of women, (iii) addresses the strategic needs or position of women. Consciousness and awareness raising approach has the potential to bring about long lasting changes in the position of women and also other profound implications. The formation of Self Help Groups is “not ultimately a micro-credit project but an empowerment process” (Micro-Credit Summit, 2001). The concept aims at empowering women and thus uplifting their families above the poverty line. It is a gradual process resulting from interaction with group members through awareness and capacity building. Building capacity refers to the strengthening of ability to undertake economic, socio-cultural, and political activities, and enhance self-respect.

Capacity to undertake economic activities includes ownership and control of productive resources and alternative employment opportunities at local levels. It has been proved that economic empowerment could have a positive impact in

other spheres as well: enhanced social, legal, and political status. Capacity to undertake socio-cultural activities encompasses ability to participate in non-family-group meetings, to interact effectively in the public sphere, to create mutual dependence and to ensure mobility and visibility. Capacity to undertake political activity includes ability to fight injustice, to organize struggles, and to create an alternate power structure at the local level.

SHGs become eligible for Revolving fund (RF) after passing the first credit rating which is undertaken 6 months after the date of inception of the SHGs. It is aimed at augmenting the group corpus and then credit worthy to access Bank Loan. Year wise details of RF disbursement in Tamilnadu.

MICRO CREDIT AND EMPOWERMENT:

Within the SHG approach, empowerment is embedded at many levels. The impact of SHG on the various dimensions of women empowerment depends on the backwardness, prevailing cultural practices, and demographic profile of the area.

Economic and financial empowerment: The status of women is intimately connected with their economic position, which in turn depends on opportunities for women for participating in economic activities. Women's ability to save and access to credit would give them an economic role not only within the household but, outside it as well. Type of Indicator Level at which impact on empowerment may be assessed:

Economic increase in savings increase in income increase in assets repayment rates and repeat loans skill development. Social increase; in self-confidence change in attitude to women's role improvement in communication skills and in social outlook Political/Legal; increase in participation in political process removal of legal discrimination against women would improve employment opportunities for women and thus have a "trickle down and out" effect.

Income-generating activities and increase in income: In the Micro Credit Summit Preparatory Meeting (1995), Hillary Clinton said: "it is called micro, but its impact on people is macro. We have seen that it takes just a few dollars, as little as \$10, to help a woman gain self-employment to keep her family out of poverty. It is not a hand out it is a helping hand". It is widely accepted that the returns from the economic activity are used not only for women's welfare but also for the welfare of their children and the family and the community at large.

Contribution of IGA to the family income: The basic assumption underlying the provision of micro-credit is that the investment made with that credit would generate income, would be adequate to contribute significantly to family earnings. After joining a SHG, though the returns from IGAs taken up under it remain irregular and in many cases unstable, they would make a lot of difference to the lives of the poor. The increased incomes have helped to supplement the incomes to reduce the levels of poverty to a great extent in several families. Some members take up more than one activity (goat rearing and tailoring, for example) to make up the loss during off-seasons. It could be inferred that in case of 80 percent of the members with

economic activities, their incomes from micro enterprises contributed considerably to the family incomes directly or indirectly.

Repayment behavior and repeat loans

It is a fact that the returns of the micro enterprise are hardly sufficient to meet the daily expenses of the unit and make repayment of the loans. The majority of the members (72 percent) had reported that their repayment rate was between 80 to 100 percent.

Awareness and capacity building

SHGs are generally found to be very effective in improving the levels of knowledge and skill of the rural folk through informal education and training programmes. The success depends on the type of training, number of training sessions attended and also the quality of training. Political and legal empowerment: Women's participation is now recognized universally as a crucial element in augmenting the cost effectiveness of any plan for socio-economic progress.

Social empowerment

This is a gradual process, which would take place only when the functioning of the group becomes sustainable. The extent of empowerment varies with the age of the group. Members in older groups show a high degree of social and psychological empowerment than their counterparts in infant groups.

ENTREPRENEURSHIP THROUGH SELF-HELP GROUPS

Entrepreneurship is considered totally a male's prerogative, but now females are taking them up as a challenge. Researches in the recent past have shown keen interest in the study of women in an entrepreneurship. Self-Help Group (SHG) enables the rural poor to earn their own livelihood besides participating in the process of development. The SHG scheme has been extensively used by voluntary agencies for a long time but has been incorporated in the conventional development programmes only recently.

A typical rural women's self-help group is a good example of capacity building for prospective entrepreneurs. Its aims include enabling members with no educational or industrial or entrepreneurial background to become self-dependent and self-reliant by developing and enhancing the decision-making capacity of members and instilling in them the strength and confidence for solving their problems.

They provide poor people a forum where they can learn about collectively mobilizing and managing money and matters. Few other Central and State government schemes aimed at capacity building of women and others for entrepreneurship include the 'Stree Shakti' programme in the dairy cooperative sector in M.P., training-cum-employment programme for women called Swa-Shakti and Rashtriya Mahila Kosh Project-supported by the World Bank and International Fund for Agricultural Development (IFAD).

Empowering women has become the key element in the development of any economy. It is been found that there are various forums and NGOs that are working hard towards this direction. There are lots of research studies supporting this view. The Indian economy has been substantially liberalized in recent years with an increasing role for small-scale private enterprise. Alongside economic liberalization has come as a drive to enhance the role of women with moves to ensure that women have at least 30% of seats in local councils and many other elected bodies. As a result women are playing a more important economic role. There has always been a tradition of education for middle class women in India and increasingly there is a strong and growing group of professional women holding positions in Indian Universities and Government service. However, there are no sex discrimination laws within the labour market. Women have also traditionally been involved in the informal economy, working in family businesses without formal position or pay. Thus their economic contribution is often undervalued or just not mentioned at all.

VARIETY OF BUSINESSES FOR SHGs:

There are varieties of business for women to invest their capital for fetching an additional family income through:

1. AGRO BASED ACTIVITIES-GROUP BASED

Production of Paper and boards from banana waste, Jaggary production, Psuedomonous, Trichogramma, Trichoderma viride, Azospirillum , VAM Production, Collection of medicinal plants from forest and marketing, Palm

products, Coconut products, Collection of Neem seed and process the products like oil/cakes, Tamarind process, Korai Mat production, Coconut thatches making and sales, Pakkumattai plates and products, Fruit juice.

2. FOREST PRODUCTS

Bamboo products, Cane furniture, Pickles making- Example: Lemon, mango, corlic & pepper, Bee keeping, Forest collections like medicinal plants, Kalpasam, broom sticks etc.,

3. ANIMAL HUSBANDRY

Miltch animal, Calf rearing, Milk products-Palkova etc., Goat rearing, Sheep rearing, Poultry, Mutton stall.

4. AQUA BASED

Aquaculture; Eatable fish and ornamental fish culture, Fish pickling, dry fish sales, Shell products.

5. SERVICE ORIENTED

Individual and group based: Two wheeler Motor mechanics, Supplies of home appliances, Services of home appliances, TV, refrigerator and radio mechanic, Bicycle shop, Xerox machine.

6. INDUSTRIAL AND EXPORT BASED:

Match sticks production, Boxes for match sticks, Plastic products, Rexene products, Leather products like ladies bags,

suitcase, belts and money purse, Toys making, Painting works, tailoring and embroidering.

7. TRADITIONAL BASED

Silk weaving, Cotton cloth production, Tailoring, Garments, Mud pot production.

8. PETTY BUSINESS

Coconut sales, Flowers/garlands, Wire bags making, Samiyana, Cooking Vessels, Iron and plastic chairs hiring, Grinder for flours for eatable products, Masala powder sales, Washing powder sales, Mini canteen, Vegetable sales, Fish marketing, Toilet products.

9. SEASON BASED

Agriculture inputs, Brick making, Festival products like sweets/cloths, crackers sales, flowers and garlands in the village temple festivals, colour powers for rangoli, umbrella sales, butter milk and ghee products, sales of coconut /paper/ and palm fans during summer, sugarcane juice.

10. VALUE ADDITION BASED

Groundnut products, Fruit juice.

11. APPROPRIATE TECHNOLOGY MICRO ENTERPRISES

Back Up Power, Battery Recharging Station, Blacksmithing, Briquetting, Ecotourism, Farming

Microenterprise, Food Production, Isaac Solar Ice Maker, Library Service, Local Assembly, Manufacturing Solar Components, Medical Clinic, Mini-Dairy, Mobile Music, Mushroom Growing, Peanut Butter Processing, Popcorn Maker, Pottery Microenterprise, Rock Crushing, Sea Water Farming, Sewing Shop, Solar Installation and Maintenance, Solar Laundromat, Telephone Service, Video Theater, Village Dehydrator, Village Grinder, Village Solar Oven, Village Water Shop, Water Pumping Station for Potable packing water supply, Well Drilling and Pump Installation, Wood Shop.

The Indian Government and the state governments have taken steps to encourage women to set up small businesses. For example the Karnataka State Government offering help to widows to set up knitting businesses in 1997. However, whilst some statistical information is available (Singh, 1991) this focuses on work participation, unemployment, work seekers, wage rates, differentials and trades union membership. There is some information available on women entrepreneurs in the UK. Johnson and Storey (1994) suggest that women entrepreneurs are less likely to be married or have a professional qualification or to start self-employment under 30. Whereas Vokins (1994) study of successful women entrepreneurs suggested they had a different approach: an ability to do several things at once; ability to admit mistakes; keen to develop the workforce; less concerned with outward trappings.

Women also faced different problems. Simpson (1991) found that their partners do not help with domestic chores or the business, whilst the reverse is true for men. Simpson also suggests that women have to work harder to gain credibility.

Truman (1994) found that the advice services for entrepreneurs do not gear themselves for women. They also have problems with childcare and raising finance. However, the Microcredit Programme run by the Indian Government does help provide finance for small businesses. Rajasekhar in his study of NGOs has produced some research on the effects of the Micro Credit Programmes on poverty, wellbeing and gender equality. This study would therefore focus on the different motivation of women entrepreneurs in India and their contribution to the local economy for which there does not appear to be specific research.

Patel (1986) advocates that we must strive to identify the constraints and limitations which prevent a large number of potential women entrepreneurs from coming forward, entering business and becoming successful. He points out that a majority of programmes and schemes for women so far have been a welfare-privileged class but emphasizes that since women can be as good entrepreneurs as men, the focus must remain on 'entrepreneurship' for building successful enterprises. Even the successful women entrepreneurs confirm that while encouragement and facilities are required to enter business for the first time, when it comes to competition, they have to fight on the same footing as men. Survival and growth come from the individual's competencies and skills and not from special concessions given to the women entrepreneur. Patel opines that so far our society has not allowed women to think independently and thereby, identify their own role within or outside the family. Till recently, economic compulsions have led more and more young girls to take up employment and it is out of work experience, exposure to education and urbanization

that the potential source of women entrepreneurs has emerged. He cautions that since in socio-economic environment is also process and is related to economic growth, one should be careful not to make over ambitious plans to develop women as entrepreneurs.

Of the lesson learnt based on data of some 900 women entrepreneurs, Patel points out that the initial lack of confidence in their own abilities further deteriorated with society's lack of confidence in women as business persons. Singh (1993) in his work 'Women Entrepreneurs: Their Profile and Motivation', concluded that factors impinging on the entrepreneurial manifestation of women are no different from those affecting men entrepreneurs. Nothing in his findings suggest that entrepreneurship is gender specific and as such the researcher advocates that gender specific concessions should not be given in any area as they may lead to many minuses without any positive impact on women entrepreneurship. Most of the women entrepreneurs in the sample entered a variety of fields. Family and community background did help/ facility their entry into business. Self-fulfilment, autonomy and independence were the main reasons for their entering the entrepreneurial profession and as such money did not seem to be the sole motive for entering the entrepreneurial profession. The researcher opined that there is no need for special training programme for women. Women only need to have proper educational and adequate exposure.

Sethi (1994), in her study 'Women Entrepreneurship in India' lists economic compulsion, education, work experience and urbanization as the collective forces which have given an

impetus to women entrepreneurship. The regularity, technical, marketing and other input constraints, get exacerbated for women because of their gender as well as the prevalent socio-cultural variables. The author cites insufficient start-up capital as the most common cause for early traumatic failure of new business. The study reveals that a majority of women rely heavily on their own funds for initial venture startup. As women by and large do not have access to resources, it was further observed that they tended to start small. The dependence on their limited personal finance leaves these women undercapitalized and highly vulnerable to market fluctuations. The author further found that women by and large are bound by their domestic and child care responsibilities and therefore, the choice of industry, the location of units and their area of operation cannot be of their individual choice. She suggests that in order to enable women to break away from traditional activities like garments and food into more lucrative nontraditional areas which need a much higher level of investment, the help of academic institutions, government organization and NGOs need to be enlisted.

SHGs AND WOMEN EMPOWERMENT

A multidimensional and interlinked process of change in power relations;

Power within: to articulate their own aspirations and strategies for change;

Power to: to develop the necessary skills and access the necessary resources to achieve their aspirations;

Power with: to examine and articulate their collective

interests, to organize to achieve them and to link with other women's and men's organizations for change;

Power over: changing the underlying inequalities in power and resources, which constrain women's aspirations and their ability to achieve them.

These power relations operate in different spheres of life (eg. economic, social, political) and at different levels (eg. individual, household, community, market, institutional). Sewant and Dewan (1979) report the impact of economic development in rural women particularly on their employment and reported that declining work participation, the widening male-female wage differential and substantial improvement in female literacy were associated with the force of development. Rose (1980) asserts the status of women is enhanced by employment. The power in family is very important aspect from the point of empowerment of women.

Bardhan (1985) observes economic power rests with men as the Indian society is based on the norms of patriarchy; a society that ruled by the ideology of female subordination; a society that is accordingly composed mainly of cells of patrilinear- patrilocal families with the economic controls firmly in male head. Krishnamurthi (1985) opines that in voluntary organizations there are different approaches, systems, methods and alternatives to the development of rural poor and communities. These should find a place and in the plans of rural development formulated by the governments. Recognition of the work done by voluntary agencies, associating them in the implementation of the programmes and promoting them would be one such expression.

Gerson (1985) pointed out that women are empowered when they are in touch with traditions, showed achievements, and real interests. Women's expansion of power depends on their abilities to stay centered in their uniqueness, as well as to be open simultaneously to the range of action possibilities demonstrated through other women's lives. Rahman (1986) established that "active" women loanees had higher consumption standards and a role in household decision-making, either on their own or jointly with their husbands, than 'passive' female loanees. Both in turn had significantly higher consumption standards and were more likely to partake in household decision-making than women from male loanee households or from households who had not received credit.

Cardine Moser (1989) has identified paradigms towards women's development in Third World countries. The first paradigm related to welfare approach is based on the traditional view of marking the women's role in development or the basis of customary gender division of labour. The second paradigm came in existence during 1975-85, when the decade was declared the 'Decade of Women'. This approach was aimed at gaining equity and procuring her as active participant in development process. It further aimed at giving equal opportunities to women even by creating positive discrimination or reservation.

Vidya Lata (1990) believes bringing women out of the house and enabling them to join the mainstream of national life are certainly an important step. At present, the economic stresses and strains experienced by the modern society have compelled the women to find out means to augment their family

income. The economic status of women plays a key role in determining her social status as their labour is generally unproductive and the need for increasing production, particularly in the countryside calls for new skills. The reality of the present situation is that a large mass of Indian women faces today the lack of opportunities to acquire these new skills. Rural women are an important component in the complex subject of rural development and there is a growing realization that the participation of women, who constitute roughly half of the population, is essential for any planned and rapid progress of the nation.

Ragman (1990) says that a quantitative element of empowerment is control over economic resource; but progress in this matter is by itself no indication of enhanced social power of the underprivileged to assert their developmental aspiration and their freedom to take initiatives for their self development. The essential qualitative elements of empowerment are organization, social awareness and self-reliance. Chetana Kalhagh (1991) feels modernization and advancement of technology has not benefited women. In fact, in many areas women are displaced from their traditional jobs because the technology necessitates training, up gradation and skills, which are out of the reach of women.

Hall (1992) says women's empowerment tends to follow certain sequences and stages. When women are aware of these patterns in their own behaviour and in their exchange with others, they will be more able to become empowered on a long-term basis. Empowerment inevitably meets with resistance. However, when women are prepared to see, handle and

understand this resistance, other people's resistance is more likely to be neutralized.

Conference on. Population and Development at Cairo (1992) included:

- (i) Establishing mechanism for women's equal participation and equitable representation at all levels of the political process;
- (ii) Promoting the fulfillment of women's potentials through education, skills development and employment, giving paramount importance to the elimination of poverty, illiteracy and ill-health among women;
- (iii) Eliminating all practices that discriminate amongst women and assisting them to establish and realize their rights;
- (iv) Adopting measures to improve women's ability to earn income beyond traditional occupations, achieve economic self-reliance and ensure their equal access to the labour market and social security systems;
- (v) Eliminating violence against women;
- (vi) Eliminating discriminatory practices by employers against women;
- (vii) Making it possible through laws, regulations and other appropriate measures for women to combine the roles of child-bearing, breast-feeding, and child-rearing with participation in the workforce;
- (viii) Strengthening policies and programmes that improve, ensure and broaden the participation of

women in all spheres of life as equal partners and improve their access to all resources needed for the full exercise of their fundamental rights.

Karl (1995) feels that, empowerment is a word widely used, but seldom defined. Long before the world become popular, women were speaking about gaining control over their lives, and participating in the decisions that affect them in the home and community. In government and international development policies the word 'empowerment' captures this sense of gaining control of participating, of decision making. More recently the word has entered the vocabulary of development agencies, including international organizations and the United Nations.

The Beijing Conference (1995) was the first significant milestone in the journey towards ensuring gender equality and women empowerment. The goals of the Conference were

- i) Sharing power equally
- ii) Obtaining full access to the means of development
- iii) Overcoming poverty
- iv) Promoting peace and protecting women's rights
- v) Inspiring a new generation of women to work together for equality and equity.

To Zippy (1995), empowerment represents a means for accomplishing community development tasks and can be conceptualized as involving two key elements giving community members the authority to make decisions and choices.

Pillai (1995) explained "Empowerment is an active, multidimensional process which enables women to realize their full identity and power in all spheres of life. Power is not a commodity to be transacted; nor can be given away". Power has to be acquired and once acquired, it needs to be exercised, sustained and preserved.

Lucy (1995) To empowerment of women and their equal status are more easily said, than put into practice. This is more especially so, in a society ridden with orthodox and conservative ideals and ideologies for which religious sanctions and supports are not lacking. In such societies, any improvement in the status of women is almost impossible without the cooperation and change of hearts on the part of men. Women account for more than half of the world's illiterate population. Achieving literacy could be one of the first steps to empowering women to participate more equally in society and free themselves from economic exploitation and oppression. The empowerment of women and the improvement of their status, particularly in respect of education, health and economic opportunity are highly important. In addition, this also enhanced their decision-making capacity in vital areas, especially in the areas of reproduction. Education is one of the most important means of empowering women and of giving them knowledge, skills and self confidence necessary, to fullfil as partners in the development process.

Apte (1995) says powers are the key word of the term empowerment, which means control over material assets, intellectual resources and ideology. The material assets over which control can be established may be of any type-physical,

human. Financial such as land, water, forests people's bodies and agencies, labour, money and access to money. Knowledge, information, ideas can be included in intellectual resources. Control over ideology, signifies the ability to generate, capacity to propagate, capacity to sustain and institutionalize specific sets of beliefs, principles, values, attitudes, action and behaviors, virtually determining how people perceive, think and function in a given socio economic and political environment.

Fernade (1995) observes that the self help groups provide economic benefit in certain areas of production process by undertaking common action programmes. Like cost effective credit delivery system, generating a forum for collective learning with rural people, promoting demographic culture fostering an entrepreneurial culture, providing a base for dialogue and cooperation in programmes with other institutions, possessing credit ability and power to ensure participation and helping to assess and individual members management capacity.

Ackerly (1995) noted that underpinning most credit interventions in Bangladesh was an implicit model of the empowered woman and concluded that women's access to the market was the primary route for their empowerment knowledge which comes through market access; and warned against the likelihood of overwork, fatigue and malnutrition. Loans were used to promote women's labour involvement without also promoting their market access.

Krishnaraj (1996) focuses on the gender dimension on the development approaches at conceptual level from

uncovering several distinct areas of gender bias. Their subordinate status meant development benefits; be it education, health, income, employment did not place them in same measure as men. All pervasive sexual division of labour that assigned the task of family maintenance and child care to women meant their inability to participation in many activities outside the home, whether social, economic or political.

To Goetz and Sen Gupta (1996) micro credit as an empowering tool for women has in recent years come under close and in some instance negative scrutiny. Critics have charged that micro credit accessed by women has not been appropriate or hijacked by other household members, leaving women burdened with the responsibility of repayment and the sanction of default. Chandra (1997) says gender discrimination is a universal phenomenon. Both inside and outside the households women are excluded from positions of power. They are denied opportunities to participate in the decision making process. Even when the decisions are to affect their well being they are only passive observers. The primary challenges facing women today, therefore, is to increase their participation so that they get hold of the situation and become actively involved in the process of decision making.

A study by World Bank (1998) found that a 10 per cent increase in borrowing had led to an increase in women's non-land assets by 2 per cent for loans from the Grameen Bank and 1.2 per cent for loans from the Bangladesh Rural Advancement Committee (BRAC) Kabeer (1998); Mayoux (1998). It has, however, been argued that development agencies committed to

empowerment of women need to question the nature of the link between access to credit by targeting women, and the transformation of gender relations needed for empowerment and equality. Significant research and much anecdotal evidence suggest that women's empowerment cannot be assumed to be an automatic outcome of microfinance programmes. Development agencies committed to the empowerment of women need to question the nature of the link between access to credit by targeting women, and the transformation in gender relations needed for empowerment and equality.

Morduch (1999) explained micro credit is a major activity of SHGs. It is estimated that about 8-10 million all over the world are served by micro finance programmes. Souza (1999), the SHGs are basically small, informal groups characterized by voluntary membership, a democratic and consultative structure of governance, economic participation of the members, autonomy, education and training and the concern for the poor.

Kabeer's (1998, 1999) view of empowerment refers to the processes by which those who have been denied the ability to make choices acquire such ability. The fundamentals of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self-esteem and self-confidence. Kabeer points out that a distinction has to be made about the type of choice, and the focus necessarily has to be on strategic life choices, that is choices that shape livelihoods or are 'critical for people to live the lives they want. The expansion in the range of potential

choices available to women includes three inter-related dimensions that are inseparable in determining the meaning of an indicator and hence its validity as a measure of empowerment.

Singh (2000) notes women's organizations are actively involved in making the women aware of their rights. The concerted efforts of women organization have taken up a number of issues like atrocities against women. Rape, alcoholism, wife beating dowry harassment, traffic in women, oppression and health issues are some and their efforts have led to the creation of new legislation even.

According to Putnam (2000) self help group have facilitated the formation of social capital, where people learn to work together for a common purpose in a group or organization. The ability to associate depends on the degree to which communities share norms and values and are able to subordinate individual interests to those of large groups. Out of these shared values comes trust, with the potential for social, economic and political change. However, these groups are often narrowly focused on micro credit, which useful as an entry point can also limit and confine these groups to very small scale activities with limited impact beyond the immediate family.

Gurumoorthy (2000) observed that the empowerment of women contributes to social and economic progress in any country, whether developed or underdeveloped, that could be achieved through social development. (UNDP 2001) UNDP has identified two crucial routes as imperative for empowerment.

The first is social mobilization and collective agency, as poor women often lack the basic capabilities and self-confidence to counter and challenge, existing disparities and barriers against them. Often, change agents are needed to catalyze social mobilization consciously. Second, the process of social mobilization needs to be accompanied and complemented by economic security. As long as the disadvantaged suffer from economic deprivation and livelihood insecurity, they will not be in a position to mobilize.

World Bank (2001) has suggested that empowerment of women should be a key aspect of social development programs. India has also ratified various international conventions committed to securing equal rights to women. The 'National Policy for The Empowerment of Women' (2000) states "The women's movement and a widespread network of NGOs which have strong grassroots presence and deep insight into women's concerns have contributed in inspiring initiatives for the empowerment of women". However, the policy also speaks of "a wide gap between the goals enunciated in the constitution, legislative Policies, plans, programmes, and the related mechanisms on the one hand and the situational reality of the status of women in India, on the other ... Gender equality manifests itself in various forms, the most obvious being the trend of continuously declining female ratio in the population in the last few decades. Social stereotyping and violence at the domestic and societal levels are some of the other manifestations".

United Nations (2001) defines empowerment as the processes by which women take control and ownership of their lives through expansion of their choices. Kabeer (2001) feels some evaluations paint a positive picture of the impact of credit programmes on women's lives. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing 'virtuous spirals' of empowerment. Suguna (2001) says there is continued inequality and vulnerability of women in all sectors, economic, social, political, education, health care, nutrition and legal. Women are oppressed in all spheres. Active participation in social, economic and political spheres would help in enhancing process of decision making, empowerment and it will give women the desired self respect and social dignity and these of course, are the pre-requisites of awareness and capacity building, leading to greater participation to greater decision making power and control and transformation action. According to Zaman (2001) Self help groups intermediated by micro credit have been shown to have positive effects on women, with some of these impacts having triple effects. They have played valuable part in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance and empowering and embolding women giving them control over assets and increased self esteem and knowledge. In the view of Sathish (2001) then SHG system though meant for the very poor also has shown some tendency for leakage. Not the entire segment. Households reached belong to the real target group. A significant proportion of them are from the relatively well off sections. It is the responsibility of the SHPIs (Self Help Group

Promoting Institutions) to ensure that the SHG membership remains confined to the poorest. Laying down clear and transparent guidelines based on local conditions at the time of SHG formation is helpful in effective targeting.

Collect Dumas (2001) in the study, "Micro Enterprise Training for Low Income Women; The case of the Community Entrepreneurs Programme", found that community entrepreneur programmes provided to low income women have helped the participants to launch business and succeed through micro enterprise job creation. The study also emphasized that the success story of the programmes could serve as an example for other training programmes that strive to help unemployed women to achieve self-sufficiency through entrepreneurship. To Srivastava (2001) economic empowerment is a necessary condition for enabling women to seek justice and equality. Without economic strength, women cannot exercise their guaranteed rights. It is, therefore, necessary to seek participation of women as equal partners with men in all fields of work, equal access to all positions of employment, equal opportunities for work related training and full protection of women at work place. Economic empowerment of women, including reduction of female poverty require programmes that focus on identifying, developing and promoting alternative approaches to increase women's access to and control over the means of making a living on a sustainable and long term basis.

Jandhyala (2001) Point out that a comprehensive plan for women was formulated by the Department of Women & Child Development, called 'The Perspective Plan for women 1988-

2000. A National Commission for Women was established with a view to ensure women's rights and entitlements. From 19th century, the role of the state in defining and influencing the status of women has undergone many struggles for their equality. The state, its policies and programmes continues to be the focus of much of the energies of the women's movement in post independence India as well. From 1970's, the women's movement has tried to establish an autonomous identity for itself and attempted to bring about changes through the process of influencing and pressurizing the state and its structures.

Ksrishna raj and Kay (2002) and FAO (2002) explained that micro credit schemes have reduced the vulnerability of women. It has been pointed out that these schemes do not reduce poverty. One important short coming is that as micro credit is made available to groups, based on collective collateral, the process of group formations often precludes the very poor, who are perceived as being poor credit risks. The self selection process will therefore be based on positive assertive matching, where group members exercise risk by excluding those who may not be able to fulfill repayment requirements, leading to the economic ration of credit.

Yunus (2002) perceives that the pension fund of the recently revamped operations of the Grameen bank II is reportedly popular with borrowers. The challenges to maintain the financial viability while providing complementary non-financial services to meet poverty reduction and development goals in rural areas requires pro-poor policies and poverty-focused schemes. Financial viability is important for

sustainability; indicators should also include the contribution to meeting basic needs for household's subsistence, reducing vulnerability to risks and enhancing social capital and empowering women. Ramkin (2002) views SHG as a mechanism for mobilizing social capital and bringing about changes in lives of the poor should be widely recognized. These local forms of association, based on trust, norms of reciprocity and networks are now a strategy of social capital approach for mainstreaming developmental agencies and the World Bank. They not only generate economic and social capital but also collective consciousness against forms of oppression that prevails in developing societies.

To FAO (2002) other empowering aspects noted in studies are cognitive in nature. The IFAD gender mainstreaming review has reported gains in self-confidence and self-esteem amongst the women, enhanced capacity to articulate their needs and an increased respect in the household. Sangita Kamdar (2003) is of the view that women' and economic development highlighted women's development and is blocked by the gender noted segregation in occupations. This segregation has not usually decreased and it remains a central issue to women's economic development though education has helped to bridge the gap to certain extent. The only way to reduce gender inequality is by making her more independent in various fields through education and skill formations.

Suresh Reddy (2004) in his Entrepreneurship Concepts and Development clearly points out that the concept of entrepreneur is that a person through his composite skill can

exploit possibilities in a given situation to extend the new nature exploiting the opportunities with the available resources. Entrepreneurship development is to develop and strengthen entrepreneurial ability in those who really want to take bold steps. Anjaneya Swamy (2004) in their paper, "Women Entrepreneurship" points at a need for a fresh look at the issues before the society for better entrepreneurship development among women is social which calls for a social revolution. Transformation of women work force faces unfavorable socio cultural constrains and exploring the entrepreneurial opportunities is the need of the hour. Proper diagnosis of the problem of women is also required for the development of women and entrepreneurship.

Sunil Goyal (2004) observes that women entrepreneurship and empowerment emphasized that to ensure women entrepreneurship development, integrated efforts by various institutions and corporation are needed, so that required assistance may be provided to potential women entrepreneurs. Entrepreneurship lies at the centre of economic development. Women entrepreneurship is the process where women take lead and organize a business of industry and provide employment opportunities to other, though earlier women concentrated more on traditional activities, due to the speed of education. Women have changed their attitudes and diverted towards nontraditional activities also.

Shbaikh Aftal Anwar (2004) in "Evaluation of Entrepreneurship Development Programmes" found that the

EDPs conducted by most of the institutions do not have concern for proper selection of entrepreneurs. EDPs appear as the best alternative awareness for unemployed to find employment. But they simply learn how to credit. Most EDPs simply produce defaulters for the banks and many trainees do not know even the meaning for the word entrepreneur. Prasad (2006) carried out a study on social mobilization, employment and empowerment of women through SHGs. More than 250 different income generating activities were taken up by the members and most of the members were engaged in multiple activities. About 28 percent of the members had not taken up any economic activity. Among the activities taken up, animal husbandry was seen as a significant income generating activity (26 percent). Craft based activities (11 percent), petty business or trade (11 percent) and agriculture related activities (8 percent) were the other ones in many states. Although 67.4 percent of the credits had been through bank loans for initiating micro enterprises, savings made by the SHG groups were a major and significant source for economic activity.

Shanthi et. al. (2006) studied the impact of employment generating technologies on empowerment of rural women through a micro level study. Need based training was offered through Krishi Vigyan Kendra (KVK) and the results indicated that mushroom cultivation was being adopted by 58 percent of the SHG women trainees as it involved a lot of time for harvesting and demanded special care during the processing period compared to the other technologies.

MICROFINANCE AND WOMEN EMPOWERMENT:

A study by Pitt and Khandker (1995) in exploring the impact of female membership of credit programmes found that women's preferences carried greater weight (compared to households where either men received the loans or in households where no loans had been received) in determining decision-making outcomes including the value of women's no land assets, the total hours worked per month for cash income by men and women within the household, fertility levels, the education of children as well as total consumption expenditure. The first set of assessments point out that women can use savings and credit for economic activity, thus increasing incomes and assets and control over these incomes and assets.

Hashemi, Schuler, and Riley (1996) explored the impact of credit on a number of indicators of empowerment:

- (i) The reported magnitude of women's economic contribution;
- (ii) Their mobility in the public domain;
- (iii) Their ability to make large and small purchases;
- (iv) Their ownership of productive assets, including house or homestead land and cash savings;
- (v) Involvement in major decision making, such as purchasing land, rickshaw or livestock for income earning purposes;
- (vi) Freedom from family domination, including the ability to make choices concerning how their money was used, the ability to visit their natal home

when desired and a say in decisions relating to the sale of their jewellery or land or to taking up outside work;

- (vii) Political awareness such as knowledge of key national and political figures and the law on inheritance and participation in political action of various kinds; and finally,
- (viii) A composite of all these indicators.

Montgomery and Hulme (1996) found that only 9% of first-time female borrowers were primary managers of loan-funded activities while 87% described their role in terms of "family partnerships". By contrast, 33% of first-time male borrowers had sole authority over the loan-assisted activity while 56% described it as a family partnership. They also found that access to loans did little to change the management of cash within the household for either female or male loanees. Interpreting reports of "joint" management as disguised male dominance in decision-making, the authors concluded that access to loans had done little to empower women. However, Schuler et al, (1996) suggest that group-based credit programmes can reduce men's violence against women by making women's lives more public. The problem of men's violence against women is deeply rooted, however, and the authors argue that much more extensive interventions will be needed to significantly undermine it.

Kabeer (1998) found that many women continue to register land and productive assets in their husband's name, because of inheritance laws: assets will be inherited by sons if

registered in the husband's name, and by daughters if registered in the wife's name. This raises questions about any assumed automatic links between credit and transformation in gender relations but also reflects the extreme dependence of women on husbands and sons for physical security, particularly in old age. BRAG research shows that, in most cases, the husband's income and other livelihood activities are essential if members are to meet their weekly installment payments.

A World Bank study (1998) found that a 10 per cent increase in borrowing had led to an increase in women's non-land assets by 2 per cent for loans from the Grameen Bank and 1.2 per cent for loans from the Bangladesh Rural Advancement Committee (BRAG). Rahman's (1999) research is a study of Grameen Bank lending to women in Bangladesh as well. Rahman questions the degree to which microfinance benefits women and explains that women in Bangladesh are often unable to use loans by themselves in the structure of patriarchy and the rural market economy. The absence of investment opportunities for rural women and the lack of control by the lending institution as to how loans are used and by whom lead women to pass on their loans to others (generally men) and lose control of their loans altogether.

Gibbons (1999) also specifically addresses the work of Rahman: "There is of course a flip side to this miracle story. Aminur Rahman (1999) who suggests, from his village level observations in Bangladesh, that the Grameen Bank prefers women more for strategic reasons in relation to investment and

recovery of loans than for the benefit of the women themselves has described it most fully, because they are more compliant and easier to discipline than the men. Moreover as the honour of their wives (and themselves) is at stake in repayment the husbands also pressure their wives to repay as required. Thus poor women are pressured from both sides, and some describe this as intolerable.”

As Mayoux (2000) opines these virtuous spirals are potentially mutually reinforcing in that both improved the well being and change in women's position and may further increase their ability to increase incomes and so on. This process of empowerment may be further reinforced by group formation focusing on savings and credit delivery as women can access wider information and support networks for economic activity; groups can support women in disputes within the household and community and groups can link to wider movements, for change in women's position.

Mayoux (2000) has tried to establish that economic contribution may increase women's role in economic decision making in the household, leading to greater well being for women and children as well as men. Putnam (2000). Self Help Groups have facilitated the formation of social capital, where people learn to work together for a common purpose in a group or organization.

Larence (2001) views from a village level investigation of Bangladesh's Grameen Bank that center meeting norms enable women to establish individual identities and the group

interactions at regular center meetings facilitate collective identity. Zaman (2001) says that this in turn had significantly higher consumption standards and pointed out that men were more likely to partake in household decision-making than women from male loanee households or from households who had not received credit. Similarly, self help groups through microcredit have an important role in lessening the vulnerability of poor by creating assets, income and consumption smoothing, providing emergency assistance and empowering and making women confident by giving them control over assets and increased self-esteem and knowledge. In India, micro credit studies done on groups dealing with dairy farming have noted positive profit levels and short payback periods for loan.

Latitha and Nagarajan (2002) viewed during the South East Asian economic crisis, self-help groups proved to be important cushions and safety nets; a high proportion of the funds made available for self-help micro credit schemes, were utilized by women, facilitating them to meet the subsistence requirements of their families during those hard economic times. FAO (2002) feels other empowering aspects noted in studies are cognitive in nature. The IFAD gender mainstreaming review has reported gains in self-confidence and self-esteem amongst the women, enhanced capacity to articulate their needs and an increased respect in the house hold. Women's groups have emerged as a dynamic, articulate constituency enabling women to work together in collective agency.

SUMMARY

Self Help Groups (SHGs) play today a major role in poverty alleviation in rural India, and this model has been identified as an appropriate one for alleviating poverty in rural India. The number of poor women and men who are enrolling in the Self-help groups all over India has been increasing remarkably. It facilitates trust building among the members and inculcates the value of self-esteem. The SHGs are not only active in thrift and credit management but are also taking up other activities such as natural resource management, value addition to local resources, development work, literacy, knowledge management and nutrition. The SHG system has proven to be very relevant and effective in creating the possibility for women to break gradually away from exploitation and isolation. Self Help Groups offer the venue for shared experience; emotional support and social learning and can help constitute a social identity. Along the same line of thinking Self Help Groups provide a unique opportunity for growth, social experimentation and change. Past research has also identified several major outcomes of Self Help Groups. These include: emotional support, acceptance, empathy, affirmation, spirit of hope, and sharing of feelings, provision of factual information and sharing of experiential knowledge, development of a sense of community and individual and collective empowerment.

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