

CHAPTER TWO

REVIEW OF LITERATURE

Preamble

The literatures abound with theoretical and empirical studies always guide a researcher. Review of literature has not only widened the horizon of understanding the themes related to the study but also share the method of arranging the components in the framework of the study. In literature, the terms microcredit and microfinance are often used interchangeably, but it is important to highlight the difference between them because both the terms are often confused. Microcredit refers to small loans, whereas microfinance is appropriate where NGOs and MFIs supplement the loans with other financial services (savings, insurance, etc). Therefore microcredit is a component of microfinance in that it involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, insurance, pensions and payment services.

The reviewed literature include various theses, project reports, books and articles in the disciplines of Rural Development, Micro Finance, Self Help Groups, Empowerment etc. Micro Finance has grown much from Micro Credit and added too many related services in a span of nearly thirty years and prospering even now. The reviewed literatures show contradictory results and claims, but have agreed on the capability of Micro Finance in availing funds at a reasonable cost to the poor. The review enabled the researcher to identify certain lacuna in the previous studies and to select the appropriate tools of analysts for the present study. Being the majority of studies are conducted abroad or in other states, it reasonable to undertake an empirical work at the state level. Majority of studies conducted in the state are district centered or regional therefore it is worthy to conduct an all Kerala study with representation from all the three regions.

This chapter is sub-divided into three sections (1) Studies in other countries. (2) Studies in India (3) Studies in Kerala.

2.1 STUDIES IN OTHER COUNTRIES

Bangladesh is the new age cradle of Micro Finance. The development caught the attention of India only after getting it popularised in other countries including Africa, North American states, Thailand, Philippines etc. That is why the studies in other countries are so relevant, though there is difference in culture, traditions, social setup, geological resources etc. The rural poverty and secondary status of women are the common link that unifies the world, from development point of view. What is learned out of this review is there is sizable poverty even in so called developed countries. Micro Finance though not a panacea is relevant in the reduction of poverty and in the development of downtrodden.

Hossain (1988) has stated that Grameen Bank members had *incomes about 43 per cent higher than the target group* in the control villages and about 28 per cent higher than the target group non-participants in the project villages.

Gita Sen and Caren Crown (1987) has found that *if women are to be empowered, they should be in a position to command resources, skill training, leadership on the side and democratic process, Dialogue, Participation in policy and decision making, and technique for conflict resolution.*

Gerber (1994) observed that SHG passes through a standard sequence of four stages. They are *Forming, Storming, Norming and Performance.*

Forming. Stage of suspicion, fear and anxiety of members.

Storming. Conflict between individual interest and group interest, emergence of leadership traits, reconciling interests and resolving various problems.

Norming Development of trust among members, Groups become a cohesive unit, emergence of individual, group empowerment.

Performing Groups become operational and start performing the various group functions.

Dunn et al. (1996) have stated that *Micro credit allows the poor household to take advantage of opportunities*, that is, to assume risks it could not otherwise take, in order to obtain higher returns.

Goetz and Rina (1996) in their study challenged the assumed connection in between access to credit and the empowerment of women. *Significant proportions of women's loans are directly invested by their male relatives while women borrowers bear the liability for repayment. This forces the women borrowers to source for repayment from funds available for consumption or for savings.*

Khandker (1998) stated that microfinance can be a more cost-effective developmental tool than alternatives including formal rural financial intermediation, targeted food interventions and rural infrastructure development projects. Unlike many other interventions, *costs for microfinance tend to diminish with the scale of outreach.*

Mayoux, Linda (1998) in their research paper states that Micro Finance schemes have improved the perception of women's contributions to house hold income, family welfare and increased women's participation in decision making in the households. This has resulted in overall improvements in attitudes towards women in the household community.

Chidambaram and Thenmozhi (1998) in their study on women entrepreneurs in Coimbatore District of Tamilnadu, held that *women Entrepreneurs suffer from lack of consultancy services provided by the Government agencies, limited Working capital (Financial), Target oriented approach and lack of promotional activities*, which are constraints in starting and running business enterprises.

Madajewicz (1999) focused on the distinction of group loans versus individual loans. She founds that when *compared to individual loans, group loans from the Grameen bank increase profits by 8 per cent for households with no land* and by less for wealthier households (with a negative influence on profits for households with more than 2 acres of land). That is, *wealthier households benefit more from individual loans than from group loans.*

Chowdhury (2000) examined the impact that the micro-credit program of Grameen Bank in Bangladesh on household poverty, using both subjective and objective measures of poverty. A control group was selected from members who have just registered with the program to compare their poverty status with that of members existed for one year or more. Based on data collected through a household survey by the author, *both the subjective and objective poverty measures show that micro-credit*

reduces poverty. Our data indicate that the risk of poverty of the beneficiaries of micro-credit households is about 47 per cent lower than that of the non participants.

Remenyi, Joe and Quinones, Benjamin. (2000) acknowledged that the *Household income of families with access to credit is significantly higher than for comparable households without access to credit.* In Indonesia a 12.9 per cent annual average rise in income from borrowers was observed while only 3 per cent rise was reported from non borrowers (control group). Remenyi notes that, in Bangladesh a 29.3 per cent annual average rise in income was recorded and 22 percent annual average rise in income from no-borrowers. Sri-Lanka indicated a 15.6 rise in income from borrowers and 9 per cent rise from non borrowers. In the case of India, 46 per cent annual average rise in income was reported among borrowers with 24 per cent increase reported from non-borrowers. The effects were higher for those just below the poverty line while income improvement was lowest among the very poor

Yunus (2000) held the view that *poverty has not been created by the poor people, but is created by the institutions and policies that encircled them.* In order to get rid of the poverty, it is necessary to make proper amendments to create new institutions and policies. He pointed out that every human being has enormous potential and opportunities must be created for every individual to discuss his or her potential and utilise it to its full capacity.

Coleman (2001) analyzes a microfinance programme in Northeast Thailand. Correcting for selection bias, he finds that *the impact of microfinance institutions on household wealth is either non-significant or negative.* He attributes the negative impact to the small size of the loans. *Being too small for investment, the loans are used for consumption and households turn to moneylenders to finance the repayments, leading to a vicious circle.* When he distinguishes between wealthy and poor clients, he found that only the *wealthy client's benefit from the loans.*

Martin (2001) in a study based in Mozambique suggested that the most efficient method to identify and *target the poor would be 'geographic targeting'.* This type of targeting can be achieved by *first generating a disaggregated map of poverty and living conditions by combining data from both a nationwide standards of living survey and a national population and housing census.*

Khandker (2001) has confirmed that programs make a difference to poor participants by raising per capita income and consumption as well as household net worth, thereby increasing the probability that the *program participants lift themselves out of poverty*

Bennet (2002) Describes Empowerment as “the enhancement of assets and capabilities of diverse individuals and groups to engage influence and hold accountable to institutions which affect them” the *Empowerment process as he characterises it operates from “below” and involves agency. But it requires ‘systematic changes’ which may be initiated from above.*

Falaiye (2002) finds that the *micro credit positively changed the client’s self esteem and confidence, leadership abilities and decision making process.* It also contributes to household’s well-being and finds solutions to their own problems and that of community.

Cecchinia and Scottb (2003) stated that *Information and communication technology has a great impact on poverty reduction.* Through supporting pro-poor market development and improving access to basic service, government services, microfinance, communication etc. the poverty can be reduced significantly.

Afrane (2003) confirms that microfinance interventions have *achieved significant improvements in terms of increased business income, improved access to life enhancing facilities, and empowerment of people, particularly women.*

Doss (2004), in his PhD thesis stated that the *Government and Non Government Organisations have a crucial role to play in rural development. NGOs are more capable of achieving targets more effectively in favour of the rural poor,* because of the tremendous changes that had transformed the lives of rural women. He recommends a mutual partnership between Government and Non-governmental organisations - wherein they complement each other – so that rural community development will blossom with the rural poor as the axis of development.

Islam and Sabhanam (2005) have studied significant relationship between Income Generating Activities of the rural women and rural development. Their

participation in the IGAs have improved the overall standard of living and has accelerated the process of development.

Blumberg (2005) concentrates on the dual-focus programming that combines microfinance with a “*social well-being*” component could result in “win-win” strategies for projects involving education, health, combating corruption, mediating conflict, conserving the environment and even battling STDs and HIV/AIDS. For some of these activities, the “magic potion” of female economic empowerment may be diluted by cultural and other variables.

Mason (2005) founds that *norms, values, and culture must be considered when evaluating women's progress toward empowerment.* Success in reducing the number of women and children living in poverty is one dimension of progress. Poverty reduction strategies in poor countries link women's empowerment with microcredit loan programs.

Stenbäcken and Lindahl (2005) stated that Ecuador was purposefully selected as it has an intermediate level of market penetration in the micro financial sector. The data retrieved in the interviews was used to determine the impact of micro credit on different aspects of relative poverty using the Difference in Difference method. Significant differences are found between old and new clients as well as for the change over time. *But no significant results are found for the difference in change over time for clients compared to the non-clients.* The author argues that the insignificant result can either be a result of a too small sample size, disturbances in the sample selection or that this specific kind of institution have little or no effect on the current clients economical development.

Zeller and Johansen (2006) used the data from nationally representative household expenditure surveys undertaken in 2004 in Bangladesh and Peru and examined the poverty status of clients of different types of microfinance institutions in both countries. The analyses show that *microfinance institutions are able to reach the poor, but that also a large share of their clients belongs to the non-poor population.*

Moyle et al. (2006) examined the empowerment of women by considering two dimensions: economic empowerment and personal empowerment. One hundred women, aged between 16 and 65 years, participating in self help groups from two rural

Indian villages in North-West India took part in the study. Both quantitative and qualitative data were gathered through self-report surveys and interviews, with the analysis yielding contradictory findings. The quantitative data found that *working women reported moderate to high levels on collective efficacy, proactive attitude, self-esteem and self efficacy with no significant reporting of psychological distress*. In contrast, examination of the qualitative data revealed positive appraisals of self-worth, purpose and independence and negative appraisals of pressure, challenge and stress.

Jakimow and Kilby (2006) reveals that, an analysis of the ‘normative’ model of SHG programmes and its actual application have the potential to empower women, this *is often not realised through the persistence of ‘top-down’ approach in implementation*. SHG programmes further limit their ability to transform social relations due to their apparent insistence that the marginalised are the only legitimate actors in their own empowerment.

Confucious Mweene (2006) found that, *NGOs are important players in poverty reduction among rural communities in most developing countries*. Taking a case study of World Vision Zambia the study particularly sought understating on the type of NGO activities, the intervention strategy, stakeholder participation, and how NGO activities contribute to meeting community needs and enhancing community capabilities to manage its own development. He has also stated that other stakeholders such as government departments and other civil society organizations should complement the efforts of these NGOs by either filling in the gaps or stepping up particular interventions.

Khan and Rahaman (2007) stated that *almost 84 per cent clients of MFIs are women and most of them just had primary education*. Majority of the women started their business by taking loan from MFIs as compared to other sources, through which they were able to increase their income and provided not only with the financial help to their families but also had positive impact on other factors of daily life. The study also *proved increasing role of women in decision making process in the family*. This reveals that *microfinance schemes are highly associated to build up of social and economic empowerment*.

Asian Development Bank (2007), in their study of three countries, indicated that the microfinance projects had positive effects on the status of women particularly in the household like *greater role in household generation of cash, greater involvement in making major expenditure decisions and generating cash savings, ability to generate more income on their own and greater role in business decision making, acquisition of more skills and expanding their network of friends and support system and increased acquisition of assets.*

Kondo *et al.* (2008) found that the *impact of microfinance program on per capita income, total expenditures and food expenditure is only slightly significant but with regressive features.* This is in sharp contrast to the other studies which indicated that the majority of microfinance program clients are poor.

Mawa (2008) stated that, *microfinance is an innovative step towards alleviating poverty.* Microfinance facilities *provided to the people help them to use and develop their skills and enable them to earn money through micro enterprises.* Moreover provision of micro finance helps them to *smooth their consumption level and manage unexpected risks.* Micro finance helps the poor to *built assets, educate their children and have a better quality of life.*

Knight and Farhad (2008) found that micro finance has *direct impact on the quality of life and promotes poverty reduction.* Through micro loans the client become self employed and protect himself from the external threats. Authorities should always highlight the positive features of microfinance so that it gets more and more popular.

Oksan Bayulgen (2008) examined the existing microcredit and more broadly the microfinance literature to delineate the ways in which *microcredit can contribute to the political awareness and activism of the poor* i.e., their political empowerment. The link between microcredit and political empowerment is self-efficacy and social capital which can be generated from a particular form of microcredit lending where clients apply for loans as a group and share responsibility for repayment.

Kabeer, Nila (2008) have analysed the impact of Micro Finance on Women Empowerment in South Asian Countries. *Micro Finance help to meet a variety of basic needs and promotes improvement in the standard of living of beneficiaries.*

Nanor (2008) has stated that *microfinance has some impact on the programme households*. However, an in depth analysis to these programmes showed that *there has not been any significant decline in the overall level of poverty*. He claims that this contradictory finding may be due to the fact that microfinance programme has not yet reached the hard core poor in the society. And the scholar has recommended that Microfinance institution must expand their base to reach the hard core poor.

Rahman *et al.* (2009) argued that *microcredit is more effective for relatively wealthier borrowers compared to non-wealthy borrowers*. The reasons for the ineffectiveness of microfinance program through joint liability loan contract system to reduce poverty have been identified by many researchers through their findings.

Anu Muhammad (2009) examined the claim of Grameen Bank and micro credit enterprises about poverty reduction and empowerment of women. The commercialization of Grameen Bank helped it to receive aids from varied donor agencies and a new breed of corporate organisations came into existence under Grameen label. Around 21 companies formed in this pattern and most of them were success. This has resulted in the development of a new industry called “Finance Industry”. *The study also leaves some findings against the claims of Grameen and other Micro Finance operators like on interest, dowry, regularity on loan repayment, women oriented etc. It even challenges the empowerment claims and even in connection with actual use of loan, there is purposeful diversion.*

Gurses (2009) states that *micro finance especially micro credit is a powerful tool to reduce poverty*. The author has mentioned that one fifth of the population of turkey was at risk due to the poverty even then it is not a poor country according to global standards. This is due to the introduction of micro credit by two NGOs - KEDV and the Turkish Foundation for Waste Reduction (TISVA).

Shirazi and Khan (2009) examined the impact of micro credit on poverty alleviation by taking in to consideration the poor and the extreme poor. The findings include, *Micro credit has reduced the overall poverty level by 3.07 percentage points (from 6.61 percent to 3.54 percent) and the borrowers have shifted to higher income groups during the reported period. The poverty status of the extreme poor borrowers has marginally increased (by 0.63 percentage point) showing no effect of micro credit*

on poverty status of these households. *The reason behind no effect of micro credit on extremely poor is that, the extreme poor get the loan for protective purposes and not for further income or self employment.* The net impact of micro credit on ultra poor shows reduction by 1.45 percentage point, which is a positive impact.

Collins et al. (2009) based on a meticulous analysis of how the poor manage their cash flows, has shown fascinatingly intense levels of financial activity. The study reveals the existence of complex and sophisticated skills and know-how, *the poor do in fact plan, calculate and anticipate in their money management.*

Ghalib (2010) had conducted a study including 1,132 primary households, across the rural areas of the province of Punjab. The study captured a multitude of variables to portray the multidimensional nature of poverty. It indicated a proportionately low level of programme outreach (just 20.3% as compared to almost 43% less poor) i.e. the poorest of the poor are not served by the various institutions.

Ali and Aslam (2010) conclude that *Microfinance is the most important resource to provide loans and other basic financial services to increase the employment rate, productivity and earning capacity of the rural poor.* It will impact the people's lives through removing poverty and improving living standards such as health, education, food and other social impacts. The microfinance sector developed day by day in Pakistan. High interest rates on micro credit are one of the problems faced by the microfinance sector.

Hassan (2010) lists the *reasons behind success of micro finance and highlights that it is the only arrangement having no collateral against loans. The negative point of the conventional micro finance is the fixed high interest rate.* Interest is not acceptable in Islam that is why the Muslim clients prefer Islamic micro finance. According to the researcher, if conventional micro finance is combined with the Islamic financial system like Zakat and Awqaf the result will be different.

Imai et al. (2010) The study proved an *inverse relationship between the number of micro finance institutions operating in a country and the number of poor people living there.* Many studies have proved that micro finance have no or negative impact on the women empowerment. Until and unless women cannot share with an equal portion of financial facilities, a society cannot prosper.

Abiola and Salami (2011) found a lot of literature present on the positive role of micro finance in poverty alleviation, but the universal acceptability of micro finance is yet to be proved. *Many scholars stated micro finance as an excellent tool for poverty alleviation but in reality it is not so.* Micro finance cannot yield the expected results *because of nil gestation period and shorter repayment cycles.* At the start of repayment the borrower is not in a position to pay the installments, if he does so his business will collapse. This leads to an extra pressure on the client, which may end up with closure of business.

Durrani et al. (2011) lies in understanding the effect of micro finance on the poverty alleviation. It has analyzed the important elements of microfinance for an effective poverty reduction strategy. The social and economic factors considered in this study include the improvement of life style, accommodation standard, income generation, life standard, purchasing power, expansion of business facility, self-employment and adoption of better technology. Economic growth and development is also considered in this study. It reveals that *access and efficient provision of micro credit can enable the poor to smooth their consumption, better manage their risks, gradually build their assets, develop their micro enterprises, enhance their income earning capacity, and enjoy an improved quality life.*

Swain and Wallentin (2011) evaluated the impact of economic and non-economic factors on women's empowerment of Self-Help Group (SHG) members. They estimate a structural equation model (SEM) and correct for ordinality in the data to account for the impact of the latent factors on women's empowerment. Their SEM results reveal that *for the SHG members, the economic factor is the most effective in empowering women. Greater autonomy and social attitudes also have a significant women empowerment impact.*

Prema Basargekar (2011) examined the impact analysis of Forbes Marshall Ltd. microfinance programme which was undertaken a decade ago. The analysis is based on primary data collection of 217 SHG members of SHGs formed by the company through the interview technique. Microfinance has resulted in increasing the economic empowerment of SHG members belonging to weaker socio-economic class. It is also stated that *the level of economic empowerment of SHG members increases with the*

number of years of association with the SHG. This also includes some suggestions to microfinance programme to fulfill new aspirations of SHG members.

Sarma and Borbora (2011) found that Microfinance sector has witnessed a burgeoning outreach under microfinance institutions model which poses a question on the sustainability of the programme. Even if repayment rate for the major MFIs are greater than 95 %, it may neither be an appropriate indicator of institutional sustainability nor on impact. The study considers MFIs of Assam as a case. Although the MFI reaches a large number of clients, MFI is still financially not self-sufficient. In addition, the paper discusses on the policy options for sustainability of microfinance institutions which are based on break-even interest rate analysis.

Zulfiqar, Ghazal Mir (2013) “Microfinance: A Tool for Financial Access, Poverty Alleviation or Gender Empowerment? – Empirical Findings from Pakistan” The PhD. Thesis suggest that the trends in Pakistan’s microfinance sector are broadly similar to what is occurring globally in microfinance. Unfortunately, in its zeal to commercialize, microfinance has evolved away from what was originally envisioned as a participatory, poverty reducing and empowering intervention. In addition, there is evidence that not only is microfinance not employing the community’s social capital effectively, it may even have damaged existing bonds of trust and engagement. The study also suggests that seeking commercial success in microfinance is inconsistent with the participatory and capability enhancing mission of development.

2.2 STUDIES IN INDIA

Preamble

Being the concept of Micro finance a recent one in the development history, a handful of studies were undertaken all over India to prove its mettle. The studies covering various aspects of Micro Finance were conducted by Individual researchers, Academicians, NGOs, Banks, Pioneering institutions like NABARD, RBI.....etc. Many of these studies have stated an imbalanced regional development of Micro Finance in India and proved its existence assisted much subsidising the credit thirst of the rural poor.

Karkar, Kanchana (1995), have revealed that *Microfinance participation has resulted in considerable positive changes in the monthly income of beneficiaries. Through SHG membership; participants are able to reduce their dependence on money lenders.*

Chaudhary, Meenakshi (1996) concentrated their study on the fact *that poor women spent more on basic needs of the family than their men counterparts*, this realization would bring women as the focus of development efforts.

Kotaiah (1997) pointed out that *microenterprises/micro-entrepreneurs have major constraints which inhibit their access beyond local markets*. The constraints being, market information, inability to scale up production and services due to inadequate capital, inability to adopt technological transformation to meet the quality standard required by the market, lack of standardization, lack of adequate infrastructural support, and absence of brand equity. Due to these reasons, they tend to be small in size and performance.

Kumaran (1997) has undertaken a case study in rural Thirupathi block of Andhra Pradesh categorising the SHGs in to three - active, passive and dissolved. This enabled to understand the process of their development, structure, functions and factors contributing to the group formation and resource mobilization, besides participation of members in decision making and socio economic values. *The main factors responsible for the active functioning of SHGs were solidarity and cohesiveness. Passive group was categorised on account of irregularities in savings and repayment of loan and lack of mutual trust and confidence among the members. The reasons for dissolved status of groups were regular defaulting by some members and irregularity in loan repayment.*

Shylendra (1998) has evaluated the performance of eight SHGs promoted by IRMA in Vidaj village. The study found that *SHGs failed to achieve their goal because of wrong approaches followed by SHG formation team, misconception about the membership and among the team members and lack of clarity about the concept.*

Puhazhendhi and Jayaraman (1999) have observed that *SHG membership has impacted in terms of increased living standards, improvement in housing facility, increased food availability, security and employment generation/Rural credit delivery performances and has posed challenges before banks.*

NABARD (2000) in their study stated that *the average value of assets of members have increased in post SHG period by 72 per cent. About 28 per cent of households reported increase in assets, improvement in housing conditions and almost all the members developed the habit of savings in the post SHG situation and that about 70 per cent loans were taken for Income Generating Activities.* The study has covered 500 member households from 283 SHGs spread over 11 states in India.

Pukazhendi and Satyasai (2000) have concluded that SHG and SHG –Linkage programme have *helped to reduce the share of families living below the poverty line from 42 per cent to 22 per cent.* The study has covered 500 SHG members and 223 SHGs in 11 states of 5 regions.

Gurumoorthy (2000) stated that *SHGs enhanced the quality of status of women as participants, decision makers, and beneficiaries in the democratic, cultural, spheres of life.* He also observed that SHGs encourage women to take active part in the Socio-Economic Progress of the Nation.

Smitha, Mishra (2000) have concluded that *irrespective of the context empowerment has a few key elements such as power, autonomy and self- reliance, entitlement participation, awareness development and capacity building.*

Manimakalai and Rajeswari G (2000) have found that the members of SEVAI Vizhuthukai (SHG) have *become owners of fixed assets, more empowered. In addition to the regular and sustained income they have earned, they have acquired the habit of thrift and savings. These increased the self confidence and self reliance of members, and have become more responsible in nature.*

Sharma (2000) has stated that *Empowerment has other dimensions like Social, Economic, Psychological and Political.* Social Empowerment connotes formation of social capacities such as Health, Education, Freedom and Opportunities for realizing one's potentialities. Economic empowerment implies entitlement to employment, income, property, productive resources and benefits regardless of gender differences. Psychological empowerment signifies confidence building, acquisition of a sense of efficacy, and ability to overcome the feeling of helplessness. Political Empowerment implies equal say in the decision making process in the power structure at all levels

from local to global. *All these dimensions of empowerment are so intertwined with one another, that over reliance of one to neglect of other not likely to work.*

Puhazhendi (2000) has reviewed the progress of SHG-Bank linkage programme in Tamilnadu to assess the socio economic impact of the programme on the group members. The study has covered 70 SHGs promoted by four major NGOs. The findings revealed that the SHG - Bank linkage programme can be viewed from the angle of rural poor and Banks. *The group formation and linkage with banks is expected to increase the availability of capital to the rural households, which in turn would relieve them from the clutches of money lenders and enable them to take up economic activities.*

Ojha (2001) in his study concentrated on the notable features of SHGs like economies of scale, cost effective alternatives for different financial services, collective learning, Democratic and participatory culture, a firm base and platform for dialog and cooperation and *the principle of SHG is identified as 'Contribution according to your ability and extract according to your need'*

Vijay (2001) stated that SHG membership has *lead to empowerment that has taken place across caste/class and brought them together as women.* They have learned to exercise certain amount of control over the socio economic and political conditions that determine their immediate lives.

Sharma (2001) stated that 'Micro Finance' is generally an *umbrella term that refers to the provision of a broad range of financial services such as Deposits, Loans, Payment services, Money Transfers and Insurance to poor and low income households and their micro enterprises.*

Datta and Raman (2001) have stated that *heterogeneity and social cohesion can co- exist and still give a better performance.* i.e., lesser dependence of the SHGs on external resources, higher education of members, higher loans provided in the current year, lower SHG expenditure and stronger ties among their members, contribute to higher net income.

Lakshanan (2001) has stated that SHGs are really a boon to rural areas, which gives financial autonomy to the rural women and this made them economically

independent. But higher cost of raw material is the main problem of micro enterprises run by SHGs.

Pandian (2001) in her PhD. thesis titled “A Study on Women entrepreneurship as a source of Empowerment with Special Reference to Thiruchirappally District, Tamilnadu” found that *entrepreneurship is acting as an agent for empowerment of women.*

Manimekalai and Rajeswari (2001) in their study on rural Micro Enterprises in Thiruchirappalli District of Tamilnadu have stated that *majority of the women groups are engaged in petty businesses* and the remaining groups are distributed across processing, production and service units. *The foremost reason for such a shift was the shortage of capital.* Further they argued that *service units outperform the rest in terms of timely repayment of loan.*

Namboodiri and Shiyani (2001) reported that *SHGs promoted by NGOs had a better saving performance compared to that of SHPI.* However, *the repayment performance of the SHGs promoted by the SHPI was superior to that of NGOs.*

Bensal (2001) has included only those states that have pioneered in microfinance and SHG Bank-linkage for the purpose of her study. Her findings include, *SHG–Bank Linkage programme in India is rapidly expanding under the initiatives of NABARD and the Microfinance activities and SHG formations are not a balanced one, but south centered.* If we take the case of *credit providers through linkage, she lists the forerunners as Commercial Banks and Regional Rural Banks.* The study also provides vital information about the leading NGOs with major credit linkages in Indian states.

Krishnakumari (2001) in her PhD thesis observed that *DWCRA programme was much helpful in improving the economic status and various attributes of quality of life of beneficiaries including health and hygiene, food and nutrition, education, recreation, empowerment etc.* Canonical Discriminant Analysis (CDA), ANOVA, and Chi square were used to obtain insights in to the determinants. A total of 404 samples were used in the study, of which 202 belong to the control group and the rest belongs to the observed group.

Puhazhendi, Badatya and officers of NABARD (2002) have based their study on primary details collected from 115 members in 60 SHGs. The socio economic conditions of the members were compared between pre and post SHG situations to quantify the impact. *The study findings concluded that SHG-Bank linkage has made significant contributions to the social and economic improvements of the member households of SHGs.*

Rangi et al. (2002) stated that about 59 per cent of the borrowings were for consumption purposes in the household. *The study altogether gives an idea about the credit utilisation of members.*

Sangraradji (2002) found that since *the average income of the beneficiaries have increased significantly; the milch animal scheme under IRDP in union territory of Pondicherry is found to be satisfactory.* The study concludes that modernisation and restructurisation of the implementation process of milch animals' scheme under IRDP is the vital solution for the upliftment of the rural people in near future.

Baruah (2002) *classified the groups and factors that hinder the advancement of women under four broad divisions; individual, organisational, social and cultural.* According to him, women must realise their hidden potentialities and participate vigorously in policy formulation and implementation in order to contribute their maximum.

Vijayanthi (2002) stated that the SHGs have helped women to plan, execute their ideas and manage the process. The groups have evolved as 'change agents' to train others in capacity building, to generate their own resources, and to ask for the help of the government for the social, economic and physical development of their communities. The SHGs have developed women's relationships with government departments and banking institutions. They have been equipped with leadership skills through various human resource training programmes and interactions with other SHGs, and have developed the participatory approach through solidarity meetings at the street, area and community levels.

Murugaiah (2002) in his study identified four major tenants of Empowerment-Collectivisation, Capacity building, Ownership and Mediation. *He has concentrated on the need of four types of interventions namely, activity networking, up gradation*

interventions, generating better returns and initiating new activities to enhance women's income.

Patnaik (2002) *opined that health care of a man means health care of an individual, but health care of a woman means health care of the family, society and the Nation.* Ensuring the reproductive health rights of women and their right to decision making regarding the number of children through empowerment, would assist in the population stabilisation.

Rao (2002) stated that empowerment cannot be restricted *merely to sharing or distribution of power. It also involves changes in social, economic and Institutional arrangements, Political ideologies and traditional practice.* He has also stressed on the significance of participation of marginalised groups especially women in the formulation, implementation, and evaluation of policy decisions.

Singh and Ray (2002) stated that Empowerment represents *the hopes and dreams of the marginalised groups for a social environment free of inequalities disfavouring them socially, economically and politically.* The relentless efforts of the people and organisations at the grassroots for the fulfillment of their hopes and dreams helped to evolve a body of practices for empowerment.

Rajeswari (2002) in her study confirmed that income generating activities through DWCRA is helpful in empowering the rural poor of Dindigul District. *The Self Help Groups are the most viable option for implementing the income generating activities through DWCRA programme and for the reduction of rural poverty.*

Malhotra et al. (2002) have attempted to *outline the most promising methodological approaches in measuring and analyzing women's empowerment and gives a better insight in to the conceptualization of empowerment through a critical examination of some of the approaches that have been developed to track and measure changes in women empowerment.* It examined some of the ways in which the effects of policies and programmatic interventions to promote women's empowerment have been measured. It also gives a summary of the evidence on how women's empowerment affects important development outcomes such as health, education, fertility behavior, income levels, etc.

Abdullah (2003) in his thesis identified the *main constraints faced by women entrepreneurs as suffering from dual responsibility, change in consumer tastes and preferences, lack of property rights, lack of skilled labour, problems related to raw materials, lack of modern technology etc.* The emergence of SHGs has helped a lot in solving the problems related to capital (both fixed and working) requirements of micro-entrepreneurs.

Easwaran (2003) in his research work analyzed the reasons for starting the business by the members of SHG in Madurai district of Tamil Nadu and observed that 35.14 per cent were motivated to be self employed, 32.58 per cent had started the business as they had been trained on similar activity, 19.14 per cent entered into the business to earn money and 13.14 per cent to carry on the family business.

Sinha, and Patole (2003) stated that the vast networks of banking and co-operative finance institutions in India have failed to provide low-income families with significant access to financial services. In this situation, the non-governmental microfinance institutions have attempted to provide an alternative to the high-cost informal financial services that most low-income clients must rely on. The extent to which such service provision is appropriate is discussed using information from the financial histories of low-income families in the slums of Delhi and two villages of one of the more economically backward areas of India. *They conclude that both microfinance and formal financial institutions do not fully meet the credit requirements of low-income families.*

Vijayalaksmi (2003) in her PhD. thesis stated that there is all-round improvement in the lives of members of SHGs compared to that of non members. Where a comparison is done in between Govt. SHGs and Non Govt. SHGs, *the Non Govt. SHGs were found to be out performing Govt. SHGs in almost all spheres. The contribution of SHGs towards personal, health, social and economic empowerment of members is worth mentioning, but contribution towards political empowerment is found to be low.* The study also concentrates on the need for creating micro- insurance awareness and the requirements of SHG members to protect themselves against natural calamities and ill fate.

Tiwari and Fahad (2004) gave a critical analysis of present Microfinance Models and have identified the pros and cons of each and every Model. *The main conclusion of this paper is that microfinance can contribute to solve the problems of inadequate housing and urban services as an integral part of poverty alleviation programme.* The challenge lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrowers without imposing unbearably high cost of monitoring its end-use upon the lenders.

Srivastava (2004) addressed two broad questions relating to poverty targeting programmes with particular reference to India: how much in aggregate does the government spend on poverty targeted programs and how effective have these programs been in targeting the poor and in alleviating poverty.

Bala, Madhur and Monga (2004) reveal that employed women enjoy greater role in decision making in families than unemployed ones. *Employment enhances economic independence leading to elevated status and enhanced ability to influence the decision making process.*

Sarkar (2004) in his comparative study on two anti poverty programmes in Hooghly district of West Bengal acknowledges that *empowerment plays a key role in receiving assistance from antipoverty programmes.* The poor can be empowered only by organising, as they are deprived of other empowerment tools especially poverty.

Hust (2004) in a study on political representation and empowerment in India from the experiences in Orissa underlines that, *through women participation in politics especially the quota system has a favorable accretion on empowerment.* It has to be supplemented by additional credentials like awareness rising, literacy campaigns and economic independence. *Political participation in a congenial setting can procreate efficient leaders.*

Archana (2004) emphasized that empowerment especially of rural women has a decisive role in factors governing sustainable development of a country. Women's status in the society can be raised through capacity building, developing leadership traits and social interventions.

Ranganathan (2004) is of the view that Women Empowerment through Development programmes and participatory planning can pave the way for their Empowerment.

Sobhana (2004) in her PhD. thesis stated that though SHG *intervention has few visible impacts, there is increase in assertiveness, communication skills, self motivation, decision making, risk taking and leadership skills of SHG members (observed group)*. The study was based on three districts in Tamil Nadu, identified by giving weightage to their cultural diversity and varying support extended to microfinance programmes.

Pandian and Easwaran (2004) has stated that nature of micro enterprise determines the extent of borrowing. *Literacy of the entrepreneur influences the selection, nature, and control of micro enterprise.*

Rao (2004) in his study stated that an empowered woman will be one who is self confident, who critically analyses her environment and exercise control over decisions that affect her life. It also enables her to look at problems differently, analyse environment and situations, recognise their strengths, alter their self image, access information and knowledge, acquire new skills, and initiate actions aimed at gaining greater control over resources of various kinds.

Joshi (2004) has stated that Empowerment implies expansion of assets and capabilities of people to influence control and hold accountable institutions that affect their lives. Empowerment is a process whereby women become able to organise themselves to increase self reliance, to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination. Empowerment has multiple dimensions that are interrelated, Viz. Social, Economic, Political and Capacity development. Empowering women puts the spot light on their Health, Education, and Employment. It is an essential element to sustainable development.

Sridevi (June 2005) opined that though women empowerment is not a sufficient condition, it is still a necessary condition in order to stabilize and in turn to have sustainability of the development process. This paper by characterizing the women empowerment tries to obtain a scientific measure of empowerment. The measure

obtained is argued to be scientific because the theoretical model is proved to be more realistic by building another empirical model to capture the self-perception of the women for their empowerment.

Vaswani et al. (2005) in their study highlighted the importance of marketing in the rural area. It also offers suggestions to the rural entrepreneurs for covering themselves from the middlemen, to increase or diversify. The study succeeded in identifying and using the potentials of new economic opportunities out of rural-urban divide, through rural urban linkage and utilization of local available resources.

Gireesh Kumar (2005) opined that the Micro Finance sector must grow beyond meeting survival credit/ subsistence credit needs of the poor and should provide for sustainable livelihoods. He has pointed out that Micro Finance is the most inspiring way to empower the marginalised among the poor to take charge of their life cycle related requirements through the development of social capital.

Devapras (2005) stated that 91 per cent of Indian Microfinance is channelised through SHG way and rest only is available for MFIs and Grameen type Institutions. The fact that the spurt in number of SHGs alone cannot be considered as a positive development, there are too many reasons including the demand in terms of number by authorities (without considering the quality of their work) is the primary hurdle. *The author has also stressed on the need for rating SHGs, based on a number of parameters relating to their formation and functioning.*

Chakrabarthy (2005) in his paper titled “Role of Banks in Entrepreneurial Development and Microfinance” has stated that *Micro-enterprise sector contributes considerably to the economic growth.* Through the development of micro-enterprises the entrepreneurial qualities of people can also be significantly increased. Demand and supply mismatch are some of the bottlenecks that inhibit micro- enterprise promotion.

Chacharkar (2008) in his work highlighted that *rural tastes are changing in a big way, the inclination to multinational products are on rise, the advertisements in TV are very much influencing the rural people. The reason behind such an inclination may be lower level of education, better earnings and brand consciousness.*

Thorat (2005) stated that *micro-financial services provided to the poor in a sustainable manner are consistent with high repayment rates*. This meant that if the service to the poor were provided in a sustainable manner then the beneficiaries would go in for repayments that are quite high in consideration to a staggered manner of provision of services.

Abdullah (2005) in his thesis identified *education as the most crucial element for the women entrepreneurs to utilise their potential resources effectively*. Women SHGs performed fairly well compared to that of men self help groups.

Nair (2005) focused on the potential of SHG federations in providing sustainability to SHGs through financial and organisational support. Specifically, the study examines issues like (i) variety of services provided by the federations and their benefits to SHGs, (ii) financial variability of SHGs and SHG federations and cost of promoting them, (iii) identification of constraints of promoting SHG federations, and, (iv) policy recommendations to strengthen SHG federations. In terms of services provided by SHG federations and thrift cooperation to SHGs, *the study found that the most common service is savings and loan facilities. The federations help in reduction of loan default-both within SHGs and from SHGs to banks*. They also provide micro-insurance services and social services such as education, health and livestock support.

Agilla (2005) in her thesis has stated that the concept of women empowerment is the extension of power. The power is the cause and empowerment is the effect of an integrated relationship. *After becoming SHG members, with the additional skill and knowledge imparted through training, the rural women engage themselves with new occupation*. The shift in occupation left them financially viable, leading to economic empowerment.

Ramakrishna (2006) of the NABARD GTZ Rural Finance Program had undergone a study on the SHG bank-linkage programme. The findings pointed to the fact that commercial banks had a major market share of 61 per cent of total number of active SHG members and 68 per cent of the share in the number of loans outstanding to these SHGs. As compared to 61 per cent market share of commercial banks, the RRBs' market share had 30 per cent and cooperative banks had very small market share of 9 per cent in the SHG-bank linkage programme. However the cooperative banks in Tamil

Nadu, Karnataka and West Bengal, had an 82 per cent of share in the overall share of the cooperative banks.

Bakhtiari (2006) concluded that *micro credit and microfinance have received extensive recognition as a strategy for poverty reduction and for economic empowerment particularly in rural areas having poor population*. Providing poor people the small amounts of credit at reasonable interest rates give them an opportunity to set up their own business at small scale.

Singh (2006) has stated *that empowering of women presupposes drastic, dynamic and democratic changes in the perception of and expectations from women in our society*. To help women to attain economic independence is the first priority for such a change which pre supposes SHG membership for the poor. When a woman attains economic independence, she naturally becomes a mistress of her own decisions. Even she can take free choice of her sex, life and no one can force her to use her for their pleasure and benefit.

Prasad and Verma (2006) have concluded that though a women in India has full potential to be an entrepreneur, they does not utilise it effectively. Reasons include attitude of society, low education, lack of assets in their ownership, high corruption, non availability of finance etc. But now the technological advancement and information technology explosion has reduced the problems of women entrepreneurs and what is needed is the mental revolution of the society. They add, women of India are more capable than their men counterparts, if they are given right opportunities and support.

Nazarudeen (2007) through his PhD. theses proved that *if women were given the right opportunities they are very successful in managing enterprises and SHG activities have created a tangible impact on the living standards of the members*. SHGs members have gained a sense of unity, self confidence, self esteem and are empowered to face any adversities.

Jayaseelan (2007) has revealed that majority of the respondents have taken up individual economic activity, of these 96 per cent of the cases were supported the family of women to start the enterprise. One fifth of the respondents managed the ME themselves, whereas 50 per cent of the respondents sought the help of their husbands to manage the units. About 49.05 per cent of respondents were not used to maintain

business records and 79 per cent of the respondents had no strategy of their own. It was found that 69.75 per cent of the units employ 2-5 persons in their units, 43.8 per cent of the respondents underwent training.

Arora (2007) in her research work examined the structural and non-structural constraints that characterise the development of SHGs in the state of Uttar Pradesh. The multiple roles of credit have generated growth, helped in poverty reduction, but also influenced regional inequality and rural-urban inequalities and widened the gap between small and large borrowers in the state. The empowerment of women through credit from commercial banks remains a distant goal as women receive less than 20 per cent of the total credit. Another significant finding of the study is that the income and non-income factors are strongly correlated.

Kamble and Dutta (2007) have done a reference study on SEWA from the very inception to its growth, objectives and present status in the empowerment of rural women.

Pollin (2007) stated that micro enterprises run by poor people cannot be broadly successful simply because they have increased opportunities to borrow money. For the micro enterprises to be successful, they also need access to *good roads, affordable means of moving their products to markets and marketing support to reach customers.*

Ratna et al. (2007) through their article illustrated how a framework that links equity and empowerment to improved health outcomes for those who live in poverty. It can be a useful tool for planning and managing health programmes.

Anjugam and. Ramasamy (2007) has revealed *that landless, marginal and socially backward households participate more in the SHG-led microfinance programme.* Livestock and the material goods ownership by the member households have been found to be less prior to the group formation. Moreover, households having informal borrowings were found higher prior to the group formation.

Shylendra (2007) in his study stated that Micro finance bill is an intervention which has emerged in response to the need to address the challenge of Financial Inclusion; *NGOs were able to play the role of financial intermediation effectively.* The Bill aims at creating and enabling a provision for the NGOs to deliver Microfinance in

an effective way and seeks to achieve this by prescribing relatively liberal prudential norms. But the bill fails to recognise the reality that NGOs can play only a supplementary role and that formal institutions need to contribute in a major way for the cause and excludes NBFCs and Section 25 companies out of its purview.

Makar and Kalita (2008) in their article revealed that women are participating in every activity which is sine- qua- non for rural as well as economic development of any country. It also quotes the gender equality index, political participation index, work participation rate etc. to indicate India is no better among third world countries.

Kumar and Komala (2008) in their study discussed the development of SHGs and microfinance, the concept and characteristics of SHGs, its functions, objectives and also the problems faced by the SHGs in India. The group theory works in case of fund mobilization, grant of loans and sometimes even on recovery of loan or recycling the funds. It also includes some suggestions for improving the performance of SHGs.

Iyengar (2008) in his study titled “Towards Financial Inclusion” states that even though the banking system in the country is developed it is quite insufficient to meet the credit needs of the majority.

Anushree, Purna, Dwivedi et al. (2008) assessed the impact and sustainability of SHG bank linkage on the socio-economic conditions of the individual members and their households in the pre-SHG and post-SHG scenarios. The study was conducted for India as a whole covering six states (Andhra Pradesh, Karnataka, Maharashtra, Orissa, Uttar Pradesh and Assam) from five different regions, namely the south, west, east, central and north-east. The overall findings of the study suggest that SBLP has significantly improved the access of the rural poor to financial services and had considerable positive impact on the socio-economic conditions and the reduction of poverty of SHG members and their households. It has also reportedly empowered women members substantially and increased self-confidence and positive behavioural changes in the post-SHG period as compared to the pre-SHG period.

Smita and Haripriya (2008) stated that financial inclusion is conceived as a major driving force to achieve self sustained inclusive economic growth. SHG- linkage model is one of the indigenously developed and successfully operated models of Micro-finance in India. SHG led micro finance approach helps to reduce the transaction cost

of formal financial institution and, enabled the SHG members to improve their socio economic status through the various micro finance services.

Annapurna (2008) in her work discussed of Grameen model of micro finance, difference between Welfarist and Institutional approaches, legal framework of microfinance institutions in India and also the difference between Grameen, Village Banking and Self Help Group (SHG) models functioning in the country.

Latha (2008) in her PhD. thesis established *greater association between higher income earning, access to media, increase in education, decrease in number of children, and higher levels of autonomy*. In connection with religion and autonomy, Muslim women are experiencing lesser autonomy compared to that of women from Christian and Hindu religions.

Annapurna (2008) in her article narrates the formation and development of CMC (Cashpor Micro Finance). Their primary lenders include SIDBI (Small Industries Development Bank of India), FWWB (Friends of women' world Banking), ICICI, HDFC Bank, and ABN AMRO. The Rate of Interest charged by the Cashpor Micro Finance was 20 per cent flat and at breakeven it was brought down to 27 per cent diminishing. The dropout rates is around 20 per cent, the problem with weekly collection still persists (remittance of fund by clients to the organisation). Since the micro finance companies were not given NBFC status, they cannot attract savings at a cheaper rate and is cited as the main reason for a higher rate of interest.

Sanghwan (2008) studied the extent financial inclusion across various states. He examined the role of SHG bank linkage programme in achieving financial inclusion. It suggested a significant role for SHG led programmes in achieving financial inclusion and examined the role of other factors like banking density, financial literacy and per capita income in achieving financial inclusion.

Yadav and Kumbhare (2008) in their study states that the cost of formation of SHGs is worked out considering the time spent by the bank team for each visit and the cost of each hour of work and the transaction cost is considered as the per hour operation cost of the Bank multiplied by the number of hours spent in each of the SHG related operation. It is also identified that cost of promotion is the maximum in case of

Model II SHGs, followed by Model III and Model I SHGs and in case of transaction costs also the same sequence is found to be followed.

Bhalla and Kaur (2008) the study gives a better understanding on SHGs, SHG–Bank Linkage and its inclination to south. *In spite of all its achievements SHGs and Microfinance is still a minuscule player in the rural credit scene.* The study has identified the factors that weakened the SHG movement in the country and has stated that Micro finance is not a panacea but an effective tool for poverty alleviation and to strengthen the Institutional finance in rural area.

Deepali and Nafees (2008) have stated that empowerment of women involves many things, economic opportunity, social equality and personal rights which were deprived by women earlier. The Governments are turning the light to political empowerment of women and that their increased political participation has yielded positive results.

Ramanathan and Rajamohan (2008) in their study stated of rural people's inclination to urbanization and the chances developing the urban area towards production, consumption and marketing out of such a twist. The study has also shown a new trend in the rural markets of Tamilnadu, an inclination towards branded high priced products. To benefit out of this trend the corporate sector has adopted a new strategy, to accept the SHGs as their distribution channel partners. The study includes a detailed list of benefits to manufacturers, consumers, SHGs and to the state.

Verma (2008) found that credit may be the most desirable factor which attracts the poor to SHGs and Microfinance. Even if credit is not available they should get at least the service of savings, which is the core service to be offered.

Swain and Singh.(2008) states that to meet the growing credit demand the banks need to mobilize resources from a wider deposit base and extend credit to activities hitherto not financed by banks. The trend of increasing commercialization of agriculture and rural activities generate greener pastures and banks should examine the benefits of increasing penetration therein. Financial inclusion will strengthen financial deepening and provide resources to banks to expand credit delivery.

Roy (2008) Concludes that *formation of SHGs not only offers independent earnings for the member women but also provides an institutional space from where they could articulate their interests.*

Yadagiri and Gangadhar (2008) in their work stated that *microfinance has been receiving significant attention all over the world especially in developing countries.* The focus of microfinance is to facilitate induced development at the top to induced development at the bottom. *The vast potential and opportunities of microfinance in India are yet to be fully tapped. The informal system of microfinance is not a new concept in India; it operates in a localized market with potential information about the clients.*

Ramesh (2008) narrates on Microfinance (global), Indian microfinance Institutions and legal forms of MFIs in India. It also covers growth rate of prominent microfinance Institutions in India, their pattern of capital mobilization, return on equity, and profit margin.

Karmakar (2008) in his study finds it easier to form an SHG than to join an existing one. Microfinance provides an important way to balance the outreach among the rural poor, which keep the cost of lending low. Many of the NGOs operating in the Microfinance have previous experience in working among the poor and this is found to be a positive factor. Microfinance institutions act as an avenue for capacity building of the individual borrower. *However the logic and rational of SHG based microfinance have been established firmly but the people's mindset are the biggest road block in the success of an innovation.*

Sahoo et.al (2008) attempted to develop an index to examine the progress of financial inclusion and its various determinants, using secondary data from various sources. They observed a positive impact for infrastructure development, education through self help group formation on financial inclusion both from financial widening and deepening perspectives.

Swain and Singh (2008) states that, the economy is presently in a phase of rapidly rising incomes (rural and urban), arising from the creation and expansion of extant economic activities. The demand for new financial services, both for savings as well as production purposes will be greater than has been the case in the past and there

will be many new entrants in need of financial services who have not hitherto been served. Through the use of IT and emerging technologies, the Credit and other financial service accessibility of the poor can be increased to a great extent.

Duraisami (2008) in his empirical study identified NGO intervention as the main reason for the relatively good performance of SHGs in spite of lot of exploitation by middlemen, lack of storage facility etc. The study has also identified an all-round development for the members in the field of education, personality development, accounting skills, financial management etc.

Sivasankaran (2008) in his study concludes that SHG interventions have contributed much to the rural development by creating an atmosphere conducive for human development. Significant changes were identified in the lives of members and member households in all spheres including economic, health, and education. Majority of the members were of the impression that through the association with SHGs, they have developed a sense of leadership, organisational skill, management of finance, increased awareness on girl's education, and decision making power.

Ganapathi, Malathi and Anbumalar (2009) have found that Micro Credit based on SHGs are reaching many sections of women. Micro credit is an alternative source of credit for the poor who are considered non bankable. It has also been observed that group lending has distinct advantage in the form of excellent recovery rate and improvement in the income level.

Sadakkadulla (2009) has stated that opening of no frills account is just a beginning of financial inclusion. Credit inclusion is obviously the next logical step and to add micro insurance and such other financial solutions which are needed by the common man. The author has sighted reasons for financial exclusion and suggests the new IT enabled services to increase the extent of financial inclusion.

Jerinabi and Kanniammal (2009) in their empirical work analysed the impact of micro credit on the socio economic empowerment of Muslim women. It also suggested policy measures to empower them, strengthen microfinance for the effective and efficient functioning of SHGs. The participation in SHGs do not add any special recognition in the family but women are becoming highly aware about their rights and entitlements and in more than 50 per cent cases they have say in important family

decisions. Most of the SHGs are run in a democratic way, majority of the members have better awareness on SHG activities but have minimum awareness on official information in records, objectives, achievements and problems of the group.

Bhatt (2009) in her article states that Gujarat is expected to perform fairly well in lending to weaker sections, but in reality it is not so. *The credit linkage of SHGs in Gujarat is very low and has highlighted the need for Self employment training institutes in the state. She has also stressed on the importance of financial literacy in empowering the rural poor and making them financially sustainable. According to her financial inclusion happens in three stages—stabilisation, maintenance, and self sufficiency.* She discourages the entry of private, for profit actors in this field.

Kumararaja. (2009) has stated that micro credit through SHGs has reached the poor in a big way. *There is a steady growth in the number of SHGs and millions of households are helped through microfinance. For the healthy progress and survival, the SHGs should undergo a timely and regular check by outside community and this will ensure an overall development of the rural women and the state.*

Islam (2009) in his work found that a move to cap interest rate on MF lending may root-out the reputed private financiers. *Since MFIs may not be able to cover their cost of lending they may leave the poor to the mercy of the unorganised financial service sector.* The SHG-Bank linkage programme covers just 3 per cent of the credit requirements of the poor at reasonable rates. But still it is not sustainable, because it is highly subsidized by NABARD or foreign donors. To justify his argument Dr. Islam has cited that the operating cost of MFIs will come around 23 per cent in average including interest on loans to banks and to which a meager profit of 2 per cent will be added totaling 25 per cent.

Kanwar, and Karthikeya (2009) in their work found a comprehensive overview of all aspects of microfinance in India, its essence, the different institutions involved in its promotion, the different models of delivery, its weaknesses and challenges that lie ahead. *With the spread of Microfinance only the cost of capital and operating cost can be brought down, resulting in strengthening of bond between Microfinance and formal financial system.* But still the development of rural poor depends on the development of rural infrastructure and rural economy.

Saraswathy, Parkodi, Bhuvanewari (2009) have concluded that Microfinance operations in Krishnagiri District were helpful in alleviating the problems of the rural poor and in empowering them. The continuous attention by NGOs in Krishnagiri district were much helpful in solving the problems of SHGs from inception to present and are operating varied schemes like Micro Insurance, Health Insurance, Capacity building, Hygiene and sanitation schemes, training on number of projects etc. The important findings of their study were (a) the internal loans of the SHGs are mainly for consumption purpose. (b).The uniform mandatory savings is the main reason for dropouts. (c). Marketing facilities are inadequate for products of micro enterprises.

Mehrotra and Mander (2009) in their study sharply criticised the criteria for identification of BPL sector under 2002 census. It has provided a proper guideline for the coming census to identify the beneficiaries (BPL). They suggest a methodology that hopefully will address the large scale exclusion and inclusion errors that have resulted from the previous three censuses causing widespread discontent and injustice.

Vijayakumar (2009) in his paper based on an article published by Sri Sayantan Bera; titled “Reinstating the Self Help Group Perspective in Microfinance” states *that there is constructive operational differences in between MFI and SHG*. He doubts on the ability of MFIs to overcome the threats posed by the Nationalised Banks, Commercial Banks and Regional Rural Banks in the long run.

Bera (2009) found that the restriction in terms of savings (equal amount/member) may undermine the financial inclusion objectives and the effectiveness of any financial inclusion programme depends as much on the literacy, numeracy, and productivity parameters of intended beneficiaries as on the availability of economic opportunities. *The responsibility towards external credit is for the group as a whole and not to any specific individual member and the group has the freedom to fix the interest rate in group meetings*. The study also includes a new development “Business Correspondent Model” making rural post offices into one stop shop for dispensing loans to SHGs by NABARD.

Anwar (2009) in his study raised the disparity in treatment of the word Microfinance to its usage, regarding the attributes of microfinance in the Indian

context, the extent of outreach of microfinance, the significant issues faced by MFIs and categorisation of different types of MFIs.

Lalitha and Prasad (2009) have stated that if women were given proper roles in the community namely social, economic and political fields, women will be able to plan, mould and activate various programmes for the betterment and the development of the community and the nation.

Tamilmani (2009) found that the micro-entrepreneurs were hailing from the downtrodden sections of the community and most of them are engaged in trading activities, as they found them easy to carry out. The role of leaders in organizational activities of SHGs was acknowledged and found to be satisfied. There was a positive shift in the economic interests of the respondents, which was caused by MEs. Apart from economic development witnessed the women members agreed that they were getting socially upgraded.

Karmakar (2009) states that innovations in Microfinance include SHG- post office programme, social security system for SHG members, financial assistance for developing software- MYRADA-NABYUKTI- for NGOs, pilot project on processor cards and branch automation-Piloting Alternative Mechanism for Book Keeping and Accounting in SHGs, setting up of Computer Munshi, Microfinance and Social empowerment and like events. It adds, spread of Microfinance to Northern states has marked significant increase and that microfinance has a very high social empowerment and capacity building effect. In addition *rural poor are in high need of micro insurance products that assures their protection.*

Swain and Wallentin (2009) state that women's empowerment takes place when women challenge the existing social norms and culture, to effectively improve their wellbeing. The results strongly demonstrate that on average, there is a significant increase in the empowerment of women in the SHG members group. No such significant change is observed however, for the members of the control group. The elegance of the result lies in the fact that the group of SHG participants shows clear evidence of a significant and higher empowerment, while allowing for the possibility that some members might have been more empowered than others.

Subramanian (2010), in his PhD thesis analysed the performance of women Self Help Groups and its socio economic impact on members as well as perception of members towards SHGs in Tirunelveli District. Findings of the study include, greater percentage of women were impacted positively by being members of SHGs. Women's participation in the SHGs enabled them to discover their inner strength, gain self confidence, social, economical, political and psychological empowerment and capacity building.

Vetrivel and Chandrakumaramangalam (2010) found that Indian Microfinance scene is dominated by Self Help Group (SHGs)-Bank Linkage Programme as a cost effective mechanism for providing financial services to the "Unreached Poor". Economic empowerment results in women's ability to influence or make decisions, increased self confidence, better status and role in household etc. Micro finance is necessary to overcome exploitation, create confidence for economic self reliance of the rural poor (women), who are mostly invisible in the social structure.

Dr. J Frederick (2010) has given an insight into the impact to members of SHGs, whether incremental income had resulted in increased expenditure and also an increased savings. The members are experiencing Banking practices and they are contributing some amounts towards family income resulting in an improvement in standard of living of the family. The study concludes with a positive remark on the intensity of poverty (decline in poverty index of the members) among members.

Sengupta (2010) has studied Social Capital, its development and measurement. The study has also *provided a deeper insight into the three important forms of social capital namely support, reference and goodwill and has stated how these variables influence the social capital.*

Srinivasan (2010) in his major study of SHG loan purposes in the state indicated that consumption represented the purpose of half of loans, including health expenditures, home improvement and festival expenses. Only a quarter of loans went towards productive expenditure, particularly agricultural inputs. One-fifth went simply in paying back old debt

Kundu and Mitra (2010) have found that very few marginal farmers had taken credit from their respective groups for agricultural purposes. No significant impact of

microfinance program in terms of improvement of the outcome variables among the member households, in spite of the low interest rate charged on loans, high repayment rate within the groups and small size of Self-Help Groups (SHGs). The reasons for the same are lack of skill-based training programs for the members of groups and lack of marketing facilities to promote and sell their products

Pattenden (2010) in his analysis of several SHGs in Karnataka emphasizes that the uses of microfinance varied greatly according to socio-economic class and caste. *Dominant social groups were far more likely to invest the money productively; lower-caste groups that were vulnerable but not indigent used the monies primarily for agricultural purposes, including buying inputs and renting land; whereas lower-caste groups when they could afford to partake in SHGs – used the money for meeting basic consumption needs or paying existing debts.*

Parida and Sinha (2010) explored the performance and sustainability of SHG Bank linkage program in India at the group level. *The analysis in this study is based on data from a survey conducted in six states in India. Overall, the performance analysis reveals that all-female SHGs perform best.* The female SHGs are doing particularly well in terms of recovery of loans and per capita saving i.e. *gender influence the performance and sustainability of Groups.* The factors that determine the sustainability include recovery of loans, per capita savings, and linkage with an SHG federation.

Morgan and Olsen (2011) states how poor rural households in India are increasingly accumulating debt through micro-finance initiatives channeled through local self help groups (SHGs). The aim of micro-finance and SHGs is to provide a cheap source of capital for investment in self-sustaining economic practices – typified by the Velugu programme. However, the reality of micro-finance has been more complicated. It has created a class - and caste-related debt-dependency and vulnerability whilst also channeling poor households, and women in particular, into subordinate areas of the economy, which ultimately serve to maintain fundamental inequalities in Indian society.

Swan (2011) examined the methodology undertaken by one PhD researcher in a rural Indian context. The research built an in-depth understanding of how to deliver an improvement in the sustainable development of local rural Indian villages. The

sustainable development projects are developed and implemented by NGOs but are part funded through the corporate responsibility programme of a multi national Bank. The research focused on the processes used in the projects, how they were implemented and the outcomes achieved.

Agarwal et al (2011) stated that the Self Help Group model is one of the most successful programs in India to deliver financial services (especially credit) to the rural population. Still, it is faced with various challenges such as illiteracy among villagers and difficulty of physical access leading to higher cost, delay in service delivery, etc. The system designed by authors enable SHGs to easily access various information and conduct transactions thereby reducing the overall cost of operations and delay and it reduces some of the frauds that can happen in the existing system.

Ferozea et al (2011) investigated on the factors that determine the repayment performance of the dairy SHGs in India. Many of the key factors of joint-liability mechanism have not shown a clear-cut impact on the repayment performance of the groups. Some of the empirical results do not confirm the commonly held assumptions. Their influences vary from country to country depending on the local conditions and cultural peculiarities. The study has concluded that if the essence of self-help and cooperation is fostered and monitored properly, the poor can make wonders.

Taylor (2011) argues that the crisis of microfinance in Andhra Pradesh needs to be placed within the context of severe agrarian dislocations stemming from the impact of trade liberalization, drought cycles and a transformation of rural social relations. A massive influx of microfinance - driven by both state-operated programmes and private-sector institutions leveraged with cross-border financial flows – found a ready clientele among various agrarian classes seeking to bolster consumption and roll over debt in conditions of significant uncertainty and distress.

Radhika and Anupriya (2011) empirically examined the impact of Self-help Group based microfinance on the socio-economic characters like income, employment, literacy and migration of the rural households of Karur District. It has also stated of the formation of SHGs and its impact on member households.

Swain and Wallentin (2011) confirm that economic factor is the most crucial one in the empowerment of women members of SHG. Greater autonomy in terms of

independent planning, management and decision making at work and greater propensity for intolerance of negativity at home also significantly contribute to empowering women. The process of group formation, frequent group meetings, support of group members and the involvement of SHG members in village development activities creates confidence and changes in the attitude of the respondents and their household members. Another important finding is that, formal education has very little to do with empowerment of women and argues that women empowerment is possible with non formal education programs.

2.3 STUDIES IN KERALA

Preamble

The state of Kerala has undergone so many social reforms till date. These reforms helped the state to come to the forefront of India, be a role model to other states. Kerala has an incomparable record of human development, in par with that of developed countries. Though the poverty is marginal compared to other states, Kerala also suffers from poverty. It is one of the first states in the country that adopted micro-finance programmes as a part of the state poverty eradication mission. With the objective of poverty eradication the govt. of Kerala started Neighbourhood Groups (NHGs) under the local self governing institutions. It had a three-tier structure with NHGs at the grassroots level, Area Development Society (ADS) at the ward level and Community Development Society (CDS) at the panchayath level. Those women who participated in the NHGs at the grassroots level discussed their local issues in the *grama sabhas* held at the ward level. Later many of these NHGs were transformed into SHGs (Kudumbashree units) with credit linkage and other services. The government accepted Kudumbashree as the state's poverty eradication mission and assisted in group promotion, skill development programmes, training in all required areas, funds etc. were given accordingly. Apart from Kudumbashree the state has large number of groups promoted by NGOs, Banks, MFIs, and Religious Communities etc. Many of these groups are reportedly functioning successfully and are engaged in income generating activities.

Past is the foundation of the present and always a guide to the future. Too many studies have undergone in this field to prove the success or failure of the programme.

When an empirical study of this nature is to be undertaken the previous studies, their methodologies, findings and conclusions, the unexplored areas etc. are of great importance.

Thomas (1998) has stated that there is no single reason for individuals to join in groups. The most popular among the reasons for joining a group were related to the needs for security, status, self esteem, affiliation, power and goal achievement.

South Malabar Grameen Bank (1998) has conducted a monitoring study on SHGs in 1995-96 in Malappuram and Kozhikkode Districts. According to them 60% of the Bank linked groups were rated as excellent. In a few groups group dynamics decreased after credit linking. The study has identified several weaknesses in Community Development Societies (CDS) such as, lack of monitoring and lack of interest among coordinators due to non receipt of allowance, which they have been formerly receiving.

Oommen (1999) Institute of Social Sciences Thiruvananthapuram has done a notable work on SHGs in Kerala. It revealed that majority of participating households have improved their incomes, savings and housing conditions through resources and inputs from different agencies. Oommen also has cited the irresponsibility on part of some office bearers of CDS.

Rajasekhar (2000) has identified a perfect correlation between the period of stay of members in SHGs and the amount of savings. Almost all the members reported to have borrowed at least once. In case of those who borrowed more than two times, the loan amount kept increasing with each loan. The analysis showed that more than 40 per cent of the loans were taken for Income Generating Activities.

Jaya (2001) in her thesis stated that organizing women into SHGs and involving them in micro-entrepreneurial activities would accentuate the pace of empowerment. Micro entrepreneurs, office bearers of SHGs and educated women showcase higher levels of empowerment than their other counterparts.

Narayana (2002) has based her study on two Panchayats in Kerala, Mararikulam in Alappuzha district and Kottathara in Waynad. These two Panchayats have entirely different backgrounds with regard to topography, employment activities; population

density etc. The study concluded that two types of people are not joining SHGs i.e., the poorest of poor and APL category (who doest not find a reason to join the groups). Another important point to note down is that the programmes aimed at the poor are not reaching the excluded poor, who are asset less and comes to 10 to 18 percent of the total poor.

Manjula (2002) in her PhD thesis revealed that diversification of employment structure has a potential impact on the empowerment of rural women workers, since the inception of SHGs and Development of micro Enterprises. This empowerment has resulted in the shortage of women for agricultural activities in Ernakulam District.

Anand (2002) in her case study on performance of selected SHGs and NHGs in Empowering Women acknowledged that NHGs and SHGs were instrumental in effecting an attitudinal change in women. She has also analysed the factors – distrust in leaders, autocratic leadership style, inability to evolve suitable income generating activity, and the inability to lend the required skills, which have impacted the successful functioning of groups.

Mohindra (2003) concludes that access to credit is one of the main rewards of participating in an SHG. Women not only gained experience with financial affairs, but they also claimed that their status within the household is raised. It also opened opportunities to gain social autonomy, expanding their social networks outside of the family, thus decreasing male control and patriarchal attitudes in society. The study has also cited increased health-related knowledge, increased access to health care services, increased household decision making related to family health, decreased reliance on men and moneylenders, extension of social support among non-family persons, and increased range of coping strategies .

Nirmala (2003) in her discussion paper series asserts that the desire to own a source of livelihood rather than craving to engage in Micro Entrepreneurial activities, prompt women divert to the entrepreneurial arena. She identified the cause for entrepreneurial failure as lack of planning and entrepreneurial training and suggests for the support from all corners, backed by good personal traits.

Jameela (2003) in her research work stated that the micro credit schemes have helped many families Below Poverty Line to get additional income. As a result many

poverty stricken families were liberated from maladies. The involvement of the women in the groups significantly contributed in improving their quality of life, social status and self confidence.

Christabel (2003) in her thesis confirmed that even though the amount of loan availed by SHGs were insufficient for establishing their micro enterprises, majority of the members avoid loans from other sources such as local money lenders and other high interest sources and has mentioned of the decremental trend among the SHG members in attending the regular weekly meetings. EDPs should be tailored to suit the requirements of micro entrepreneurs. She concludes that coordination and networking of SHGs is necessary both on vertical and horizontal.

Rosa (2004) in her empirical work found that, though overall empowerment of a person enhances with employment, employment in the societal matters do not exhibit any sign of hope. Moreover, income is not the criterion factor, determining the empowerment of a person.

Anand (2004) in her study stated that through setting up of micro enterprises and providing wage employment while creating rural infrastructure, the SHGs target basic services and provide direct social security measures to the most vulnerable. SHGs have not only produced tangible assets and improved living conditions of their members but also helped in changing much of their social outlook and attitudes. The group dynamics have reasonably helped many members to overcome the feeling of low self esteem and lack of confidence and empowered them.

Loyola College of Social Sciences (2004) observed that there is a wide variation observed among the SHGs of NGOs and between the SHGs of Kudumbashree, they are organised for the empowerment of women particularly for economic independence and freedom from moneylenders. Regarding membership, attendance and other regulations, SHGs of Kudumbashree have fixed rules and regulations whereas the SHGs of NGOs do not have any hard and fast rule in this regard. In comparing the enabling processes and efforts taken by the NGOs and Kudumbashree towards social, economic and political empowerment of poor women in Kerala, NGO sponsored SHGs performed well. However the membership exposes them to various activities in SHGs of both NGOs as well as Kudumbashree.

Binitha (2004) has stated that the decentralized planning programme in Kerala has attempted a gender planning exercise in the local self governments. The introduction of a special plan component and the recognition of SHGs as ideal institutional arrangement for the economic and other forms of women's empowerment are the two major initiatives in this direction. The paper critically analyses these initiatives, especially the self help groups and finds that women as a category do face multiple deprivation within the family, irrespective of the income status. The study also includes some findings like (a) there is a sharp drop in savings over time. (b) Timely repayment of loan indicates the peer pressure by groups. (c) The repayment need not be out of income generated but out of husband's income or from borrowings from money lenders. (d) In the long run after being members of SHGs there is no reduction in the dependence on money lenders. (e) out of those who availed loans majority are not getting a steady income.(f) women's mobility outside their homes have increased.(g) Some of the SHGs have become members of multilevel marketing companies, where the concept of SHGs were developed to fight the onslaught of globalisation.

Asokan (2005) undergone a study on behalf of National Institute of rural development (NIRD) on micro enterprises developed by SHGs in Kerala. The characteristics of micro entrepreneurs under SHGs revealed that a high proportion (90%) of them were unemployed prior to joining of SHG and tailoring was found to be the most preferred activity (47%) among the members.

Kyobutungi and Nayar (2005) conducted their study in Alappuzha District, of Kerala state, in India. Their findings include the SHGs are actively participating in disease control activities (the NHG members were given enough training and they are assisting the health workers) and healthcare financing activities (quick health care loans are sanctioned to members, with or without interest and most possible financial assistance to needy Non Members, even). Though the purpose of microcredit is to offer productive loans and other financial services for poverty eradication (often this aim overrides all other aims), it is often defeated.

Mattilda (2005) in her research work identified education as the most crucial component of women empowerment. Kerala society does not offer equal status to men and women, and Kerala women have the lowest participation in the work force of the

country. Another finding is marriage takes away the charm of women, after marriage they are seldom available in professional and political spheres. The study has also stated that the disparity between men and women in terms of asset holding is very high in Kerala and there is increase in crime against women.

Raghavan (2006) stated that through Kudumbashree it has been undoubtedly proved that women empowerment is the best strategy for poverty eradication. Women, who were regarded as voiceless and powerless started identifying their inner strength, opportunities for growth, and their role in reshaping their own destiny. The process of empowerment has become the beacon light to their children, their families and the society at large. It opened a new vista in development history of the state.

Sreedharan (2006) in his research work examined the socio-economic empowerment of women micro entrepreneurs, through MEs under Kudumbashree mission of Kerala. The study had a total sample strength of 118 micro enterprises (45 urban and 73 rural). The data were collected using structured interview schedule and through discussions with Kudumbashree officials. Other important findings include 1. The motivational factors are not independent of Districts, Place of domicile, Nature of activity, Age, and Educational levels of women Micro Entrepreneurs. 2. Micro enterprise development leads to a moderate level of Social Empowerment to women Micro entrepreneurs. 3. Micro enterprises do not lead to economic empowerment to micro women entrepreneurs. 4. The extent of social empowerment is not independent of districts.

Gopalan (2007) found that micro finance increase the self confidence of the poor by meeting their emergency requirements, ensuring need based timely credits and making the poor capable of savings. The study has identified the credibility of microfinance in health related issues in a positive manner. It has been postulated that by making policy towards income generation and enhancement, ultimately to eradicate poverty alone can improve the health status. The survey shows that people do not consider micro finance as a helpful tool for health problems, because of the low number of loans raised for health purposes.

Devika and Thampi (2007) critically assess the claims of Kerala government's poverty eradication programme, the Kudumbashree which combines a micro-finance

model with other elements through critical feminist lenses. The major effort to popularise microfinance in Kerala has the twin aims of poverty alleviation and women's empowerment. The present approach allows in drawing lessons for effective gender politics through a comparison with earlier models of empowering the deprived classes in Kerala.

Sybi Mon (July 2007) in his Doctoral thesis stated that mere provision of credit even through SHGs will not lead to successful enterprises. Comprehensive support in the area of training, sales promotion, linkages, collaboration and longevity of the groups are identified as factors influencing the promotion of sustainable micro enterprises. The study was undergone in Udumbanchola and Peermade thaluks of Idukki District, in Kerala state.

Jameela (2007) stated that despite the fact that micro credit has liberated the women from poverty and enhanced their empowerment to some extent, it has been seen that, many women are unable to use the loan for income generating activities. The study found out loss of control of women over loan and diversion of loan. Credit alone is useless unless packaged with training, marketing, transportation facilities, technology, education etc. With appropriate market support strategies the members could effectively build enterprises as a source of their employment and income. The study has also identified lack of rotation of leaders, which is essential to maintain a balance between knowledge and confidence of members.

Lina, Prema and Krishnan (2008) have stated that socio-economic variables like age, education, market perception, economic motivation, attitude towards self-employment, management-orientation, risk-orientation, innovativeness and information-seeking behaviour influence the group performance of SHGs. The group stability has been determined by factors like group cohesion, group leadership, team spirit, group decision-making and regularity in maintenance of records. The parameters like age of respondent, education of spouse, attitude towards self-employment and innovativeness have been found least influential on group performance. The study has indicated the need of providing training on management and technical aspects as well as provision of market infrastructure to the SHGs so that they become competitive.

Jayachandran (2008) in his empirical study stated that there is a strong association between Education level and thrift and credit activities of the members. The poorest of the poor are not sufficiently represented in SHGs and that some of the SHGs are not engaged in any other activities except money lending. He has also noted of the difference in asset accretion status of SHG members of various Districts. The implementation of financial training and discipline among the poor will undoubtedly have a long term socio economic impact and asserted that SHGs have an effective role in women empowerment.

Beena (2008) in her PhD. thesis revealed that various programmes of GOs and NGOs have a tremendous impact on the economic, social and psychological empowerment of rural women. Various programs implemented by NGOs are better in ensuring rural women empowerment than that of GOs, particularly in central Kerala.

Emil (2008) found that the homogeneity of the groups has much importance on its continuity and sustainability and the smaller groups performed well in connection with the number of loans and timely repayment of loans. The timely repayment of the loans was made out of income from application of loan but mostly out of quick loans raised from local moneylenders or from friends and relatives. Later, members take higher loans to repay these loans at the earliest. The control mechanisms incorporated by the groups were not a great success in alleviating poverty and ensuring the sustainability of groups which may be due to agrarian crisis existed in the period of study.

Ruby (2008) in her PhD thesis identified that among the five dimensions of empowerment attained by members of Kudumbashree units social/cultural empowerment stands first, followed by familial empowerment and the personal empowerment. Interestingly economic empowerment has secured only fourth position. Political empowerment is identified the least important among the empowerment variables. The level of total empowerment is slightly higher in rural areas than urban ones.

Susy Paul (2008) in her PhD. thesis analysed the impact of SHG bank linkage on the empowerment of rural poor in Kerala. General Category has an all-round domination in SHG membership of the state. SHG–Bank Linkage programme has made

significant contributions to Social and Economic improvements of member households through increase in their productive assets, resulting in higher income.

Dhanya and Sivakumar (2010) have stated that Micro finance programmes are promoted as an important strategy for women's empowerment. Micro finance builds mutual trust and confidence between bankers and rural poor to encourage banking in a segment of population where formal financial institutions usually find difficult to reach. The study examines the economic impact of micro finance beneficiaries and whether the economic empowerment has resulted in the generation of a set of self reliant women and found true. The survey results shows about the positive impact of the development programme of Kudumbashree.

Biju K.C (2012) in his Ph D. Thesis titled " Impact of Microfinance on Poverty in Kerala" has stated that microfinance has been successful in reaching the poor and vulnerable sections of the society and bringing the banking service at the door steps. The econometric results have indicated 10 per cent increase in average borrowing, 7.9 per cent increase in income and 1.3 per cent increase in percapita monthly consumption of beneficiary households. Average 27 per cent of the beneficiary households found themselves out of poverty. The study has also acknowledged the ability of microfinance to promote economic and social developments.

Mercy Varghese (2012) in her PhD. Thesis titled "Women empowerment through Kudumbashree-A study in Ernakulam District" has evidenced higher role for NHGs in Empowering members of rural area. The level of empowerment is not dependent on the type or nature of SHGs, but on the ability of the individual to tap the opportunities. The primary data were collected from 600 members using multistage random sampling technique and is analysed using SPSS.

Beena.S (2012) in her thesis titled "Employment of women in the informal sector in Kerala: A study with special reference to Kudumbashree project" has concluded that Marital status, Extent of involvement in SHG activities are directly related to empowerment. In addition Education and Training also has positive impact on the empowerment levels of members. 97.5 per cent of units are engaged in non seasonal activities and Goat rearing is the most productive activity ranked by the

entrepreneurial members. With regard to marketing of products, 70 % of the members engaged IGAs sell their products through direct marketing.

Rajeev Thomas (2013) in his PhD. Thesis titled “Micro credit and Micro enterprises under Kudumbashree for Rural Development–A study with Special reference to Malappuram District (Kerala)” The study has been conducted with 540 sample respondents from Malappuram District. The participation in Kudumbashree has been instrumental to higher credit access, improvement in the financial discipline of members and development of micro enterprises under Kudumbashree, which found to play a lead role in the development of backward areas of Malappuram but it requires strengthening and further monitoring.

2.4 RESEARCH GAP

Many of the studies reviewed here found that SHGs are extensively used by NGOs and Government agencies as a rural poverty eradication programme. They also highlight the problems and prospects of this strategy. Some of the studies have critically assessed the success and failure of SHGs in empowering the poor. While such studies highlight issues concerned with outreach, they often tend to overlook in-depth analysis and are generally more inclined towards discourses on economic and social impact on borrower livelihoods at a larger scale.

The present study fills the lacuna in the level of empowerment between the ‘pre’ and ‘present’ SHG situations and the change in the extent of empowerment in terms of different indicators. It also probes the intricate problems confronted by SHG members pursuing entrepreneurial activities. In addition the study objectively looks into the sustainability of SHG movement in the State. The study also considers the impact of corporate MFIs on the traditional SHGs. The progress achieved by the Self Help Groups and the tremendous twists that are taking place to it, made it worthy to consider a study like this.