

**THE ROLE OF SELF-HELP GROUPS IN SOCIO-ECONOMIC  
DEVELOPMENT : A STUDY OF LAWNGTLAI DISTRICT IN  
MIZORAM**

**(A DISSERTATION SUBMITTED FOR THE AWARD OF THE  
DEGREE OF MASTER OF PHILOSOPHY IN ECONOMICS)**

**BY**

**DAVID LALBIAKDIKA**

**TO**

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**AND**

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I

**DEPARTMENT OF ECONOMICS  
MIZORAM UNIVERSITY**

**Prof.Thangchungnunga,  
Professor,  
MZU, Tanhril, Aizawl**

**Ph. 08731916129**

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**CERTIFICATE**

This is to certify that the thesis entitled **“The Role of Self-Help Groups for Socio-Economic Development : A study of Lawngtlai District in Mizoram”** by Shri. David Lalbiakdika has been written under my guidance. This dissertation is the result of his investigation into the subject and was never submitted to any other University for any research degree.

(Prof.THANGCHUNGNUNGA)

## **II**

### **DECLARATION**

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**2015**

I, David Lalbiakdika, do hereby declare that the subject matter of this thesis is the record of work done by me, that the contents of this thesis did not form the base of the award of any previous degree to me or to do the best of my knowledge to anybody else, and that the dissertation has not been submitted by me for any research degree in any other University/ Institute.

This is being submitted to the Mizoram University for the degree of Master of Philosophy in Economics.

**(DAVID LALBIAKDIKA)**

**(PROF.VANLALCHHAWNA)**

**(PROF.THANGCHUNGNUNGA)**

**Supervisor**

### **III**

#### **ACKNOWLEDGEMENT**

At the outset, I thank the Almighty God for his countless blessings in all my endeavours. Having completed the Task, I do hope that the recommendations and findings which have been formulated out of this present study by and large would not just reflect the status of the targeted segments, but also benefit the implementing agencies and emerging scholars undertaking research in the specific topic.

I am happy to have completed this study which was carried out under the able and dedicated guidance of my supervisor, Prof. Thangchungnunga, Department of Economics, Mizoram University.

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( DAVID LALBIAKDIKA)

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## 1.1 INTRODUCTION

The present study is a study examining the performance of Self-Help Groups as a micro-finance tools for socio-economic development in Lawngtlai district in Mizoram, which is one of the most backward districts in Mizoram. The study examined Self-Help Groups under Chhimtuipui Area Development Programme, a project undertaken by World Vision, one of the NGOs working in the districts. Formation of Self-Help groups is one prerequisite to be one of the beneficiary of Area Development Program. A self-help group (SHG) is a village-based financial intermediary usually composed of 04–15 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia.

Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHG's are 'linked' to banks for the delivery of micro-credit. A Self-Help Group may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogeneous social and economic backgrounds, all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. The group

members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by micro finance institutions. To make the book-keeping simple enough to be handled by the members, flat interest rates are used for most loan calculations.

Self-help groups are started by Governmental or Organizations that generally have broad anti-poverty agendas. Self-help groups are seen as instruments for a variety of goals including empowering women, developing leadership abilities among poor people, increasing school enrollments, and improving nutrition and the use of birth control. Financial intermediation is generally seen more as an entry point to these other goals, rather than as a primary objective. This can hinder their development as sources of village capital, as well as their efforts to aggregate locally controlled pools of capital through federation, as was historically accomplished by credit unions.

Many self-help groups, especially in India are under NABARD's SHG Bank Linkage program, borrow from banks once they have accumulated a base of their own capital and have established a track record of regular repayments. This model has attracted attention as a possible way of delivering micro-finance services to poor populations that have been difficult to reach directly through banks or other institutions. "By aggregating their individual savings into a single deposit, self-help groups minimize the bank's transaction costs and generate an attractive volume of deposits. Through self-help groups the bank can serve small rural depositors while paying them a

market rate of interest." NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members that have taken loans from banks under its linkage program to date.

## **1.2 PARADIGMS SHIFTS IN DEVELOPMENT**

The experience of the more than five decades has demonstrated that there is always a possibility to develop but it is not invincible to occur. It is indeed a few countries succeeding in rapid economic growth and poverty alleviation, while others not being so successful. Many development strategies experimented so far have not yielded the desired results. For more than four decades, development was seen mainly as a measure of economics – increasing the capital stock and improving the allocation of resources. However, the Economists differed in their view of how best to improve resources and to their allocation, and the role government in this exercise. In 1980's, the development strategy shifted from micro management policies to macro economic policies along with adjustment of fiscal imbalances and monetary policies. The collapse of the socialist economies in the world and end the cold war demonstrated the inefficacy of a large government role in the national economies. The new phase of development thereafter was followed by the policies of (L.P.G.) liberalization, privatization and globalization. However, this concept did not find four in many developing countries and is still at a very nascent stage. The rapid growth of most of the East Asian economies showed that successful development could be accompanied by reduction of

poverty, widespread improvements in living standards and even in process of democratization. But for those advocating the technical solutions, the East-Asian countries were deeply disturbing. In most cases, national government played a larger role. They followed some of the accepted technical prescriptions, such as stable macro economic policies. Governments intervened in trade, though more to promote exports than to inhibit particular imports. They regulated financial markets, engaged in mild financial restraint by lowering interest rates and increasing profitability of banks and other financial institutions.

There is wide spread recognition that even countries pursuing good economic policies can suffer from the volatility of short term capital flows while the risks and market failures associated with short term capital flows have now become apparent, the benefits especially for countries like those in East Asia with high savings rates remain unproven. The new development strategy takes up the transformation of the society as its core objective to development. It recognizes that an integral part of successful development is the increase in GDP per capita. It first needs to set forth the vision of the transformation, which may embrace certain quantitative goals, such as a reduction in poverty by half or universal primary education, or an increase in life expectancy by ten years, or a fall in crime by 30 percent but these are elements in or targets for the transformation process, not the vision of the transformation itself. This vision needs to include a view of transformation of the institutions, the creation of new social capital and new regulatory or

incentive-mechanisms. The mandatory and Key ingredients in a successful development strategy are ownership and participation. By involving public support groups of the civil society, the process of strategy formulation may be able to elicit the commitment and democratic involvement that is necessary to be socially acceptable and sustainable. Ownership and participation are also mandatory if the development strategy is to be adopted to the specific circumstances of a country. Recent researches prove that the projects with higher degree of active participation have been more successful and profitable.

Although, the development priorities differ from country to country, yet there are some common elements. The most important is education, because without education a country cannot develop i.e. cannot attract and build modern industries and cannot adopt new modified technologies rapidly in the rural sector. Education also enables people to learn, to acquire values and standards of behaviour, and also to accept and help engender transformation. Importantly, infrastructure particularly protection of property, communication, and transportation is vital for the conduct of business in modern times. Necessarily in developing countries sense of isolation reduced. Health is again very important because unhealthy population cannot be a productive labour force. The basic quality of health should be viewed as a fundamental human right and upgrading health standard must be an integral part of any holistic development strategy. Knowledge, like education, enriches the human spirit and with education and health, it leads to a more productive society. The power of Knowledge is enormous as with increased knowledge, the output that

can be reproduced with the limited resources can be multiplied in magnitude. The Capacity building of the individuals is must to empower them for social transformation, economic development, participation in development process and representation in governance. Hence a country aspiring to develop must have institutions, entrepreneurship and leadership to catalyze, absorb and manage the process of change and the changed society.

### **1.2.1 Paradigm shifts in Rural Development:**

In the 1940's, the newly independent nations, liberal and emerging as they were, from the yoke of imperialism, realised that potentials and constraints to rural development were largely rooted in the society itself. The majority of the nations were reeling under the weight of poverty, darkness of illiteracy and filthiness of slums (Myrdal, 1968). They pinned their hopes on achieving a higher economic growth rate for improving people's standard of living. The rural development pursued in the 1950's and 1960's was largely centred around 'growth first' models. Despite robust growth in the 1960's, economic benefits did not 'trickle down' and majority of the people was languishing in abject poverty, rising unemployment and increased inequalities (ILO, 1977). The general disenchantment with the performance of the 1960's of economic growth without distributive justice, prompted the economists of the day to engineer such theories and models as redistribution with growth, (Agarwal, 1998), basic needs approach (BRAC, 1997), integrated rural development, and a demand for the establishment of new international



economic order (Chambers, 1983). Therefore, the 1970's could be described as a decade of equity and justice (Chambers, 1989). The 1980's were a mixed bag. It was a decade of structured adjustments 'without a human face' (Chenery, 1974), to qualify itself to be labelled as a 'lost decade' (CIRDAP, 1987). It was also a decade, which laid foundations for the people's participation, integrated approach to development, and for socio-economic development of many Asian countries. The 1990's, was a decade that belonged to democratic forces, participatory decentralized rural development, civil societies and human development (Subrahmanyam, 2003).

Rural development is conceptualized as a process of improving living standards of the masses of the low income population residing in rural areas and making the process of their development self-sustaining (Lele, 1975). Rural development has become a distinct approach and strategy implemented mainly by the Government, NGO's and private agencies in developing countries. It encompasses multi-sectoral components and is broader in its approach than 'agriculture'. It requires interdisciplinary approach. Its focus on poverty, inequality and distributive justice makes it stand in a special category of interventions for bringing about socio-economic change (World Bank, 1997).

In the 1950's, most of the national governments in Asia formulated 'community development' programme with a view to achieving self reliance and development through local institutions and participation of the rural communities for their development (CIRDAP,1991). In the 1950's the United Nations identified community development as 'synonymous with community participation' (Moser,1989). The community development was seen as a process designed to create conditions of economic and social progress for the whole community with its active participation. The core elements of community development were :-

- participation of the people in local community development projects,
- democratic decentralization,
- transfer of technology,
- self help efforts.

In India, Government initiated community development movement in 1952, which expanded rapidly during the decade of the 1950's. By 1960 over 60 nations in Asia, Africa and Latin America had launched national or regional community development programmes (Ruttan, 1984). The followers of redistribution with growth 'model' advocated the need for a wholly new organizations endowed with ample resources and the best cadres' for executing these target-oriented programmes. However, the basic need approach is a radical departure from the conventional development approach. It was a shift from the growth approach to consumption approach.

Consumption targets replace growth objectives (Streeten and Burki, 1978). In the wake of widespread poverty and rising unemployment, the integrated rural development strategy and approach was introduced with the explicit objectives of economic growth and poverty alleviation. Under economic growth it aims to have more agricultural and off farm production, enhanced rural incomes, improved infrastructure and technology transfer to the rural areas. Under the poverty alleviation, transfer or creation of assets, creation of jobs for the rural poor and provision of basic social services. In India, Small Farmers Development Agency (1971), National Rural Employment Programme (1980), Rural Landless Employment Guarantee Programme (1983), Minimum Needs Programme, Development of Women's Children in Rural Areas, Training for Rural youth for Self Employment, and Integrated Rural Development Programme (1978-79) were launched.

The 1980's era saw the emergence of a new philosophy in the name of efficiency. The structural adjustment policies comprised of IMF stabilization policies to reduce fiscal deficits and restore the balance of payments position to viable levels and the World Bank's long term 'structural reforms' to raise productivity and enhance efficiency (Subrahmanyam, 2003). The IMF and the World Bank maintain that the structural adjustment policies contribute to poverty reduction. It is assumed that structural adjustment policies will adversely affect the poor in the developing countries.

There is a set of elements/ factors that is common to most of the paradigms of development. It comprises of natural resources, new technology, capital accumulation and investment, educated, technically trained, enterprising and motivated human resources with values and ethos congenial to rural development, in an appropriate institutional and organizational framework. A people centered strategy, all in the Gandhian model, would be the most appropriate paradigm of sustainable rural development for India (Singh, 1999).

India is rich in human resources, what is needed now is a long term policy for development of human resources through education, training, healthcare and empowerment and creation of congenial socio-economic, institutional and political environment for the fullest possible utilization of the vast, untrapped reservoirs of human power and ingenuity (Singh, 1999).

### **1.2.2 Policy Shifts in Rural Development:**

India, like most developing countries has been adopting rural development through various public policies since independence and the Policy makers have been emphasizing upon the need of rural development ever since the advent of planning process in the country. The ultimate objective of rural development was the eradication of poverty and improving the quality of masses. In formulating rural development policy the whole approach has been fundamental and has been targeted towards alienating rural poor from the culture of poverty, which has been perpetuated over the ages.

According to Myrdal (1971) in a democratic society, the basic objectives of rural development are (i) raising community solidarity, (ii) raising agricultural needs and (iii) institutionalization of equality and part and parcel of rural development efforts. The concept of rural development has undergone many changes depending upon the requirements and social transformation of Indian democratic system. The Government of India was committed to formulate plan policies on rural development during the successive Five Year Plans, which are shown in Table 1.1.

After the independence, the Community Development Programme was launched in year 1952 with 55 pilot projects on experimental basis. By early 1960's, the programme was extended to almost all the 5011 CD blocks of the country. It was emerged that the developmental process would allow benefits to percolate to the lowest level of the society on its own. It failed to achieve the desired results mainly because of the lack of functional responsibility and coordination of the part of administration. This was followed by the adoption of a new strategy of agricultural development based on high yielding varieties of crops in the late 1960's. During 1970 Area Based Programmes were introduced like SFDA, DPAP, MFAL etc. 1980's emphasized on strengthening socio-economic infrastructure in rural areas, alienating disparities under Integrated Rural Development Programmes, creating new employment opportunities etc. 1990's era witnessed the policy shift and decentralized, people's centered and human face

development approach and strategy was adopted. The Table regarding policy shifts in rural development is shown below :

**Table 1.1 : POLICY SHIFT IN RURAL DEVELOPMENT**

Five Years Plan	Period	Rural Development Policy
1 <sup>st</sup>	1951-56	Community development as method and national extension service as the agency.
2 <sup>nd</sup>	1956-61	Cooperative farming with local participation
3 <sup>rd</sup>	1961-66	Panchayati Raj – three tier model of democratic decentralization.
4 <sup>th</sup>	1969-74	Area based programme
5 <sup>th</sup>	1974-78	Introducing concept of minimum needs programme.
6 <sup>th</sup>	1980-85	Emphasis on strengthening socio-economic infrastructure in rural areas, alleviating disparities under Integrated Rural Development Programmes
7 <sup>th</sup>	1985-90	Emphasis on creating new employment opportunities, special programmes for income generation through asset endowments, Land reforms, participation of people of the grass roots level.
8 <sup>th</sup>	1992-97	Emphasis on building up rural infrastructure, priority on rural roads, especially in tribal, hill and desert areas, minor irrigation, soil conservation, social foresting and participation of people in rural development programmes.
9 <sup>th</sup>	1997-02	Jawahar Gram Samridhi Yojana, Swarn Jayant Gram Swarojgar Yojana, Pradhan Mantri Sarak Yojana, Sarva Shiksha Abhiyan etc. implementation
10 <sup>th</sup>	2002 - 2007	Construction of roads, capacity building, human resource development, communication technology transfer, education, women empowerment, self help groups and micro credit etc.

**Source:** Indian Journal of Social Development, Vol. 1(1), June, 2001

### **1.3 CONCEPTS OF SELF HELP GROUPS (SHGs)**

SHGs are novel and innovative organizational setup in India for the women upliftment and welfare. All women in India are given chance to join any one of SHGs for training and development, so as to be prospective entrepreneur and skilled worker. The SHGs are promoted by the Government as if women in India may not be resourceful enough to be entrepreneurs. When the SHGs arrange training facilities to carry out certain kind of work which are suitable for women in India, bank must arrange financial assistance to carry out manufacturing and trading activities, arranging marketing facilities while the Governments will procure the product of SHGs, arrange for enhancing the capacity of women in terms of leadership quality and arranging for the management of SHGs by themselves so as to have administrative capacity. As a social movement with government support. SHGs become more or less a part and parcel of the society.

The concept of self help groups had its origin in the co-operative philosophy and the co-operators by and large, including the National Federations in the credit sector, could not think of any better SHG than a primary co-operative credit society itself. As SHG are small and economically homogenous affinity groups of rural poor, they are voluntarily coming together for achieving the following.

1. To save small amount of money regularly.
2. To mutually agree to contribute a common fund.

3. To meet their emergency needs.
4. To have collective decision making.
5. To solve conflicts through collective leadership mutual discussion.
6. To provide collateral free loan with terms decided by the group at the market driven rates.

Today, the self help group movement is increasingly accepted as an innovation in the field of rural credit in many developing countries including India to help the rural poor considered a vehicle to reach the disadvantaged and marginalized section, which in the normal course cannot avail of credit facility from the bank.

A self help group is defined as a group consisting of people who have personal experience of a similar issue or life situation, either directly or through their family and friends. Sharing experiences enables them to give each other a unique quality of mutual support and to pool practical information and ways of coping.

Self help groups are small informal association of the poor created at the grass root level for the purpose of enabling members to reap economic benefits out of mutual help solidarily and joint responsibility. Self help groups are formed voluntarily by the rural and urban poor to save and contribute to a



common fund to be lent to its members as per group decision and for working together for social and economic uplift of their families and community.

A self help group is defined as a ***"self governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose."*** Self help group have been able to mobilize small savings either on weekly or monthly basis from persons who were not expected to have any savings. They have been able to effectively recycle the resources generated among the members for meeting the productive and emergent credit needs of members of the group.

The Tamil Nadu Corporation for Development of Women Ltd. (TNCDW) in its credit guidelines for the SHGs defines ***as a small economically homogenous affinity group of rural poor, voluntarily formed to save and contribute to a common fund to be lent to its members as per group decision and for working together for social and economic uplift of their family and community.*** The distinguishing features of self help groups are given below.

- i) A SHG normally consists of not less than five persons (with a maximum of twenty) of similar economic outlook and social status.
- ii) It promotes objectives like economic improvement and raising resources for development and freedom from exploitation.

iii) It has its own by-laws for the proper functioning of the group as well as for the observance of certain rules by the group members and regulations concerning membership.

iv) The form of such a group could be mostly on an informal basis (unregistered).

v) Periodical meetings of members are held for solving their problems (economic and social) and they collect fixed savings of the members.

vi) The savings of members are kept with a bank in the name of group and authorized representative of the group operates the bank account. The deposit kept in the bank is used for giving loans to members for purposes including consumption at the rate of interest decided by the group (usually higher than what the banks charge).

vii) Sources of funds are the contribution of members savings, entrance fee, interest from loans, proceeds of joint business operation and income from investment. Funds may be used for loans, social services and common investment.

The SHG, being a group of like-minded persons, gets empowered to solve most of its problems of a non-financial nature such as raw material and input supply marketing, better adoption of technology, education and training for realization of its objectives for development.

#### **1.4 NEED AND IMPORTANCE OF SHGs**

Self help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural people, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for common objective and gain strength from each other to deal with exploitation, which they are facing in several forms. A group become the basis for action and change. It also helps building of relationship for mutual trust between the promoting organization and the rural poor through constant contact and genuine efforts. Self help groups plays an important role in differentiating between consumer credit and production credit, analyzing the credit system for its implication and changes in economy, culture and social position of the target groups, providing easy access to credit and facilitating group/organization for effective control, ensuring repayments and continuity through group dynamics; setting visible norms for interest rates, repayment schedules, gestation period, extension, writing of bad debts; and assisting group members in getting access to the formal credit institutions. Thus, self help group disburses microcredit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities. Credit needs of the rural and urban poor women are fulfilled totally through the SHGs. SHGs enhance equality of status of women as participation, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life.

The rural poor are in-capacitated due to various reasons such as; most of them are socially backward, illiterate, with low motivation and poor economic base. Individually, a poor is not weak in socio-economic term but also lacks access to the knowledge and information, which are the most important components of today's development process. However, in a group, they are empowered to overcome many of these weaknesses, hence there are needs for SHGs which is specific terms are as under :-

- To mobilize the resources of the individual members for their collective economic development.
- To uplift the living conditions of the poor.
- To create a habit of savings, utilization of local resources.
- To mobilize individual skills for group's interest.
- To create awareness about right.
- To assist the members financial at the time of need.
- Entrepreneurship development.
- To identify problems, analyzing and finding solutions in the groups.
- To act as a media for socio-economic development of village.
- To develop linkage with institution of NGOs.
- To organize training for skill development.
- To help in recovery of loans.
- To gain mutual understanding, develop trust and self-confidence.
- To build up teamwork.

- To develop leadership qualities.
- To use it as an effective delivery channel for rural credit.

## **1.5 CHARACTERISTICS OF SHGs**

The important characteristics of self help groups are as follows :

1. They usually create a common fund by contributing their small savings on a regular basis.
2. The groups evolve a flexible system of operations often with the help of the non-governmental organizations (NGOs) and manage their common pooled resource in a democratic manner.
3. Groups consider loan requests in periodical meetings, with competing claims on limited resources being settled by consensus regarding greater needs.
4. Loaning is mainly on the basis of mutual need and trust with minimum documentation and without any tangible security.
5. The amounts loaned are small, frequent and for short duration.
6. Rates of interest vary from group to group depending upon the purpose of loans and are often higher than those of banks but lower than those of moneylenders.
7. At periodical meetings, besides collecting money, emerging rural, social and economic issues are discussed.

8. Defaulters are rare due to group pressure and intimate knowledge of the end use of the credit as also the borrower's economic resources.

## **1.6 FUNCTIONS OF SHGs**

The important functions of SHG are the following :-

- i) Enabling members to become self-reliant and self-dependent.
- ii) Providing a forum for members for discussing their social and economic problems.
- iii) Enhancing the social status of members by virtue of their being members of the group.
- iv) Providing a platform for members for exchange of idea.
- v) Developing and encouraging the decision making capacity of members.
- vi) Fostering a spirit of mutual help and cooperation among members.
- vii) Instilling in members a sense of strength and confidence which they need for solving their problems.
- viii) Providing organizational strength to members.
- ix) Providing literacy and increasing general awareness among members, and

x) Promoting numerically and equipping the poor with basic skills required for understanding monetary transactions.

Thus the SHGs function on the principle of the five 'p's.

i) Propagator of voluntarism

ii) Practitioner of mutual help

iii) Provider of timely emergency loan

iv) Promoter of thrift and savings, and

v) Purveyor of credit.

## **1.7 AREA OF STUDY**

*Profile of the area under study (Lawngtlai District):*

Lawngtlai district is one of the eight districts of Mizoram state in India. The district is bounded on the north by Lunglei district, on the west by Bangladesh, on the south by Myanmar and on the east by Saiha district. The district occupies an area of 2557.10 km<sup>2</sup>(2011 census). Lawngtlai town is the administrative headquarters of the district.

The district shares its boundaries with Lunglei and Saiha districts on the north and south respectively. The inhabitants of the district are mainly the ethnic groups of tribals like Lai and Chakma, who are among the minor tribal communities of Mizoram. The main occupation is cultivation and the rural population largely depends on agriculture for their subsistence. The physical

feature is mainly hilly except with long narrow strip of low lying area along the western side of Chamdur Valley.

*Geography of Lawngtlai District:*

Lawngtlai district is located in the southwestern most part of Mizoram having international boundaries with Bangladesh to the west and Myanmar to the south. The district is bounded by Lunglei District to the north and Saiha District to the east. The Thega (Kawrpui) River forms most of the boundary with Bangladesh on the west and the Kaladan River forms the eastern boundary with Saiha District. Lawngtlai district occupied an area of 2557.10 km<sup>2</sup> (2011 Census). The area is mountainous and hilly with a small strip of low lying riverine plain along the western side of the Chamdur Valley. Landslides are common especially during rainy season. The western side of the district is covered by dense virgin forest. The main rivers include the Kaladan River, Tuichong River, the Chhimtuipui River, the Ngengpui River, the Chawngte River and the Tuiphal River.

*Economy of Lawngtlai District:*

One-third of the total inhabitants of Lawngtlai district rely entirely on agriculture, which is mostly based on traditional method of shifting cultivation. Only a small fraction of urban population is involved in permanent type of employment, such as state government service, bank and



schools, and few engaged in small-scale business. The economic status of the district is in fact the lowest among the districts in Mizoram.

*Divisions of Lawngtlai District:*

Unlike the most parts of India, where districts are divided into tehsils (talukas), in Lawngtlai district there are two Autonomous District Councils, the Lai Autonomous District Council (LADC) and the Chakma Autonomous District Council (CADC) with their headquarters at Lawngtlai and Chawngte (Kamalanagar) respectively. Having separate autonomous legislative, executive and judicial functions, the Lais and the Chakmas administer their respective autonomous regions in accordance with the provisions of the Sixth Schedule to the Constitution of India.

This district is divided into four Rural Development Blocks:

1. Lawngtlai Rural Development Block
2. Bungtlang 'South' Rural Development Block
3. Chawngte Rural Development Block
4. Sangau Rural Development Block.

The town of Lawngtlai is the headquarters for the district. The names of the headquarters of the Rural Development Blocks are same as the them. There are 158 villages in Lawngtlai district.

There are 3 Legislative Assembly constituencies in this district, 36-Tuichawng (ST), 37-Lawngtlai West (ST) and 38-Lawngtlai East (ST).

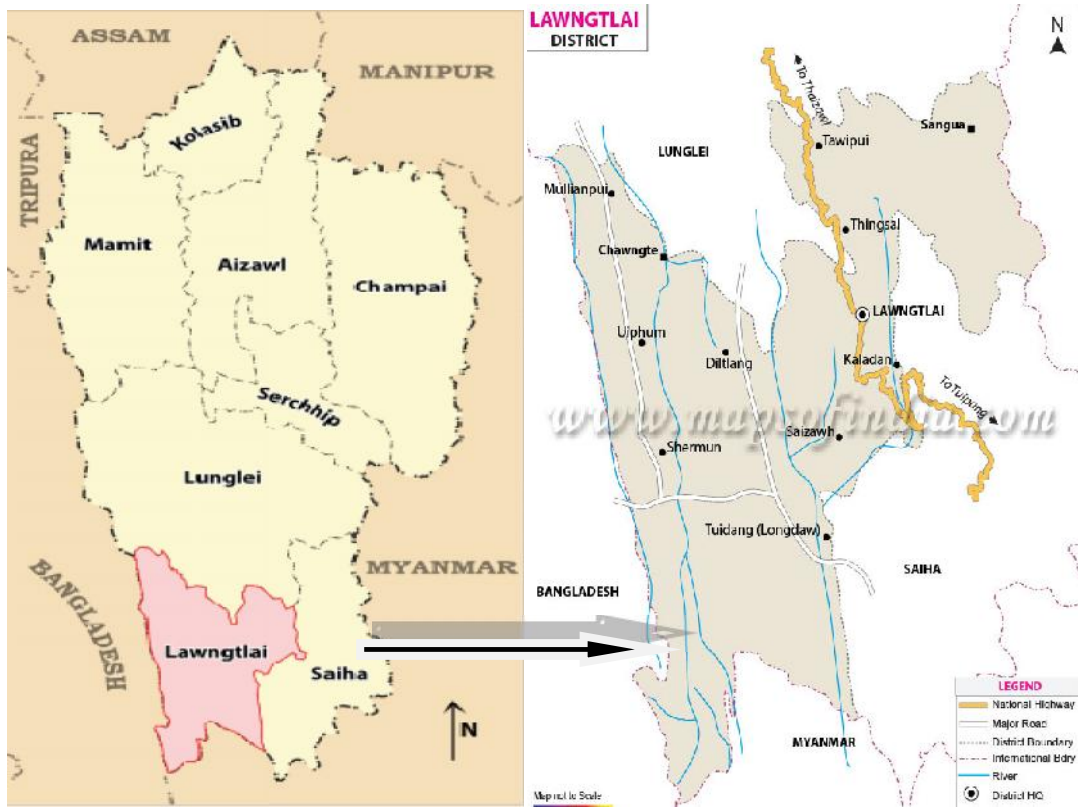
*Demography of Lawngtlai District:*

According to the 2011 census Lawngtlai district has a population of 117,894, roughly equal to the nation of Grenada. This gives it a ranking of 611<sup>th</sup> in India (out of a total of 640). The district has a population density of 46 inhabitants per square kilometre (120/sq mi) . Its population growth rate over the decade 2001-2011 was 59.53%. Lawngtlai has a sex ratio of 945 females for every 1000 males, and a literacy rate of 66.41%.

# 1.1: Map of the Area under study (Lawngtlai District)

Mizoram Districts

Lawngtlai District



Source :[www.mapsofindia.com](http://www.mapsofindia.com)

### **1.7.1 Rationale Of Study**

Poverty alleviation is one of the primary objectives of any planning in a national economy. Therefore, it becomes imperative to formulate situation specific poverty alleviation policies and programmes for generation of a minimum level of income for rural poor, which form the substantial percentage of national population in developing societies. One initiative is credit infusion in the rural sector. Increased involvement of banks in rural credit in post nationalization in India was considered as integral part of socio-economic development efforts for the rural areas. However, despite a vast network of commercial, cooperative and rural banks and other financial institutions no significant impact could be made on the grim poverty situation prevailing in rural India. Knowing that the success of any credit programme for the rural areas hinges on its high out reach and people friendly approach, the governmental and other institutional players stepped in to provide favourable environment to the poor to develop their organizations. The decade of 1990's witnessed growth of various people's organizations. In this context the role of Self-help groups (SHG's), especially of women has assumed a critical challenge. Self-help groups approach is the key element of social mobilization.

Linked with micro-finance, the SHG approach and movement has now been accepted as an effective intervention strategy for poverty alleviation. India has nearly 400 million people, living below or just above an austere defined poverty line. About 75 million households therefore need micro-

finance. Of these, nearly 60 million households are in rural India and remaining 15 million are urban slums. The current annual credit usage by these households was estimated in 1998 to be Rs. 465,000 million or US \$10 billion. It is estimated that the number of small loans accounts from banks covered some 40 million households in 2000. The remaining 35 million households are perhaps meeting their credit needs from the informal sector (Fisher et al, 2002). Statistics, available from NABARD (2003), suggest that more than 8.67 lakh SHG's in India made successful functioning, while NABARD's target of ensuring bank loans are extended to 1 million SHG's in 2008 with an average membership of 17, this would mean bank's out reach to some 17 million members, the vast majority of whom will be women, with an average size of Rs. 1766 per family, Banks loans were made available to 11.6 million families in 2002-03: Beside the big donor agencies like NABARD, SIDBI etc. there are 2800 partner NGO's working extensively in this field. The government of India as well as various state governments has initiated a number of projects and programmes for socio-economic empowerment of women. The micro-finance project intervention in terms of formation and stabilization of SHG comprising of women for extending credit support and promotion of thrift to promote viable economic activities in the backward areas has resulted empowerment of people belonging to the rural areas. However, there is scarcity of resource literature regarding the impact of SHG's on their socio-economic empowerment. Against this background,

present study has been carried out in Lawngtlai District to assess the impact of SHGs on socio-economic conditions of group members in Lawngtlai District.

## **1.8 OBJECTIVES OF THE STUDY**

Self-help group is a method of organizing the poor people and the marginalized to come together to solve their individual problem. The paper aims to study the following aspects of SHGs :-

1. The social impact of SHGs among the members in Lawngtlai District.
2. The economic impact of SHGs among the members in Lawngtlai District.
3. The empowerment of members of SHGs during Pre and Post-SHG period.

## **1.9 RESEARCH QUESTIONS**

The study will focus entirely on certain observations which are influenced by the characteristics and nature of SHGs on one hand and the consequences it has on the beneficiaries. Accordingly, research questions have been formulated as under :

1. Does the implementation of SHGs help in uplifting the socio-economic status of the beneficiaries?
2. Does the SHGs help to increase the level of income of the beneficiaries ?

## **1.10 METHODOLOGY**

The paper was an attempt to make a study on the socio-economic development of the rural people through Microfinance and Self-Help-Groups in Lawngtlai District of Mizoram. For the purpose of the present study both the primary and secondary data have been used.

The primary data were collected from field survey through filled in questionnaire and direct interview method. The secondary data were collected from different journals, books, relevant documents, news papers and magazines, records of Non-Governmental Organisations (NGOs), Institute of Co-operative Management (ICM) etc.

After careful examination, it was decided to follow three stage sampling. At the first stage, all four development blocks in Lawngtlai District have been

selected. Secondly, 11 SHGs were randomly selected from each Development blocks. At the third stage, from 10 sample SHGs, 7 members were randomly selected and from 1 sample SHG, 5 members were deliberately selected from BPL infested village with low population. Thus, 300  $[(10 \times 4 \times 7) + (1 \times 4 \times 5) = 300]$  respondents were selected for the purpose of the present study. Sample SHGs have been visited and surveyed based on different sets of Questionnaires. For analysing the data, tools, like percentages, simple average, have been used.



Various studies have been conducted since the nationalization of commercial banks in 1969, highlighting the importance and use of credit particularly in rural areas. These studies look into the problems of over dues and the causes for poor recovery. Interestingly, several studies have been conducted by social scientists, financial institutions and agencies, which highlight the positive trends and impact of Self Help Groups on empowerment, credit accessibility and the social change. It is very difficult to review all the relevant studies since proper documentation of such studies is still to be ensured. Therefore, available relevant studies, particularly case studies, workshops, seminars and symposia, have been critically reviewed.

Nagayya (2000) maintains that an informal arrangement for credit supply to the poor through SHG's is fast emerging as a promising tool for promoting income-generating enterprises. He has reviewed the initiatives taken at the national level with a view of institutional arrangements to support this programme for alleviation of poverty among the poor, with focus on women. He maintained that NABARD and SIDBI are playing a prominent role at various stages of implementation of this programme. There are other national level bodies also supporting NGO's/VA/s, viz. Rastriya Mahila Kosh (RMK), Rashtriya Gramin Vikas Nidhi (RGVN) etc. He called for an imperative need to enlarge the coverage of SHG's in advance portfolio of banks as part of their corporate strategy, to recognize perceived benefits of SHG's financing in terms of reduced default risk and transaction costs.

Ahmad (1999) through a case study on Thrift Groups in Assam, highlighted that women are coming to the administration directly for their just rights and to address their grievances boldly. It proved that Self Help Groups are successful in North East India even in the midst of insurgency. Similarly Gurumoorthy (2000) maintained that SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes. SHG is a viable organizational setup to disburse micro credit to the rural people for the purpose of making them entrepreneur and encouraging them to enter into entrepreneurial activities. Credit needs of the rural people can be fulfilled wholesomely through the SHG's. The SHG have successfully demonstrated how to mobilize and manage thrift, appraise credit needs, maintain linkages with the banks and enforce financial self discipline. SHG's enhance the equality of status of the poor as participants, decision-makers and beneficiaries in the democratic, economic and social and cultural spheres of life. They encourage SHG members to take active part in the socio-economic progress of the society.

Bhatia and Bhatia (2000) through few case studies highlighted that recovery of SHG's is higher than other credit extended to borrowers. Moreover, involvement of SHG's had helped the bank branches in recovery of old dues. They observed that there has been perceptible changes in the living standards of the SHG's members, in terms of ownership of assets, increase in

savings and borrowing capacity, income generating activities and income levels as well.

V.M. Rao (2002) maintain that a review of the genesis and development of SHG's in India reveals that the existing formal financial institutions have failed to provide finances to landless, marginalized and disadvantaged groups. The origin of SHG's could be treated to mutual aid in Indian village community. SHG's encourage savings and promote income generating activities through small loans. The experience available in the country and elsewhere suggests that SHG's are sustainable to have replicability, stimulate savings, and in the process help borrower to come out of vicious circle of poverty.

Rakesh Malhotra (2000) in his study of 174 women beneficiaries, in Rae Bareilly of the state of Uttar Pradesh, drawn and covered randomly from four formal agencies of credit i.e. CB's, RRB's, PACS, and ARDB's revealed that less than half a per cent of female population against 3.5 per cent of male population in the study area were clients of the banks. Furthermore, only 7.64 per cent of the total number of cases financed and only 6.96 percent of the total quantum of credit extended by RFI's have gone to women. It was observed that 83 per cent of loan cases availed by women; male members were primarily responsible for the end use of credit.

Puhazhendhi (1999) analyzed the functioning of SHG's, in performance, sustainability, empowerment of women, economic impact on the members, future potentials etc. He observed that SHG's in Tamil Nadu are performing well towards social change and transformation. The emerging trends are leading to positive direction of empowerment of members and promotion of micro finance.

Dasgupta (2000) in his paper on informal journey through Self Help Groups observed that micro-financing through informal group approach has effected quite a few benefits viz.: (i) savings mobilized by the poor; (ii) access to the required amount of appropriate credit by the poor; (iii) matching the demand and supply of credit structure and opening new market for FI's; (iv) reduction in transaction cost for both lenders and borrowers; (v) tremendous improvement in recovery; (vi) heralding a new realization of subsidiless and corruptionless credit, and (vii) remarkable empowerment of poor women. He stressed that SHG's should be considered as one of the best means to counter social and financial citizenship not as an end in itself.

Datta and Raman (2000) highlighted that SHG's are characterized by heterogeneity in terms of social and economic indicators. The success of SHG's in terms of high repayment is mostly related to the exploitation of prevailing social ties and cohesion found among women members. Social cohesiveness among members spring not only from their diverse background

of knowledge base, skills occupations and income levels, but also due to the dynamic incentive system of progressive lending to the groups on the successful completion of loan repayment. However, SHG's are heavily dependent on external financial agencies for their lending operations.

Satish (2001) in his paper raised certain issues related to the functioning of SHG's. Adequate care should be taken to ensure homogeneity of socio-economic status of the members, while forming SHG's. The process of SHG formation has to be systematic whether a Bank or an N.G.O forms it. He emphasized that SHG's experiment has to be spread throughout rural India rather than being concentrated in a few pockets of the country. NGO's are more suited for forming and nurturing of the SHG's, and therefore, it is essential to strengthen them and their resources so that they should increasingly undertake this work.

Barbara and Mahanta (2001) in their paper maintained that the SHG's have helped to set up a number of micro-enterprises for income generation. Rastriya Gramin Vikas Nidhi's credit and saving programme in Assam has been found successful as its focus is exclusively on the rural poor. It adopted a credit delivery system designed specially for them with the support of a specially trained staff and a supportive policy with no political intervention at any stage in the implementation of the programme.

Puhazhendhi, and Satyasai (2001) in their paper attempted to evaluate the performance of SHG's with special reference to social and economic empowerment. Primary data collected with the help of structured questionnaire from 560 sample households in 223 SHG's functioning in 11 states representing four different regions across the country formed the basis of the study. The findings of the study revealed that the SHG's as institutional arrangement could positively contribute to the economic and social empowerment of rural poor and the impact on the later was more pronounced than on the former. Though there was no specific pattern in the performance of SHG's among different regions, the southern region could edge out other regions. The SHG's programme has been found more popular in the southern region and its progress in other regions is quite low, thus signifying an uneven achievement among the regions. Older groups had relatively more positive features like better performance than younger groups.

Manimekalai and Rajeshwari (2001) in their paper highlighted that the provision of micro-finance by the NGO's to women SHG's has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization. Similarly, K.C. Sharma (2001) maintained that through SHG's women empowerment is taking place. Their participation in the economic activities and decision-making at

the household and society level is increasing and making the process of rural development participatory, democratic, sustainable and independent of subsidy, thus, macro-financing through SHG's is contributing to the development of rural people in a meaningful manner. Interestingly, D.K. Singh (2001) in his study in Uttar Pradesh highlighted that the SHG's is now functioning in the place of moneylenders because loan could be taken at any time as and when needed for any purpose. There are no formalities involved and the transaction cost is low. Mishra and Others have attempted to study the size, composition, characteristics of rural self help groups, to examine their functions and the impact on generation of income and employment, to identify the major constraints and problems of the group and suggest measures for overcoming these problems. They suggested that the banks and other financial institutions and state government should come forward to help the rural poor through the SHG's and provide liberalized credit facilities at cheaper rates of interest.

Joshi (2002) observed that micro-credit programmer extends small loans to poor people for self-employment projects that generate income, allowing them to care for themselves and their families. In most cases, micro-credit programmer offers a combination of services and resources to their clients in addition to credit for self-employment. These often include savings, training networking and peer support. It is an irony that micro-enterprises and the contribution to the economy often remains unorganized. Poor women usually run their own individual economic activities very efficiently because of sheer

survival pressure on them. But public support for the economy is usually absent so it is very difficult for poor women to improve their economic situation individually and alone. When interventions are made to strengthen women's economic activities, it is very important to credit the positive policy linkages for access to raw materials, markets, skills, space, credit, equipment etc. without this policy support, the most efficiently managed economic activities find it difficult to generate more income for poor women.

Archana Sinha (2002) observes that the SHGs are informal groups where members come together toward collective action for a common cause. The common need here is meeting their emergent economic needs without being dependent on outside help. The main objectives of SHG is to inculcate the habit of thrift, savings, banking culture, that is, availing the loan and repaying the same over a given period of time and in the process, gain economic prosperity through credit. Hence, Self-Help Groups and micro-credit should be seen as one of the components of a solution to accelerate the socio-economic development particularly of the rural poor women in India. A judicious mix of micro-credit along with other activities with emphasis on development and empowerment strategies and processes would certainly make micro-credit an effective instrument of social and economic development particularly of the women in a holistic and integrated manner.

According to Suguna (2002), the empowerment of women covers both an individual and collective transformation. It strengthens their innate ability through acquiring knowledge, power and experience. Organizing and



strengthening of womens' Self-Help Group: Institutional collective action - collective action of members, Ideology - Empowerment and Organisational structure – Project managing unit - Project implementation - NGOs-SHG. This develops their ability to interact and communicate with each other. Thus bringing about integrated development of women. To conclude, it may be said that through this collective action with the ideology of empowerment, SHG are fast emerging as women movement throughout the nation especially in Andhra Pradesh where 50 per cent of such SHGs in the country are formed.

According to Alakananda Mookerjee (2002), the first step towards complete empowerment is the generation of a source of regular income and hence Self-Help Groups were created. In January 1999, two SHGs for women belonging to the general category namely Lakshmi Bachat Samuk and Ambika Bachat Samuh were setup. Inspired by their phenomenal success, the Scheduled Tribe women established one more SHG the following year Durga Bachat Samuh. Their combined membership now stands at 59. Initially each member was required to make a monthly savings of ` 100 and deposit it in a collective fund. Over the past three years, the SHGs have managed to save well over 2 lakh. They were keen to invest their savings in a profitable venture. The formation of SHG therefore, converted a traditionally gender neutral activity into a source of livelihood for village women. So, in the second step, attention was focused on building their capacity for loan repayment and enhancing their decision-making ability.

Rao (2002) pointed out that the genesis and development of SHGs in India reveals that the existing formal financial institutions have failed to provide finance to landless, marginalized and disadvantaged groups. The origin of SHGs could be traced to mutual aid in Indian village community. Cooperatives are formal bodies whereas SHGs are informal. SHGs encourage savings and promote income-generating activities through small loans. The experiences available in the country and elsewhere suggest that SHGs are sustainable, have reliability, stimulate savings and in the process help borrowers to come out of vicious circle of poverty.

Preethi Chandrasekar (2002) examined that the Self-Help Groups of rural women, promoted by the Mahalir Thittam, are steadily reaping fruits of economic independence through their savings. The Karuppayurani branch of the Indian Bank was the latest to distribute household articles worth ₹ 5 lakh to 64 women under the Gramin Mahalir Sowbhagya Scheme. Mahalir Thittam aims to achieve four key aspects to empower rural women, especially those living below the poverty line: economic, social, educational and political. Of these, economic empowerment was the crucial as it would bring about the other three aspects. The five-year entrepreneurship development programme trains SHGs to be self-sufficient and resourceful in running their business.

Lalitha (2002) examined that the Self-Help Groups and Bank linkage project being implemented under the guidance of NABARD which gives an institutional setup for micro-entrepreneurs. This linkage programme is a part of micro-finance operations emphasizing a savings based credit programme,

flexibility in lending operations, de-linking credit from the bondage of collateral requirements, group leading inter-group learning, group decision in fixing repayment schedule, skill development through training and promotion of backward and forward linkage facilities through NGOs. The net working among the banks, NGOs and women borrowers can open new vistas in building a new micro-credit structure lending to sustainable development. Women development cooperation and Government departments also engage the services of NGOs for mobilizing women under their schemes on the development of micro-enterprises. The effective partnership between reputed NGOs and banks for promotion of Self-Help Groups will provide a strong institutional base for a credit-plus approach to micro-enterprises of women.

According to Lalitha and Nagarajan (2002) empowerment literally means 'becoming powerful'. Empowerment of rural poor demands that members of village committees should have their own organisation, which will serve their own economic needs and interest exclusively. Moreover sufficient knowledge about the needs and problems of rural poor has not been supplied to the policy making agencies. If SHGs are promoted, the group members can articulate the problems in a better manner.

Bharat Dogra (2002)<sup>30</sup> has presented in his article "Women Self Help Groups" that almost all these women are from poor families, mostly from dalits and backward classes; while the increase in income is important, it is not the only aspect of these SHGs which is emphasized. Several existing problems of villages and ways of overcoming them are also discussed. It is

important for the long-term success of Self Help Groups that loans should be returned promptly.

Sinha (2005) in his paper revealed that microfinance is making a significant contribution to both the savings and borrowing of the poor in the country. The researcher has also mentioned that the main use of micro-credit is for direct investment. There are of course some fungibles, depending on household credit requirement at the time of loan disbursement.

Prem Singh Dahiya (2002) have described in their article 'Socio-economic upliftment through Self Help Groups in Solan District of Himachal Pradesh' that the success or the efficiency of micro finance interventions can be understood at three levels mainly

(i) outreach and financial sustainability of the programme,

(ii) income or poverty impact on the users, and

(iii) development of financial market at the local level. The economic impact is measured in terms of increase in annual incremental income. All SHGs recorded increase in income, overall is 94.3%. They have also pointed out that various parameters are used to measure the maturity of the households. These are

(i) homogeneity,

(ii) feeling of relevance of group formation,

(iii) awareness about objectives of groups,

(iv) participation and frequency of meetings,

(v) regularity of savings, repayment of loans and

(vi) group participation in financial transactions.

Jaswant Singh (2003) says that Self-Help Group and bank linkage programme being propagated by NABARD, for the last ten years has been recognized as the largest and fastest growing micro-finance programme in the world. Our expectations of providing bank credit to 1.25 lakh SHGs during the current year have been surpassed once again, and by January 2003, bank credit of 598 crore has already been provided to about 25 lakh poor families through 1.50 lakh new SHGs. The programme has also set in motion the process of women empowerment. However, the spread of the programme across the country has been uneven and has largely remained confined to a few States. He urges all states to vigorously join in their endeavour to make the SHG bank linkage programme a widespread success.

Rajamohan (2003) points out that the SHGs is a medium for the development of savings habit among the women fold. It mobilizes a large quantum of resources. It is a window for better technology and skill upgradation. It helps to increase an income of the family. In SHGs collective action and solitariness are important empowering mechanisms.

Rajeshwari (2003) explains that a bank branch finances directly to SHG by opening the loan accounts in the name of SHG. Bank loan is disbursed in the ratio of savings in the common fund of SHG. The maximum permissible ratio between savings in the common fund and bank loan is from 1.1 to 1.4.

The bank branch finances SHG, which is formed at the instance of an NGO, but the responsibility of repayment solely lies with SHG. The bank achieves better and wider coverage of weaker sections in rural areas in a cost effective manner by mobilizing deposits from the savings of SHG members.

Sivaramakrishnan (2003) explains that the Swarajayanti Gram Swarozgar Yojana aims at establishing a large number of micro-enterprises in the rural areas, building upon the potential of the rural poor. The objective under SUSY is to bring every assisted family above the poverty line in three years. Towards this end SUSY is conceived as a holistic programme of micro-enterprises covering all aspects of self-employment, viz. organisation of the rural poor into Self-Help Groups and their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing.

Om Raj Singh (2003) has indicated in his article 'Role of NGOs in fostering Self Help Groups' that most of the SHGs have come up due to the dynamic leadership of certain individuals within a group or through the catalytic role played by the NGOs in developing such groups. One such NGO is the MYREDA (Mysore Resettlement and Development Agency) whose mission is building of people's institutions. The building of appropriate people's institutions to manage and control resources is an essential component for sustainability and for the confidence and self-reliance which is necessary to cope with external threats. He has also pointed out that the focus on institution building goes against the prevalent culture of patronage where

benefits flow to individuals with the right contracts. MYRADA has over 1006 groups of women with the focus on women's rights and access to and control of resources which they require to ensure a sustainable livelihood.

Prasant Sarangi (2003) has mentioned in his article 'Self Help Group' that the SHGs in our country have become a source of inspiration for women welfare. He has also highlighted that nowadays, formation of SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes. SHG is also a viable organized set up to disburse micro credit to the rural women and to encourage them to enter into entrepreneurial activities.

Jerinabi (2003) in her work "A study on micro credit management by women's self help group has analyzed the impact of micro credit on SHG members in improving their economic status in Coimbatore district of Tamil Nadu.

Chiranjeevulu (2003) in his article "Empowerment of Women Through Self Help Groups" has revealed that the multi-pronged strategy including local marketing to export has been contemplated. The product will be thoroughly popularized among all the SHGs in the district and channels for distribution of product to all the strategic marketing locations will be developed. He has also highlighted that network with other marketing enterprises of SHG women in neighboring districts will be established. Consumption points under the control of government like hostels and

devasthanams would be approached for bulk orders. Product will also be marketed through PDS and Gruhamithra supply channels.

Sivaramakrishnan (2003) has disclosed in his article 'Poverty Alleviation Through Self Help Groups' that the poverty levels have reduced from 56.44% of India's population in 1973-74 to 37.27% in 1993-94. The IX Five Year Plan document envisages reducing rural poverty in the country from a level of 30.55% (208 million) during 1996 to 9.64% (73 million) by 2006 and further to 4.31% (35 million) by 2011. He has also mentioned that organization of the rural poor into Self Help Groups is one of the ways to reduce the poverty.

Raghavendra (2003) in his article "Self Help Groups Linkage Banking - Challenges of Training - Role played by National Centre" says that the training has a vital role to play in the scaling up of the linkage programme. A major challenge faced by NABARD, SIDBI and banks is meeting the training needs of various players in the programme such as SHG members, functionaries of NGO, government and banks who should be exposed to different types and levels of training and awareness programmes.

Rajamohan (2003) in his article "Activities of Self Help Groups in Virudhunagar District - A Study" has specified that according to a recent survey, 18 lakhs families out of 41 lakhs families are below the poverty line in the State of Tamil Nadu, and they have been covered by the SHGs. He has also



indicated that the programme was launched in 1998 and the total savings with 1.06 lakhs SHGs were 150 crore.

Villi (2003) has highlighted in his article “Self Help Groups - MicroEnterprises (Some Issues, Challenges, Alternatives)” That rural micro enterprises play a vital role in areas like promoting and generating avenues for rural employment, utilization of local rural resources, skills development, promotion of rural entrepreneurship, mitigating regional imbalance, reducing rural urban disparity, arresting migration of rural labour to urban centres and creating capital assets in the rural areas itself.

Rajeshwari (2003) in her article ‘New Generation Co-operatives through SHGs’ has described the models of financing SHG. In model I, the bank branch finances directly the SHG by opening the loan account in the name of SHG. In model II the bank branch finances SHG which is formed at the instance of NGO. The maximum permissible ratio between savings in the common fund and bank credit is 1:4 for concerned NGO which acts as facilitator, but the responsibility of repayment solely lies with SHG. In model III the local bank branch does not have adequate confidence in lending to SHG promoted by NGO or in SHG itself for various reasons and is not willing to be linked directly with the SHG; the bank finances such SHG through the agency that promotes the group. The NGO may act as a financial intermediary and is responsible for loan repayment.

Sabyasachi Das (2003) has explained in his article “Self Help Groups and Micro Credit Synergic Integration” that the inability of the credit institutions to deal with the credit requirements of the poor effectively has led to the emergence of micro-finance or micro-credit system as an alternative credit system for the poor. He has also mentioned that in rural India, it can be seen that the poorer sections of the society and destitute cannot avail the credit from banks and other formal institutions due to their inability to deposit collateral security and mortgage property. At this point of view, micro-financing or group lending is being looked upon as the instrument that can be considered as the golden stick for poverty alleviation vis-a-vis rural development.

Bhagyalakshmi (2004) in her study stresses the need for sharpening women's empowering strategies to make them effective and results oriented. She pointed out that money earned by poor women is more likely to be spent on the basic needs of life than that by men and that this realization would bring women as the focus of development efforts. She also examines the advantages of organizing women groups thereby creating a new sense of dignity and confidence to tackle their problems with a sense of solidarity and to work together for the cause of economic independence.

Loganathan (2004) has disclosed in his article ‘SHGs and Bank Linkages’ the three basic groups of banks which are involved in SHGs linkage with banks. They are the commercial banks, the regional rural banks

and the co-operative banks. 48 commercial banks, 192 regional rural banks and 264 co-operative banks are associated with SHG and Bank Linkage Programme. This programme is in operation over 523 districts across the nation. Average loan disbursement per SHGs micro finance by commercial banks was Rs. 31,836 and the same by RRBs was Rs 26,220 and by cooperative banks was Rs 21,703.

Sundar and Asokan (2004) have expressed in their article 'Performance of Co-operative Banks in Financing Women Self Help Groups' that cooperative banks are financing Women Development Programmes in terms of self-help groups. Cooperative banks in Karnataka State occupy the first position with respect to coverage of more number of women SHGs in their credit plan, followed by Tamil Nadu, Andhra and Kerala.

Rimjhim Mousumi Das (2004) in his article "Micro finance through SHGs" has explained that microfinance through SHGs has become a ladder for the poor to bring them up not only economically but also socially, mentally and attitudinally. He has also revealed that micro finance not only deals with the credit part but also deals with savings and insurance part. The most successful region for micro finance is the southern part of India.

Nirmala (2004) in their study 'SHGs for poverty alleviation in Pondicherry' have discussed the performance and impact of SHGs on the empowerment of rural poor women in Pondicherry region. The following are the objectives examined by the study:

- (i) to observe the socioeconomic background of the sample respondents during the survey;
- (ii) to identify the main determinants of monthly income of the respondents; and
- (iii) to examine the benefits and problems experienced by the SHG sample respondents.

Such a study has contributed to an understanding of the functioning of SHGs in the rural Pondicherry.

Tripatty (2004) has presented in his article 'Self Help Groups' that necessary training could be provided to the SHG members to create awareness on community health, traditional and modern agriculture practices, micro-credit, veterinary practices and water resource management, Panchayat Raj and other relevant issues applicable to the areas concerned. He has also provided that with appropriate mechanisms, various Ministries/Departments/Organizations can look towards the SHGs for targeting their programmes, which ultimately would help in improving the quality of life in rural areas.

Rasheeda Bhagat (2004) in her work, 'India Interior' has expressed that there has been a sea change in the attitude of men towards women's groups and micro finance. She also stated that in the last 10 years, the banker's attitude has changed substantially and there is a remarkable difference in the way they look at these women's groups. That is a major success of this programme.

Shanthi and Dhanalakshmi (2004) in their article, 'Case Study of Women's Empowerment through SHGs in Gobichettipalayam Block, Erode District' state that empowerment is an active, multi-dimensional process which enables women to realize their full potential and powers in all spheres of life. Women's empowerment process starts with economic empowerment. They have also disclosed that leadership qualities and active participation in group culture lead to improvement in political acumen which would in turn strengthen and sustain the overall process of empowerment.

Sanjoy Ray (2004) has mentioned in his article 'Linking Self Help groups under SGSY scheme with Co-operatives - Prospects and Concerns' that the distinguishing feature between SHGs and Co-operatives is that the latter often tend to be large sometimes heterogeneous and formal and sometimes lose cohesiveness and proximity with members in the process of their operations while the former is informal based on interpersonal relations where decision making, implementation and follow up become comparatively easy. He has also pointed that the Central Government and State Government fund the SGSY in the ratio of 3:1.

Kala (2004) has mentioned in her article 'Economic Empowerment of Women through SHGs' that amongst all the states, Tamil Nadu has the fourth highest percentage of female - headed households in the country. The Tamil Nadu Women Development Project (TNWDP) taken up for implementation under the name of 'Mahalir Thittam' covered about 10 lakhs poor women of the State in the year 1997-98. Women SHGs share was

78% in March 1998. She has also stated that men SHGs accounted for 40% or more in only six States, viz. Karnataka, Gujarat, Rajasthan, Haryana, Madhya Pradesh and Meghalaya.

Anita Panda (2004) has explained in her article, 'SHG - A Boon for Many' that initially the women were assisting the males in the business, but subsequently the women also came forward to start business independently. She has also revealed that the members utilized the loan in their family business and repaid the due amount in time.

Sheik Mohamed (2004) has mentioned in his article, 'Self Help Groups for the Success of Women Entrepreneurs', that women are contributing significantly in modern business and commercial world in their own way. Working women can be classified into different categories like women entrepreneurs, highly qualified professionals, employees in the organized private and public sectors and women workers in unorganized sector. He has also explained that transforming the prevailing social discrimination against women must become the top priority and must happen concurrently with increased direct action to rapidly improve the social and economic status of women.

Sorubarani and Thenmozhi (2004) in their article, 'Self Help Groups: Gateway to Women Empowerment' have described that the RBI issued instructions to commercial banks regarding establishment of linkages by them directly with NGOs and SHGs. They have also disclosed that the basic principles on which SHGs function are group approach, mutual trust,

organization of poor, manageable smallgroups, group cohesiveness, demand based lending, collateral free women friendlyloan, peer group pressure in repayment, skill training, capacity building andempowerment.

Senthil Vadivoo and Sekar (2004) have focused in their article ” Self HelpGroup - A Movement for Women Empowerment” that empowering women is notjust for meeting their economic needs but also for more holistic social development.In SHGs, collective action and solidarity is an important empowering mechanism.They are of the opinion that by empowerment, women would be able to developself-esteem, confidence, realize their potential and enhance their collectivebargaining power.

Venkatachalam and Jayaprakash (2004) have described in their article, ‘Self Help Group in Dindigul District’ that the concept of SHG has sown the seedsfor a silent revolution at the village level. It paves way for women to spell out theirviews and to participate in the local administration. They have also pointed thatmore than 80% of SHGs are established in rural areas and only 5% is located inmunicipal areas.

Leelavathy (2004) has expressed in her paper, ‘SHG is a creamy layer forWomen’ s social status’ that the SHGs remove the curse of money lenders. SHGsare the ladder for upliftment of the down-trodden economically and socially. Shehas also pointed out that the SHGs are taking up construction work for their hamletslike laying of roads, closing down of liquor shops, contributing to the rehabilitationworks and management of their village affairs.

Rosappu and Kalyana Sundar (2004) have discussed in their article, ‘Economic Independence through Self Help Group’ that in the absence of extra time and government jobs, the role of SHGs in generating funds, getting loan from the banks and indulging in various business like making soaps, mats, chocolates, pappads building toilets, coconut spoons, running tea shops, stone quarries, installing gas plants and solar energy networks is highly commendable.

According to Prema Parande (2005), empowerment is an active process of enabling women to realize their identity, potentiality and power in all spheres of their lives. There are several indicators such as participation in crucial decision making process, ability to prevent violence, self-confidence and self-esteem, improved health and nutrition conditions and at the community level, existence of women’s organisation, increased number of women in designing development tools and application of appropriate technology etc. Improvement in economic status is a more visible indicator of women empowerment. There are several factors that affect empowerment of women, for instance education research document, campaigns and networking training, conscious raising campaign, mind-full media, drawings, on burning issues, etc. are all important means of empowerment yet, in particular, education and training are very effective means but also sustain empowerment process in the long run.

Micro-finance is being provided through Self-Help Groups and nongovernment organisations. The scheme is successful because it has almost



solved the problem of overdue. Besides credit is being put to the most productive use, the SHG-Bank linkage has greatly helped the weaker sections. The voluntary agencies should aim at real empowerment of women. As a result of reservation, there are a large number of women sarpanches, but they do not function, but their husband's function on their behalf, and the voluntary agencies must be in touch with educational institutions for mutual benefit. Rural development is a vast field and the problems are complex. Hence, voluntary action is needed to understand the nature and dimensions of rural problems and also to evolve appropriate strategies to solve these problems (Satya Sundaram, 2005).

According to Ramakrishnan (2005), when the SHG initiative was launched to provide the poor with access to formal financial services, it was somehow expected that cooperatives would step into provide these services. Already existing small local level institutions with their readily available support structure as seen in the case of the agricultural credit societies were ideally placed to serve as outlets for financial services to SHG, given their numbers and reach. Despite these advantages, agricultural credit societies and cooperative banks have thus played a limited role in the programme of linking SHG across States, the relationship between commercial success of cooperative banks, the extent of the linkage established and the impact of such linkages on performance. Most banks offer nominal membership to SHG, and only nine of the 199 banks allow full membership of any kind.

As women receive better education and training, they earn more money and as the economic status of women improves they gain greater social standing in the household and the village and will have greater voice. As women's economic power grows it is easier to overcome the tradition of 'son preference' and also put an end to the evil of dowry. According to the annual report of the Ministry of Rural Development, 11.45 lakh of SHGs have been formed in India so far. 118413 SHGs exist in Tamil Nadu with 2326973 members in its fold (Fredrick, 2005).

Vasanth Kannabiran (2005) says that the increasing participation of women in micro-credit and formation of women's Self-Help Groups have done little more than assuring short-term relief to ease immediate needs, what is absent is a long-term social, political and cultural vision that will end the subordination of women. The declaration on SHGs, women's empowerment and poverty reduction point out that one alarming outcome of the emergence of SHGs has been the manner it has altered the nature of discourse on development and social justice by placing the onus of overcoming poverty on the poor. What SHGs provide women today is mere membership while obstructing and obscuring their movement. Then movement serves to advertise the accountability on the status of women in the international arena, for the women themselves it is one step forward and two steps backward guaranteed to maintain the status quo on the issue of subordination.

Asokan and Sudha (2005) in their article, 'Economic Status of Rural Women SHGs in Nagapattinam District with a Special Reference to

Elumagalur Village' ,empirically analyse economic status of rural women SHGs in Nagapattinam District of Tamil Nadu. The results have shown that sample respondents assets structure has increased after joining as members in SHGs, particularly financial assets increased considerably from 6.6 to 15.5 per cent. About 40 per cent of income has been generated through groups' activities and 42 per cent of women have become empowered in decision making. They have also revealed that the SHGs are successful to some extent in the study area in respect of economic process and social development.

A study by Reddy(2005) of 400 women SHGs in Andhra Pradesh observed that loan repayment rates were high. No post linkage follows up by bankers and NGOs. The default rate (loan) was as high as 12 per cent. Banker's attitude was found negative. Financial management of women SHGs had been weak. There was lack of coordinated activities. Because of this, fund management i.e. inflow and outflow of funds was found improper which resulted in to delay in repayment of loan (internal/external) and idle funds. It was also found the most of the members were not aware about legal aspects of group financing, accounting rules, transparency and accountability. So, the governance of SHGs was poor. There is need of evolving better governance in every organisations i.e. SHGs, SHPIs, MFIs and NGOs as all these are components of a massive programme. As far as human resources with the groups were concerned, the staff was less educated, unskilled and untrained.

Focusing on the need of women empowerment, another study by Bipin Kumar (2009) inferred that most of the Rural women are not part of decision

making process and hardly have the control over resources. So there is need of empowering them.

The study by Patra S (2008) observed (75 groups) that interest charged on micro credit was 36%p.a. Around 70 per cent loans are used for consumption and 30 per cent for micro enterprises. However, the members were not found aware about financial skills. Micro financing through women self help groups for promotion of micro enterprises has become an effective strategy for alleviation of poverty and empowerment of poorest of the poor. Its significance is felt mostly in developing countries like India.

Recently, the incidence of poverty in India (2004-05) was estimated to be 37.2 per cent according to Tendulkar Committee Report. Adjusting the inflation, it was estimated to be 32 per cent during 2009-10. Self help groups have brought about dramatic changes in the lives of lakhs of women.

Malhotra (2004) in her paper explored that the micro finance programs are aimed to increase women's income levels and control over income leading to greater levels of economic independence. They enable women's access to networks and markets, access to information and possibilities for development of other social and political role. They also enhance perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues leading to greater expenditure on women's welfare.

Sita Devi.K, Ponnarasi.T & Tamil Selvi.G (2010) in their research paper aims to analyze the impact of microfinance on the socio-economic status

of the rural poor in Cuddalore District of Tamil Nadu. The total sample size for this study consisted of 54 SHGs and 216 members of group and 216 non-members who have been selected on the basis of multi-stage stratified random sampling method. The period of study was during 2006-07 and statistical tools used in this paper were z-test, garret ranking technique and composite index of standard of living. From the study the researchers were found that economic impact of SHGs have registered positive and significant impact of the economic spheres such as employment per household, per capita income of the family, possession of assets, savings, loans, repayment and consumption pattern of the sample respondents. It could be seen that the members of the older SHGs (category-II) has experienced a much more positive and significant increase in the economic status when compared with the members of the younger SHGs (category-I). It is also captured that social impact of the SHG was found to be similar in members of both categories of the SHGs. The study could be concluded that the SHGs had greater impact of both economic and social aspects of the beneficiaries. Thus, it could be inferred that the SHGs have succeeded in their role of changing agents which could help in pushing back rural poverty.

The study conducted by Raya & Rajendra (2011) in 20 blocks of Vellore district covering 450 respondents from 90 women SHGs, observed that the NGOs is the largest motivating factor for majority of the respondents to join SHGs. The study inferred that after joining SHGs, they participated actively in

gram sabhas, family decisions and they feel politically and socially empowered.

Sakunthalai and Ramakrishnan (2006) the concept of SHG is catching up as the most viable means to empower women, especially at the grass-root level. Women have shown extraordinary dynamism in organizing themselves in group activities for income generation; better bargaining power and improvement in the quality of life. Some advantages through Self-Help Groups in the villages and in the community are inculcation of the spirit of Self-Help, collective action for development, women begin to form similar group seeing the success of the other SHGs, family welfare through social awareness women, enhanced social status from secondary to primary, economic independence, voicing and acting against social injustices, problem solving ability and increased consciousness.

The above studies simply demonstrate that SHG's are playing a vital role in extending macro-finance to the rural poor. The functioning of SHG's has been based on participatory mechanism and therefore the impacts of SHG's on its members in terms of empowerment, accessibility to credit, socio-economic change etc. has been found positive. Though there are a number of studies which are related to functioning and micro-finance but only a few studies have been taken so far to assess the impact of Self Help Groups on the socio-economic empowerment. In this context, the present study is important to assess the impact of Women Self Help Groups on its members in terms of socio-economic empowerment in Lawngtlai District. The study findings may

be useful for policy imperatives and smooth functioning of SHG's. More benefits of SHG's may be obtained through proper functioning of these groups and extending of micro-finance to develop and promote micro-enterprises.

### 3.1 INTRODUCTION

Globalization and economic liberalization have opened up tremendous opportunities for development and growth resulting in the modifications of livelihood strategies. However, these changes are making the marginalized and poor sections of society more vulnerable in the absence of adequate safety net. Keeping in view the widespread rural poverty, there is need not only to ameliorate the economic conditions of marginalized and disadvantaged social groups, but also to transform the social structures. In the context of rural women, their economic condition becomes more vulnerable due to unequal distribution of resources. Poverty and deprivation increase gender inequality, which favours a policy for empowerment of women by increasing their access to credit through SHG's so as enable them to acquire the capability and assets that can help facilitate realize strategic gender needs (Sudan, 2004). The SHG's can be built on social capital of the local community especially women to carry out thrift and credit activities to initiate micro-income generating activities to eke out a sustainable livelihood (Moser, 1989 and Hydan, 2000). During the recent past, the new type of institutions have been promoted to meet the credit needs of those groups who have been excluded from formal credit markets (Prakash, 2002). SHG's are mostly informal groups whose members have a common perception and impulse towards collective action.

These groups promote savings among the members and use, the pooled resources to meet their emergent needs including the consumption needs. Sometimes, the generated internal savings are supplemented by external



resources/loans by NGO's and banking institutions promoting them. SHG's are thus able to provide banking services to their members, which though may not be sophisticated yet are cost effective, simple, flexible, accessible to the members and above all, without any default in the repayments. The linking of SHG's to banks helps in overcoming the problem of high transaction costs to banks in providing credit to the poor, by transferring some banking responsibilities, such as loan appraisal, follow up, recovery etc. to the poor themselves (Satish, 2001). In the rural context, SHG's have facilitated the poor, especially the women to overcome the existing constraints grappling the formal credit institutions. These groups provide considerable social protection and income opportunities to their members. These institutions have sought to explore new ways and alternatives based on value-system, introduce new relationships and take into account the social and economic aspects of collective living and livelihood improvement. Besides, they also help facilitate the poor women to overcome the difficulty of providing collateral guarantee to raise the finance to initiate micro-income generating activities. Due to better performance, the SHG's have acquired a prominent status to maximize social and financial returns (Sudan, 2004). Since late 1970's, there have been increasing realization, that one of the obstacles preventing the poor from improving their lives was the lack of access to financial sources. Attempts have been made to develop more sustainable and reachable financial systems, in place of previously discredited schemes of direct credit to meet women's expressed needs for improved access to credit, particularly to small

loans, multi production strategies and thereby to improve the livelihood of their families, thrift credit or SHG's have been promoted, both by the governments, as well as NGO's and other donor agencies. Micro-credit has been advocated as the new Panacea for reduction of poverty. Its potential for economic empowerment of women has also been variously looked at. Importantly group formation is crucial to the empowerment process as women draw strength from number. The group provides:

- (1) confidence and mutual support for women striving to social change;
- (2) a forum in which women can critically analyze their situations and devise collective strategies to overcome their difficulties;
- (3) a framework for awareness training, confidence building, dissemination of information and delivery of services and for developing communal self reliance and collective action; and
- (4) a vehicle for the promotion of economic activities (Mennai, 2003).

Poverty in India is predominantly rural in character and is more pronounced among vulnerable groups like SC's, ST's and Women. These social groups belong to landless and small farming classes, experience unemployment and are dependent on wage employment. Mostly they are engaged in low productivity activities of agriculture and allied sector. Therefore poverty alleviation needs increase in agricultural productivity and transfer of substantial proportion of labour-force from farm-sector to non-farm sector including other more productive employment areas (Srinivasan). The most commonly adopted poverty alleviation approaches have been state-

driven, donor-funded and top down. The development agencies and governments which have striven for poverty alleviation, designed their programmes and projects on certain assumptions in the external expert stance. However, many cultural, economic and political barriers effectively prevent the poor from having any real stake in development activities. Therefore, reaching the poor requires working with them to learn about their needs, understanding how development decisions are made in their communities and identifying institutions and mechanisms that can get opportunities and resources into their own hands. This can happen through investments in human capital such as education and health, investments in social capital such as local level institutions and participatory process and support for community based development efforts planned and implemented from bottom up (Srinivasan). In this context, an alternative design of poverty elimination involves people's participation and resources. In this context, microenterprises have been recognized for their significant role in poverty reduction by creating self-employment opportunities, supplementing agricultural income, linking agricultural households to local markets through the sale and exchange of products and providing a source of employment for household members where wage employment is scarce.

Interestingly, the Self Help Groups Linkage Programme has been showing faster progress as well as high rate of success. The initiative in this regard has been taken by the NABARD, by sponsoring an Action Research Project in 1986- 87. It attempts to bring together four trends and derives

strength from the positive environment created by these independently of each other. These are :-

1. maturing and expanding SHG movement initiated by the NGO sector;
2. focus on micro-credit to the poor as a strategy for poverty alleviation;
3. ongoing national policy commitment to improve access to finance for the poor
4. policy environment through financial sector reforms to increase bankingout reach.

Self Help Groups form the social capital which facilitate financial linkage ofpoor borrowers with formal financial institutions (FFI's) in India.

The basic principles on which the SHG' s function are :-

- i. The SHG is a network of members who fulfill locational criteria. They are resident in the area and are homogeneous.
- ii. They have rules/norms regarding their functioning.
- iii. Savings first, credit thereafter. Personalized services suiting the requirements of the members are ensured.
- vi. Group leaders are elected by members and rotated periodically.
- vii. Transparency in operations of the group and participatory decision making ensure that the benefits to members are evenly distributed.
- viii. Market rates of interest on savings and credit are charged.
- ix. Group liability and peer pressure act as substitutes for traditional collateral for loans.

### **3.2 CONCEPTUALIZATION OF SHGs BANK**

The Self Help Groups are voluntary associations of people formed to achieve both social and economic goals. The concept of micro-financing rural poor for self-employment was started by Prof. Muhammad Yunus of Bangladesh and is now being followed in more than 52 countries around the globe. Many international NGO's such as, Foundation for International Community Assistance (FINCA), Americans for Community Cooperation in other Nations (ACCION), Women's World Banking, Freedom from Hunger etc. are executing various projects, through their partners mostly in developing countries. The concept of SHG mainly revolves around the reasons that may lead to the genesis of self-help as a way to mitigate the problems faced by a set of people. According to Morton the development of contemporary forms of SHG's is generally ascribed to Alcoholic Anonymous, which was initiated in 1935 in USA (Merton and Shoden, 1994). As per Kingree, the concept of SHG's can be traced to collection of people to informal groups with an aim to overcome the problems related to a particular negative status. Jacobs and Powell reported that SHG's have proliferated in recent years, serving more people and addressing many types of status related problems. Social scientists have forwarded various definitions for SHG. Gregory and Marry have defined SHG's as being cost free, member governed, peer led group made up of people, who share the same problems or situations (Gregory and Marry, 1994). Kurtz has defined SHG as a supportive, educational, usually change oriented mutual aid group that addresses a single

life problem or condition shared by all members (Kurtz, 1997). Gupta has described SHG's as the voluntary response in the form of informal groups, of poor, to their marginalization - social, economic and political (Gupta, 1996). Similarly Singh has defined SHG's as voluntary associations of people formed to collectively perform certain activities of their common interest (Singh, 1995). Nanda has defined SHG's as informal groups of people who have a common perception of need and impulse towards collective action (Nanda, 1995). According to him rural credit delivery system in India is affected with many a problems most noticeable being siphoning off subsidies and concessions meant for poorest of the poor by not so poor, poor credit discipline among the borrowers resulting in low recovery of dues, high transactions cost involved in serving large number of small borrowers who frequently require low quantum of credit and costly proposition of providing saving facilities to scattered rural populace. Price Water House Report (1995) has also stated that rural credit delivery system is also burdened with low quality loans, high levels of over dues, substantially high proportion of non performing assets resulting into non-viability and un-sustainability of the rural banking industry. A study conducted by the World Bank (1991) has also conclusively revealed that lack of people's participation in developmental activities does not foster entrepreneurial abilities, which results in low take off of developmental projects (World Bank, 1991). The growing realization among the rural poor to collectively pool their small savings so as to create a corpus of funds to cater to their emerging credit needs underlined the

emergence of SHG's and other group related saving and credit activities in many developing countries such as Bangladesh, Indonesia, Bolivia and India. According to Parsons (1951), groups most accomplish the following four functional tasks to remain in equilibrium:

- (i) Integration – ensuring that members of groups fit together;
- (ii) Adoption – ensuring that groups change to cope with demands of the environment;
- (iii) Pattern maintenance – ensuring that groups define and sustain their basic purposes, identities, procedures; and
- (iv) Goal attainment – ensuring that groups pursue and accomplish their task.

As pointed out by Cartwright (1968) four interacting sets of variable determinative a member's attraction to a group:

- (i) the need for affiliation, recognition and security;
- (ii) incentives and resources available through the group such as prestige of the members, the group grades, its programme activities, and its style of operation;
- (iii) the subjective expectation of members about the beneficial or detrimental consequences of the group; and
- (iv) a comparison of the group to other group experience.

Mckean, Margaret (1987) has highlighted salient features of a successful group:

- (i) Community of owners have to be well defined, self conscious, and self governing with political independence to act collectively, as it deems appropriate;
- (ii) The distribution of rights in and benefits to collective good has to be a careful balance of the inegalitarian and egalitarian traits that economically efficient;
- (iii) Rules must be easily enforced, highly specific and conservative with regard to the sustainability of collective action, and
- (iv) Enforcement of rules must be members themselves rather than by an overlord of authority of government to ensure that it is both through and impartial.

### **3.3 SHG LINKAGE - THE INDIAN EXPERIENCE**

The SHG movement in India is basically aimed at utilizing the SHG's as an 'intermediary' between the banks and the rural poor to help drastically reduce transaction costs for both the banks and the rural clients (Nanda, 1995). NABARD with its head quarters at Mumbai, is an Apex Development Bank in India for financing and promoting agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts so as to promote integrated rural development. In wake of banking sector reforms invoked in early 1990's the role of commercial banks in providing credit to



rural poor came under intensive debate vis-à-vis the sustainability of entire banking operation for providing banking services-both in terms of savings and credit-to the rural poor. Sheokand (1998) has indicated that as the rural poor's share in availing formal sector credit got further marginalized, NABARD, in 1992 launched the SHG - Bank linkage programme with the policy backup of the Reserve Bank of India (Sheokand, 1998). According to Shanmugam (1998) the SHG – Bank linkage programme initiated by NABARD, in active collaboration with Non-Governmental Organisations (NGOs), aimed at enhancing the coverage of rural poor under institutional credit thereby focusing on poverty alleviation and empowerment (Shanmugam, 1998). Prior to this, NABARD's initiative in promoting active partnership between banks and SHGs was encouraged by the findings of a study conducted in 1988-89 by NABARD in collaboration with member institutions of Asia Pacific Rural and Agricultural Credit Association (APRACA), Manila. The study covered 43 NGOs involved in promoting savings and credit SHGs in 11 states of the country. As per a NABARD report (1995) the scheme on SHGs was made applicable to RRBs and co-operative banks of the country in 1993 and in April '96, RBI advised the banks that lending to SHGs should be considered as an additional segment under priority sector advances and it be integrated with mainstream normal credit operation. Rao & Dasgupta (1999) have commented that the SHG-bank linkage programme has gained considerable movement in southern region of the country, though the northern states too are also now catching up fast and an overwhelming (78%) of the listed SHGs are

Women Self Help Groups (WSHG's), that is the SHGs which constitute of only women members (Rao and Dasgupta, 1999). Since the inception of NABARD promoted SHG linkage programme there has been an appreciable increase both information of SHG and their linkage with the banks. The concept and importance of SHGs has been accepted and adopted by policy makers and they will form the backbone of rural poverty alleviation strategies, implemented by Government of India.

### **3.4 GENESIS OF SHGS**

Self Help in essence is forging 'collaborative' ties between individuals who need each other's co-operation in solving their day-to-day crisis. Lawson & Anderson (1996) have defined collaboration "as a process of pooling resources, linking and allying with one another to develop innovative, new responses for tackling social problems including poverty (Lawson and Anderson, 1996). Bailey & Koney (1996), Weil (1996) and Parsloe (1990) have pointed out that collaboration is necessary to address social issues that require multi-agency approach to alleviate them. SHGs are one such medium to achieve social collaboration. Graham & Barter (1999) have described collaboration as a relational system in which two or more stake holders pool together resources in order to meet objectives that neither could meet individually (Graham and Barter, 1999). 'Collaboration' differs from 'co-operation' in the sense that cooperation facilitates support and assistance for meeting the goals that are specific to an individual stake-holder, whereas collaboration insists on goals that are mutually agreed upon based on an

established value base to which all stake-holders have a commitment. According to Hord (1986) collaboration proposes joint sharing and decision making in the interest of change, as well as changes in relationships to facilitate these ends (Hord, 1986). He has also indicated that motivation to engage or refrain from collaboration are necessarily influenced by differences among stakeholders in expertise, status, empowerment and access to external and internal resources.

### **3.5 FORMATION & DEVELOPMENT OF SHGS**

According to Rao et. al. (1999) a systematic and scientific approach in the formation of SHGs is of paramount importance to the long term sustainability of these informal community based organizations (Rao et al. 1999). It has been observed by Fernandes (1992) that SHGs formed and promoted for limited purposes of availing subsidy laced bank loans, grants and other materialistic benefit generally disintegrate, while according to Srinivasan & Rao (1996) the SHGs developed for genuine purpose of self help in the wake of needs had much better chances of long term sustainability (Srinivasan and Rao, 1996). SHGs like any other type of groups have distinct phases through which they pass over a period of time. According to Johnson & Johnson (1994) there have been well over 100 theories to describe the development stages of groups (Johnson & Johnson, 1994). Hill & Gruner (1973) have opined that most of these theories are based on Sequential Stage Theory while others are best described as in the Recurring Phase Theory (Hill & Gruner, 1973). Theories based on sequential stage of group development are

based on the identification of definite phases in the life cycle of group. The most famous of these theories has been proposed by Tuckman (1965) and Tuckman & Jensen (1977). Tuckman studied a number of groups of varying nature and objectives such as therapy, training, and focus groups and identified four distinct development stages, viz. **Forming, Storming, Norming and Performing**. These distinct stages are characterized by the specific focus attributed by the groups during each stage and the related consequences on the behaviour of the members.

**i. Forming Stage** is marked with initial attraction towards each other in a group. The stage is characterized by initial euphoria of coming together, chaos and uncertainty. Kruger & King (1998) have indicated that during forming stage each member tries to figure out his/her own role in the group and gets indulged in evaluating his likely individual gains vis-à-vis group objectives. Lingering suspicion and anxiety prevail among the group members during this stage.

**ii. Storming Stage** is earmarked by the expression of varying thoughts by the individual members, which reflects the prevailing conflict and confusion in the group. Kruger & King (1998) have indicated that this stage is completed with the evolution of leadership and decision-making capabilities within the group.

**iii. Norming Stage** is reached when the group under the chosen leader starts evolving group norms and the group's solidarity comes into

force. The group becomes more cohesive and development oriented as gradually the individualistic tendencies are replaced by the collectivism.

**iv. Performing Stage** is the state of readiness. The readiness to act. Leadership is established, role clarity is developed and the group behaves in a unified manner so as to achieve its mission with the help of collective action. Gerber (1994) as quoted by Harper (1995) has also identified the above four stages in the development of SHG's. Other researchers such as Moreland & Levine (1982) & (1988) have identified stages of development based on the status of membership and proposed a sequential theory based on membership. They termed the various stages of group development as prospective membership stage, new member stage, full member stage, marginal member stage and ex-member stage (Moreland & Levine, 1982). Similarly Worchel et al (1992) have also identified six sequential stages of group development, which have been identified on the basis of prevailing 'feelings' in the members. These are discontent stage, participative stage, identifying with the group stage, involvement in the group activities stage, proactive involvement stage and disintegration stage (Johnson & Johnson, 1997).

**Table 3.1 :Stages Of SHG Development & Role Of NGO's/ SHPI**

<b>Stage of Development</b>	<b>Time Period</b>	<b>Role Of NGD/ SHPI</b>	<b>Focus Of Activities</b>
Pre-formation	1-2 months	Initiator/ Promoter	Identifying the poor through participatory rural appraisal methods in small / hamlets/ villages/ towns.
Formation	3-6 months	Facilitator	Motivation to form groups, select group leaders, develop rules and norms, conduct meetings, pooling savings, issue and collection of small loans, group cohesion, adjustment systems and maintenance of accounts.
Stabilization (Phase 1)	7-12 months	Advisory/ Managerial	Leadership stabilization, training of leaders and members, regularized and increase savings, handling of groups level transactions, informal interactions with other groups /clusters, addressing community interests. Begin the process of issuing loans, handling/helping defaulters to repay. Sourcing loans for groups through normal credit system etc.
Growth and expansion	19 months	Advisory/ managerial/ institution building	Strengthen linkages with banks, creation of assets for groups and members, spreading concept building and promotion of new groups, attempts at cluster development and federation of SHG's.

**Source:** NABARD (2011)

Based on Tuckman's theory, Johnson & Johnson (1997) have identified seven stages in the development of co-operative learning groups. These are (i) defining and structuring procedures and becoming oriented, (ii) conforming to procedures and getting acquainted, (iii) recognizing mutuality and building trust, (iv) rebelling and differentiating, (v) committing to and take ownership of the goals, procedures, and other members, (vi) functioning maturely and productively and (vii) terminating. In contrast to sequential stage theories, the recurring phase theories underline the issues that prop up in a group from time to time and thus affect the group behaviour. In essence, the recurring phase theories place more emphasis on the issues instead of individual feelings as is the case with the sequential stage theories.

The other noticeable difference between the sequential stage and recurring phase theory is that the former is of irreversible nature, i.e. the stages are fixed in a chronological order and are never repeated, while, the latter is based on re-occurrence of phases depending on the issues being confronted by the groups. A few of the recurring phase theories, as proposed by various social scientists, are as under;

i. Bales (1965) indicated about a state of equilibrium, within a group, between a task oriented work and emotional expressions (Behaviour) of the members. This state of equilibrium decides a long enduring mutual rewarding relationships among the group members and it keeps recurring from time to time (Bales, 1965).

ii. Another theory of Schultz (1958) proposed that group development is reflective of the concern of members towards affection, inclusion and control and is repetitive in nature (Schultz, 1958).

iii. Dion (1961) stated that group development depends on the three basic themes of the dependency on the leader, desire for emotional support among the members and confrontation among the members with threats to abandon the groups. Such tendencies recur during the group development (Dion, 1961).

### **3.6 SELF HELP GROUPS & LINKAGE PROGRAMME**

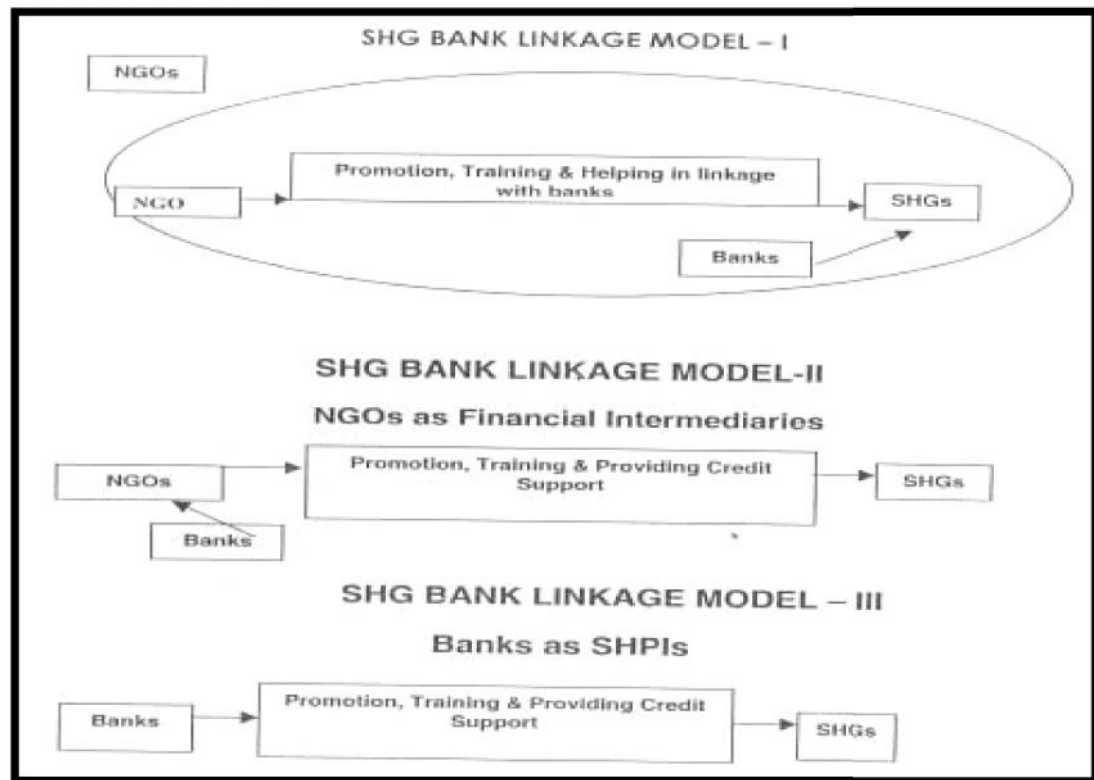
The Indian Experience of SHG Linkage Programme is unique in some respects. RBI and NABARD have tried to promote 'relationship banking' i.e. improving the existing relationship between the poor and bankers with the social intermediation by NGOs. The Indian model is predominantly "linkage model", which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



### 3.7 EMERGING SHG LINKAGE MODELS

Broadly, three different models have emerged under the linkage programme in the country.

**Fig 3.1 :SHG BANK LINKAGE MODEL**



**Source:** Nanda, Y.C. (1995)

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

- i.transaction cost of lending for the banks
- ii.transaction cost of borrowing for SHGs and poor
- iii.risk of funds and guarantee of repayment
- iv.load (costs) of co-ordination and management
- v.ease of adoption by all stakeholders

vi.smoothness and ease of providing credit to the poor and its  
repayment

vii.quick replicability

viii.social and economic impact on SHG movement

ix.extent of social investment required.

Model wise advantages and limitations of SHGs are shown below :

**Table 3.2 : MODEL WISE ADVANTAGES OF SHGs IN INDIA**

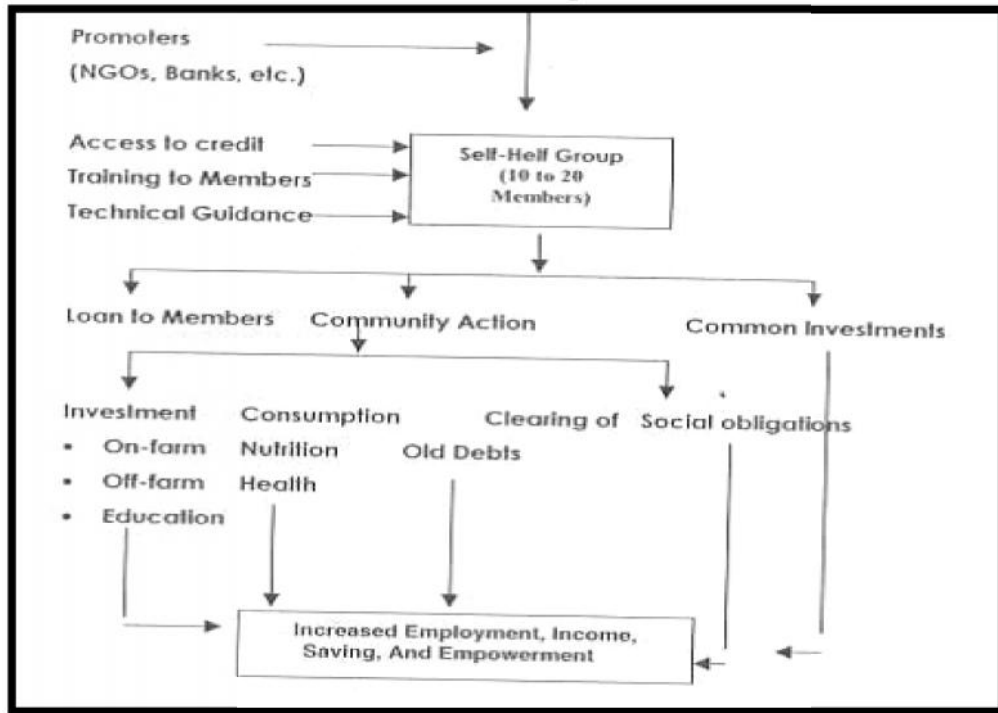
	<b>Advantages</b>	<b>Limitations</b>
MODEL I	<ul style="list-style-type: none"> <li>• Each partner institutions play a role best suited for it. Banks lend, NGOs organize poor into SHGs and SHGs manage small group finance in their own interest.</li> <li>• The whole system is localized.</li> <li>• SHGs and local NGO learn to deal with an accessible bank branch and viceversa.</li> </ul>	<ul style="list-style-type: none"> <li>• In spite of wider acceptability of the model, majority of field level bankers are yet to be sensitized and do not view it as banking mandate.</li> <li>• In many places, it is still difficult to open a savings account.</li> <li>• Absence of NGOs in many parts of India.</li> </ul>
MODEL II	<ul style="list-style-type: none"> <li>• It further reduces the transaction cost and risk cost of the bank as the banks lend a larger sum to an NGO, which guarantees repayment.</li> <li>• Easier for the poor to deal with an institution which they know and trust.</li> <li>• Easy to be adopted by stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• NGOs are not traditionally equipped to work as financial intermediaries.</li> <li>• Calls for substantial investment in capacity building of NGO.</li> <li>• Adds one more intermediary structure.</li> <li>• Wide scale adoption not possible.</li> </ul>
MODEL III	<ul style="list-style-type: none"> <li>• Exposes bankers to social realities firsthand.</li> <li>• Possible solution where NGOs are not present.</li> </ul>	<ul style="list-style-type: none"> <li>• Wide scale application may not be feasible because of other priorities of bankers.</li> </ul>

**Source:** Nanda, Y.C. (1995)

**Fig 3.2 : A TYPICAL SHG MODEL**  
**HOUSEHOLD RESOURCES**

- Physical Capital (limited)

- Human Capital



**Source:** Namboodiri, N.V. and R.L. Shyani, Indian Journal of Agricultural Economics, Vol. 56 (3), July-Sept. 2001.

**Table 3.3 : SOME BASIC FEATURES OF SHGS PROMOTED BY NGOS/BANKS**

<b>1</b>	Organization	Homogeneity in terms of economic/ socio-economic status, common identity of activities etc.
<b>2</b>	Nature of target groups	Generally poor and weaker sections of the people in rural areas and particularly women.
<b>3</b>	Management	Selected/ elected teacher and duty generally rotated. Holds meeting regularly.
<b>4</b>	Financial instruments	
	(a) Common fund	Created of savings, interest earned on loan, donations etc.
	(b) Savings mobilization	While in certain cases no fixed rate of savings, in some cases regular and fixed rate of savings, and in some cases as per capacity of the members.
	(c) Loaning	Decided by the purpose, quantum and the resources available with the SHGs. Purpose of loans for individuals include consumption, clearing outside debt, social, medical, education, business, agriculture etc. and loans for common production activities.
	(d) Repayment period	Generally lower than prescribed by banks.
	(e) Rate of interest	Varies from 12 to 20 percent. In a few cases the interest rates are determined by the NGOs.
<b>5</b>	Linkage with banks	Banks treats SHGs as borrowers.

**Source:** Desai and Namboodiri (2001).

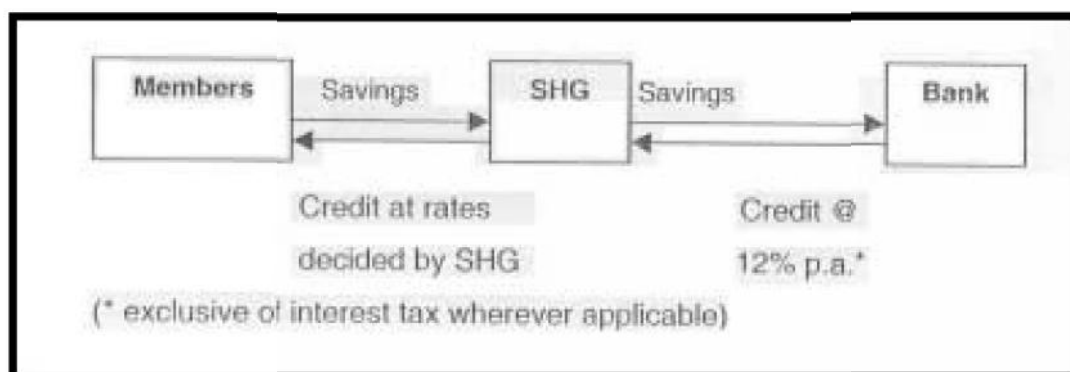
### 3.8 DIFFERENT TYPES OF SHG LINKAGE MODELS

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

#### Direct Linkage Model

In case of the direct linkage model the bank identifies the group (or facilitates evolution of the group) and deals with the SHG directly for both mobilizing the savings and for making available credit facilities to the group as a whole or to individual members. Group members act as collateral security. In this model the credit is generally made available to the group and members to be financed are identified by the group itself, which takes the responsibility of loan repayment.

**Fig 3.3 : Direct Linkage Model**

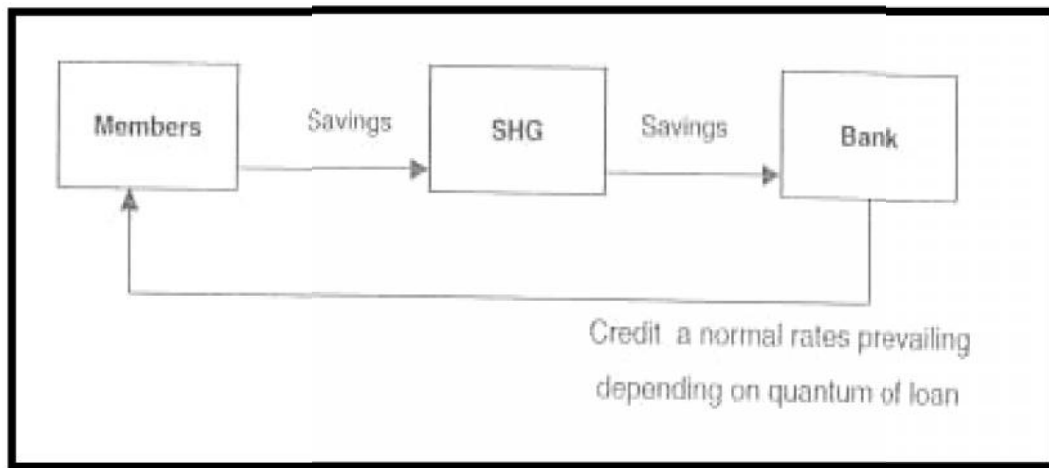


Source : SIDBI, 2000.

### Modified Direct Linkage Model-I

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

**Fig 3.4 : Modified direct linkage Model - I**

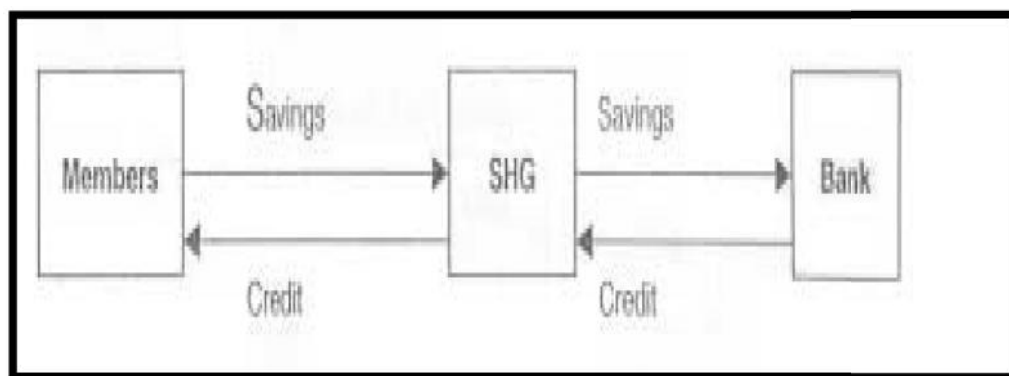


Source :SIDBI, 2000

## Modified Direct Linkage Model-II

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

**Fig 3.5 : Modified Direct Linkage Model - II**



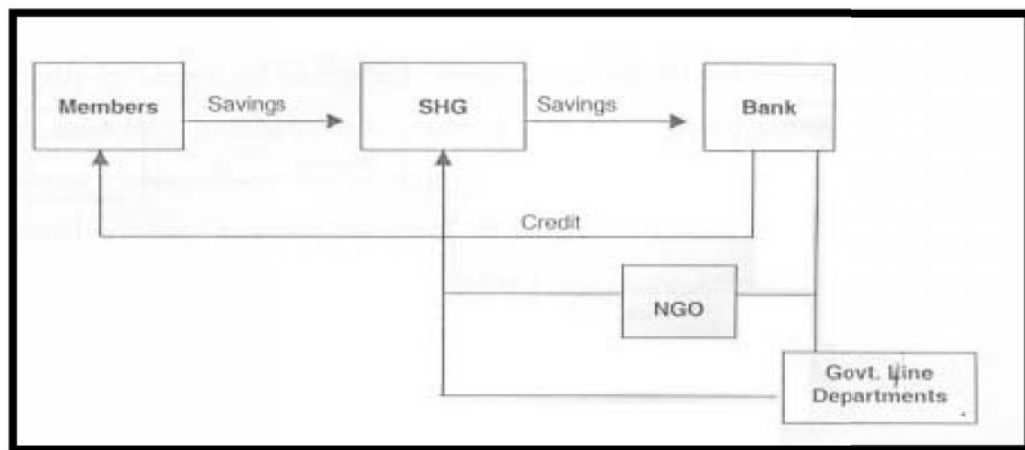
Source :SIDBI, 2000



## IFAD Model

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

**Fig 3.6 : IFAD Model**

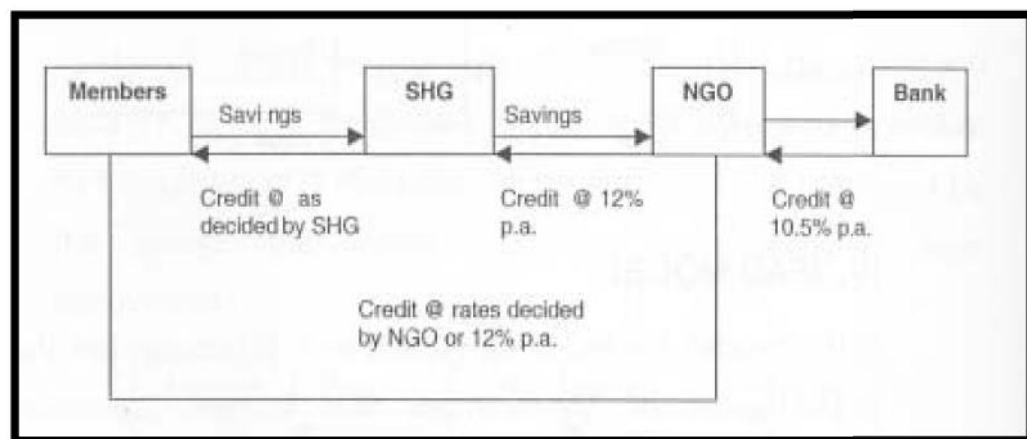


Source :SIDBI, 2000

## Indirect Linkage Models

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

**Fig 3.7 : Indirect Linkage Model**

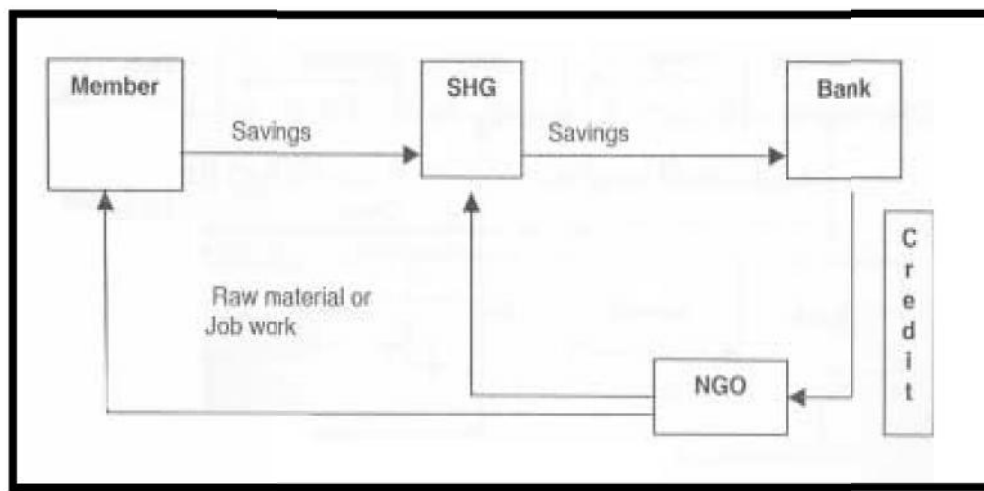


Source :SIDBI, 2000

### Modified Indirect Linkage Model

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

**Fig 3.8 Modified Indirect Linkage Model**



**Source :**SIDBI, 2000

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

## 4.1 INTRODUCTION

Microfinance is the provision of loans and other financial services to the poor. The microfinance movement has evolved due to the efforts of committed individuals and financial agencies to promote self employment and contribute to poverty alleviation and provision of social security. India has been able to develop its own model of microfinance organization in the forms of savings and credit group known as Self Help Groups (SHGs) which are Bank linked.

The microfinance institutions are faced with several challenges. One is to outreach with sustainability. Two is to provide microfinance services and othe services so as to ensure that poor people increase their links with the market and take advantage of the growing opportunities.

### *The Case for Microfinance:*

Microfinance provide financial services to those whose income is small and unstable. These people are in need of credit facilities for several reasons. Firstly, their needs are small and arise suddenly. Secondly, the institution providers of finance namely the Banks demand collateral which they cannot provide. Thirdly, they are in need of funds to meet their consumption demands for example weddings, education, illness etc, for which it is difficult to obtain finance. Fourthly, they also need funds for purpose of investments in income generation activities.

By delivering financial services at a scale, and by mechanism appropriate to them, micro credit can reach poor people. By providing with credit it can help them work their own way out of Poverty. And by providing

loans rather than grant the micro credit provider can become sustainable by recycling resources over and over again.

The micro credit movement has also resulted in empowerment of women in Lawngtlai District and it has been instrumental in bringing about social changes. High repayment rates point out that they are bankable. One of the first things poor people do with their new income from micro enterprise is invest in their children's education. Families with access to microfinance services are also found to have better health conditions than those who do not have access to micro finance among the poor in Lawngtlai District.

## **4.2 MICROFINANCE INSTITUTION MODELS**

Microfinance institution exists in various forms. The most popular form is the registration of Microfinance institution – NGO as a society or a trust, non – profit companies under Section 25 of the Companies Act, 1956, mutually aided cooperative societies and non – banking financial companies (NBFCs)

### **I. Self – Help Groups (SHGs)**

With the organized financial sector facing several constraints in providing credit for purposes of poverty alleviation and development, attention was focused on informal groups of poor, particularly women, who had been working with Non – Governmental Organisations (NGOs) such as MYRADA ( Mysore Resettlement and Development Agency ), SEWA ( Self Employed Women Association), WWF ( Working Women's Forum ), World Vision India etc. In February 1992, NABARD launched its pilot project to

link such SHGs with Banks which has developed into SHGs – Bank Linkage Programmes. Nabard target was to reach 1 Million SHGs by 2008. With an average membership of 17, this would mean that the Banks have been able to reach 17 million poor, most of whom would be women.

Under this Program, a group of person, 10 to 15 to 20, generally women from rural areas voluntarily come together and form a group. The members belong to the same strata of society and share common ideology. Groups are small, homogeneous and informal. The members save a fixed amount of thrift at regular intervals, generally monthly or weekly. The collected savings are used for internal lendings at pre-determined rates. The group determines the internal lending policy as well as interest rates.

## **II. Bank / Credit – Linked**

When the group's activities have reached a certain scale and they are in a position to increase their lending activities, they open a savings account with a Bank. The bank then considers the eligibility of the group for borrowing from the Bank. The Bank provides credit to the group which gives loans to the members in accordance with its internal group policy. This way, the SHGs get credit – linked or Bank – linked. This joint liability provides incentives or compels the group to undertake the burden of selection, monitoring and enforcement that otherwise would have fallen on the lender. This joint liability, decision – making process and the pressure at the group level enables Banks to do business with the poor, illiterate and informal groups.

### III. Microfinance Mechanism

Micro – Credit is based on three principles of peer selection, peer review and dynamic incentives.

**Peer Selection :** Group lending has many advantages, beginning with the mitigation of problems created by adverse selection. Various studies show how this sorting process can be instrumental in improving repayment rates, allowing for lower interest rates, and raising social welfare. The argument provided indicates the group – lending contract provides a way to price discriminate that it is possible with an individual – lending contract.

**Peer monitoring:** Through the exploitation of the ability of neighbours to enforce and monitor each other, even when the Bank can do neither, the group lending contract again leads to lower equilibrium interest rates, raise expected utility and raise expected repayment.

**Dynamic incentives:** Programmes generally begin by lending small amounts and then increase loan size upon satisfactory repayment.

### IV. Bank or credit linked programmes

Three types of SHG – Bank Linkages programmes have emerged :

**First Type :** Banks takes the initiative to form the groups, open their savings account and provide them credit.

**Second type:** Groups are formed and developed by Governmental run agencies, NGOs or community based organizations, the credit facilities are given by the Bank.

**Third type :** The NGOs that form and develop the SHGs also act as a financial intermediary and the Banks lend to these said intermediaries for onward lending to the members – SHGs and their members. In several cases, federation of SHGs acts as financial intermediaries.

The second type has emerged as the most popular model accounting for over 70 per cent of the total SHGs financed under this category.

### **4.3 STATUS OF MICROFINANCE IN INDIA**

The journey so far traversed by the Self Help Group – Bank Linkage Programme (SHG-BLP) crossed many milestones – from linking a pilot of 500 SHGs of rural poor two decades ago to cross 8 million groups a year ago. Similarly from a total savings corpus of a few thousands of Indian Rupees in the early years to a whopping 27,000 crore today, from a few crore of bank credit to a credit outstanding of 40,000 crore and disbursements touching 20,000 crore during 2012-13. The geographical spread of the movement has also been quite impressive - from an essentially Andhra Pradesh – Karnataka phenomenon in the beginning now spreading to even the most remote corners of India. Over 95 million poor rural households are now part of this world's largest Micro Credit initiative. Unlike similar experiments in other developing countries, the SHG-BLP lay emphasis on regular savings by the members with the savings corpus being used to lend among themselves and as needs arise,



later by linking the groups with banks for availing credit. The poor in the country have demonstrated that in spite of being poor, they are, perhaps, the most “bankable” clients and most willing to help each other for a better tomorrow.

There have been many success stories of the poor SHG members showing exemplary entrepreneurial qualities to come out of the vicious circle of poverty and indebtedness with the help of SHGs. The tremendous impact on the social status of the poor rural women becoming bread earners of their households through the instrument of SHGs has been highly commended by many researchers. The impressive performance under SHG-BLP prompted other developmental agencies like the Government Departments to depend heavily on such groups to take the development efforts forward. A large number of service delivery of the Government Departments are now contracted to SHG members in preference to private contractors largely prompted by their devotion and efficiency.

While all the stakeholders of this highly successful micro credit initiative ride on past glory, there are clear signs of the initial excitement turning into pride and then to complacency. The rapid growth of SHG-BLP also led to more aggressive targets – new set of milestones, often at the cost of quality. When the Government decided to adopt this successful development model for spearheading its poverty alleviation programmes, it had to be a big leap – a leap for which the stakeholders were not fully equipped nor was there enough time to prepare the clients for the transformation. The result was an

overall dilution in the basic premise of Self Help and group cohesion to achieve the subsidy targets set by the Government. Group formation is increasingly perceived as a means to have access to Government Subsidies and entitlements and thus has serious implications for the future of the movement. This has also led to cases of multiple memberships by members in SHGs, in select cases. Further, the initial emphasis on graduation of the SHG members through regular savings and internal lendings reinforcing cohesion among the members, before accessing credit from financial institutions in progressive doses, gave away to high doses of credit without waiting for the groups to become cohesive and without linking the quantum with their capacity to utilise and service the loans. The financing banks were also ill prepared for the sudden spurt in SHG loans and their monitoring and supervision of such loans became less regular (and even totally absent at times!).

The SHG-BLP though made impressive progress during the last two decades of its existence, is at an inquisitive juncture now. For the first time since the programme was launched two decades ago, the number of SHGs linked to Banks showed a decline during 2012-13. Similarly, fresh loans to SHGs have been near stagnant for last few years, though it showed a marginal rise during 2012-13. From an enviable record of almost 100% recovery of loans by SHGs, the NPA<sup>3</sup> of SHG loans by Banks have reached an alarming high of over 7% of the loans outstanding against them. More painful is the fact that loans to SHGs in the most resource poor regions in the country reported NPAs

of over 10%. Further, as indicated, this potent and effective financial inclusion measure, has not received the attention with bankers presently focused on opening individual accounts through BFs/BCs. However, the solution lies in reinventing the basic principles on which SHG movement was founded while responding innovatively to financial access and effectiveness through the media of SHGs. The success of SHG-BLP (or FI) will be assessed not on the basis of savings or credit linkage or on social capital leveraged, but on the basis of the improvement in the quality of lives of its members.

***NABARD's Strategic Focus on SHG-BLP (2013-17)***

- All eligible poor rural households in the country to be covered through SHG BLP by March 2017.
- Resource poor states of Uttar Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan, Maharashtra, Odisha, Assam and West Bengal to be the focus areas for promotional interventions under SHG-BLP during the next four years. Emphasis would be in 127 districts from these resource poor States where less than fifty percent of the potential for promotion of SHGs have been exploited, of which 33 districts are already covered under Women SHG Development Scheme.
- Promotion of Women SHGs in 150 Left Wing Extremism affected and backward districts of the country to be speeded up to cover every rural household in the identified districts within the next two years.

- In all, it is expected that about 20 lakh new SHGs are to be promoted and linked to the banks during this period.
- Convergence with Government Programmes like National Rural Livelihood Mission (NRLM) to maximise benefits to the SHG members.
- Strategic shift from State / District-based planning for SHG-BLP to Block-based planning, to address the issue of intra-district imbalances in promotion of SHGs.
- Special schemes to revive dormant SHGs through effective capacity building and hand holding support.
- Initiate additional financial literacy drive at the SHG level to eliminate over-indebtedness at the member-level, especially in high SHG density States.
- Focus on convergence of SHG-BLP and Financial Inclusion (FI) initiatives.
- Priority to shift from promotion of SHGs to provide livelihood opportunities to the SHG members in a calibrated manner through skill building, production optimisation, value chain facilitation and market linkage.
- Community based organizations to be encouraged as the nodal points for promoting livelihood activities of members of SHGs.
- ICT based interventions at primary level (SHGs), promoting institutional level (SHPIs) and at National level.

No discussions on microfinance in international fora are complete without reference to India's experience in the Sector. NABARD had been publishing data on microfinance in India every year along with an analysis of the data compiled through various stakeholders like partner NGOs, financial institutions, Government Departments, etc.<sup>5</sup> In addition to the analysis of data on the extent of savings harnessed by the SHGs, the credit availed by the groups from banks. The publication also covers the debt sourced by micro Finance Institutions (mFIs) across banks, besides highlighting the facilitating role played by NABARD for the sector.

#### **4.3.1 Progress under MicroFinance during 2012-13**

An update on Microfinance as at the end of March 2013 is being presented in 3 different sections. The progress under the SHG-Bank linkage programme has been covered in the first part, while the extent of debt leveraged by micro Finance Institutions (mFIs) from banks etc. has been covered in the second part. Various innovative initiatives and support services like capacity building of all stakeholders of micro Finance programme forms the final part. More detailed statistical information on the progress of these activities has been presented at the end of the report. The report also covers the district-wise coverage of SHGs (savings linked) across the country. The SHG coverage has been mapped against the potential available. The report also

presents fact sheets of 10 priority states to facilitate strategic planning by stakeholders for expansion of the programme.

#### **4.4 SHG BANK LINKAGE PROGRAMMES**

Detailed analysis of the SHG-Bank Linkage Programme across the country and by financing agencies is being presented in this section. The analysis covers the various components of the programme, namely inclusive growth, savings, loans and recovery performance.

Under the SHG-Bank linkage programme, the coverage of rural households having access to regular savings through SHGs linked to banks came down by around 8% during the year to 95 million as on 31 March 2013. A similar decline of number of SHGs savings linked to Banks was also observed with only 73.18 lakh SHGs linked to Banks as against 79.60 lakh a year back. Number of SHGs having outstanding credit with banks, however, showed a marginal increase of 2% to 44.5 lakh as against 43.5 lakh the previous year. The average loan outstanding of SHGs with banks is ₹88,500 against ₹83,500 a year back. There has also been a 6% spurt in the number of SHGs getting fresh loans from banks during the year to 12.2 lakh (up from 11.5 lakh the previous year) and the quantum of fresh loans issued also showed a significant growth of about 24% during the year. The share of exclusive women SHGs in the total number of SHGs savings linked to banks now stands at 81% while the groups formed under the SGSY programme now constitutes 28% of the total number of groups. Table-4.1 gives the growth

of SHGs - saving as well as credit linked - for the last 3 years, separately for all Groups, Groups formed under SGSY and exclusive Women Groups.

**Table 4.1 : OVERALL PROGRESS UNDER SHG-BANK LINKAGE FOR LAST 3 YEARS**

Particulars		2010-11		2011-12		2012-13	
		No. of SHGs (lakh)	Amount	No. of SHGs (lakh)	Amount	No. of SHGs (lakh)	Amount
SHG Savings with Banks as on 31 March	Total SHGs	74.62 (7.3%)	7016.30 (13.2%)	79.60 (6.7%)	6551.41 (-6.7%)	73.18 (-8.1%)	8217.25 (25.4%)
	Of which SGSY Groups	20.23 (19.4%)	1817.12 (40.6%)	21.23 (5.0%)	1395.25 (-23.2%)	20.47 (-3.6%)	1821.65 (30.6%)
	% of SGSY Groups to Total	27.1	25.9	26.7	21.3	28.0	22.2
	All Women SHGs	60.98 (14.8%)	5298.65 (17.8%)	62.99 (3.3%)	5104.33 (-3.7%)	59.38 (-5.7%)	6514.86 (27.6%)
	% of Women Groups to Total	81.7	75.5	79.1	77.9	81.1	79.3
Loans Disbursed to SHGs during the year	Total SHGs	11.96 (-24.6%)	14547.73 (0.01%)	11.48 (-4%)	16534.77 (13.7%)	12.20 (6.3%)	20585.36 (24.5%)
	Of which SGSY Groups	2.41 (-9.9%)	2480.37 (12.8%)	2.10 (-12.9%)	2643.56 (6.6%)	1.81 (-13.8%)	2207.47 (-16.5%)
	% of SGSY Groups to Total	20.1	17.0	18.3	16.0	14.8	10.7
	All Women SHGs	10.17 (-21.4%)	12622.33 (1.6%)	9.23 (-9.2%)	14132.02 (12.0%)	10.37 (12.4%)	17854.31 (26.3%)
	% of Women Groups to Total	85	86.8	80.4	85.5	85.1	86.7
Loans Outstanding against SHGs as on 31 March	Total SHGs	47.87 (-1.3%)	31221.17 (11.4%)	43.54 (-9.0%)	36340.00 (16.4%)	44.51 (2.2%)	39375.30 (8.4%)
	Of which SGSY Groups	12.86 (3.4%)	7829.39 (25.2%)	12.16 (-5.4%)	8054.83 (2.9%)	11.93 (-1.9%)	8597.09 (6.7%)
	% of SGSY Groups to Total	26.9	25.1	27.9	22.2	26.8	21.8
	All Women SHGs	39.84 (2.2)	26123.75 (13.4%)	36.49 (-8.4%)	30465.28 (16.6%)	37.57 (2.9%)	32840.04 (7.8%)
	% of Women Groups to Total	83.2	83.7	83.8	83.8	84.4	83.3

(figures in the paranthesis indicates growth/decline over the previous year)Source : Nabard 2012 – 2013

***Some of the issues emerging out of the data shown above are:***

- For the first time since the SHG-Bank linkage programme was launched, there is a decline in the number of SHGs savings linked with banks to the extent of 8.1% during the year, though the savings harnessed by SHGs grew by 25.4%. It is evident that this decline is in spite of more number of new SHGs savings linked to banks during the year pointing to existing SHGs gone out of the Banks linkage programme during the year. This decline can be attributed to banks now reporting only operative Savings accounts of SHGs and in few instances of banks closing down accounts with 'Nil' balances in SHGs savings accounts. Further, as banks were advised to switch to system generated (core banking solution) reporting only, this and more accurate reporting of operative (and not cumulative) SHG accounts. A scrutiny of the bank-wise reporting indicates the major decline in reporting by State Bank of India (reduced by 6.35 lakh SHGs, over the previous year). Besides, there has also been a gradual decline in the number of SGSY groups savings linked with banks to the extent of 3.6% over the previous year with the gradual switch to NRLM by the Government.

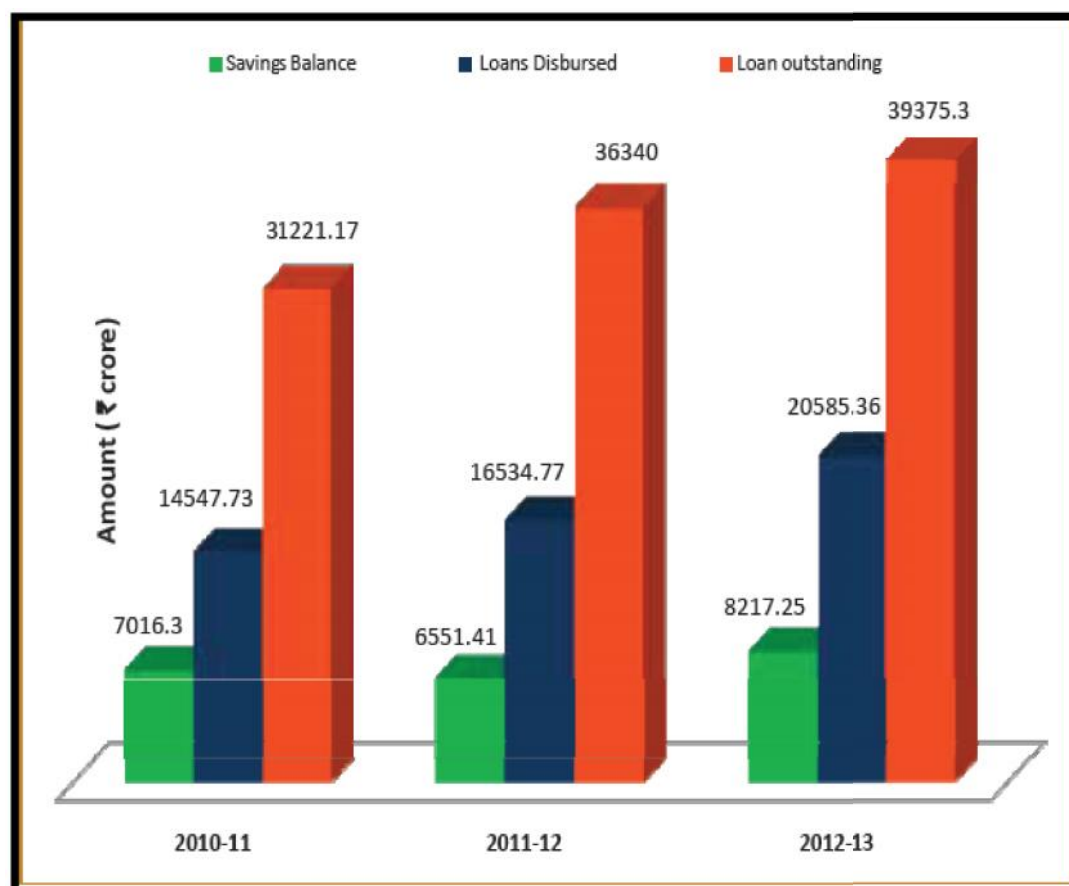
- After nearly 3 years, the number of SHGs availing fresh loans by banks showed an increase of 6.3% during the year and the quantum of fresh loans issued increased by 24.5% over the previous year. This is despite the fact that there has been a significant reduction (-16.5%) in the fresh loans issued to SGSY groups. Broadly this is pointer to the fact that Banks are lending more



to credible SHGs, providing repeat finances to SHGs with a sound credit history.

- The growth in the loan outstanding of SHGs with banks (8.4%) is almost 4 times the growth in the number of SHGs having outstanding loans with banks (2.2%). This is more prominent in SGSY SHGs which recorded a decline in SHGs with outstanding loans (1.9%), but recorded a 6.7% growth in the loan outstanding over the previous year. Thus, if the spurt in loan outstanding is attributed to the continuing trend of increase in NPAs of SHG loans with banks, it should be viewed with utmost concern.

**Graph 4.1 SHG- BANK LINKAGE HIGHLIGHTS**



Source : NABARD 2011 – 2013

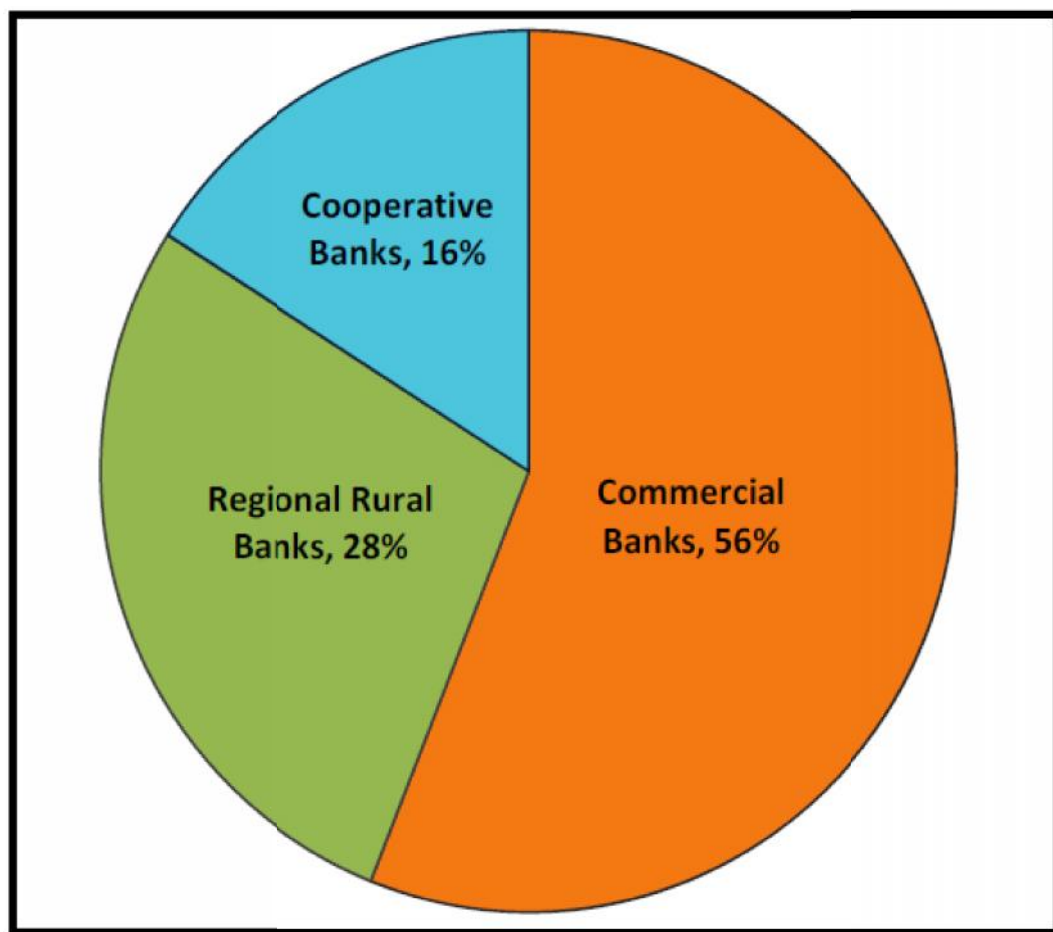
#### 4.4.1 Savings Linked SHGs

As already indicated the improved reporting of operating Savings accounts and gradual phasing out of SGSY scheme has been the major reason for the decline. Amongst the regions, the Western region recorded the highest decline of 15% in the number of SHGs saving linked - mostly due to a near 17% fall in Maharashtra, followed by the Central region (representing some of the priority states) of 14% with Chhattisgarh recording as high as 24% decline and U.P. with 14% and the North Eastern States where the decline was almost 12%. Even Southern region - the pioneers in SHG-BLP recorded a near 4% decline in the numbers. The only major state recording a positive growth during the year was Karnataka with a near 3% increase.

On the other hand the savings balance of SHGs with banks shot up by over 25% during the year (8,217 crore as against 6,551 crore a year back). All except the North Eastern and Western region recorded higher savings bank balance with banks with Eastern States recording 47% increase while the Southern States accounting for 37% increase. Among the major States, West Bengal recorded the highest increase of 93% followed by A.P. at 70%. If the spurt in Savings balance with banks is read with decline in the number of savings linked SHGs, could be suggestive of enhanced savings by SHGs, including voluntary savings by SHG members. The average savings bank balance of SHGs with banks as on 31.03.2013 was `11,230 as against `8,230 for the previous year and southern region recording over

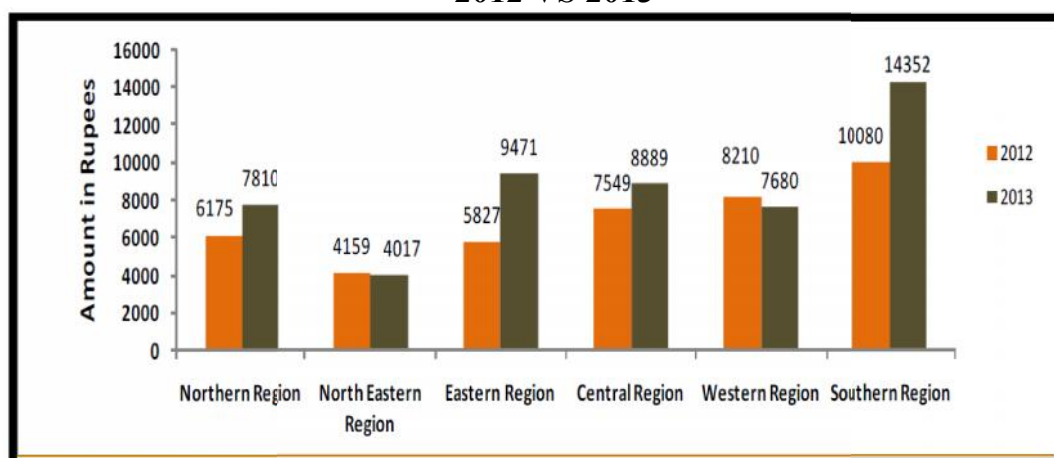
₹10,000 average (₹14,350). Among the major States, Karnataka SHGs maintain the highest saving account balance of nearly ₹18,000 per SHG closely followed by Andhra Pradesh.

**Graph 4.2 : SAVINGS LINKED SHGS (NUMBER) - AGENCYWISE**



Source : NABARD 2011 – 2013

**Graph 4.3 :REGIONWISE SAVINGS BALANCE PER SHG  
2012 VS 2013**



Source : NABARD 2011 – 2013

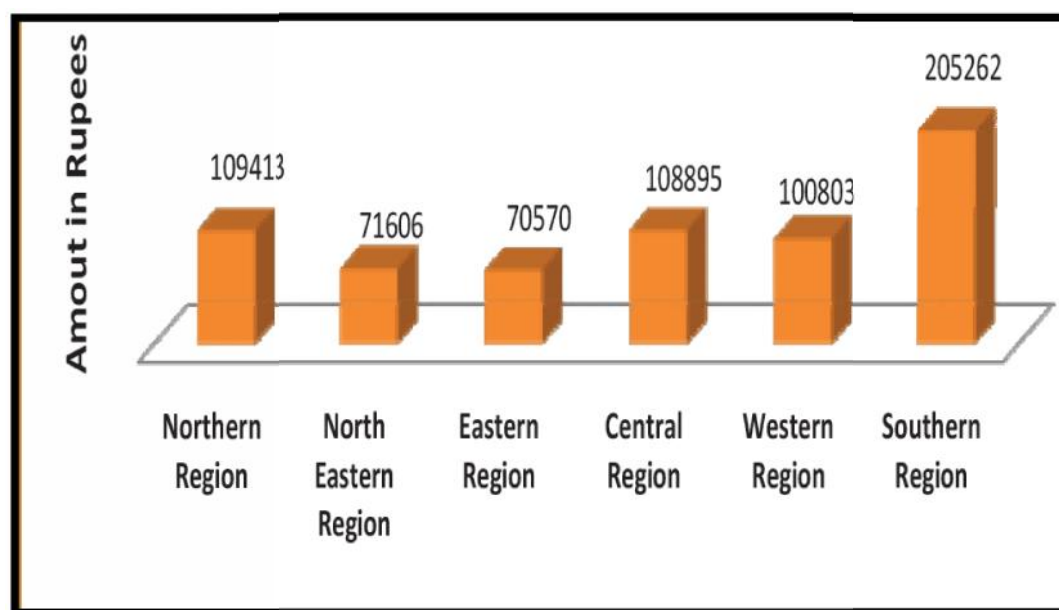
#### 4.4.2 Loans issued to SHGs by Banks

The declining trend in the number of SHGs being extended fresh loans by Banks for the last 3-4 years has been reversed this year with the number going up from 11.48 lakhs during 2011-12 to 12.20 lakh during 2012-13 (an increase of over 6%). The quantum of fresh loans issued during the year also went up by nearly 25% to 20,585 crore. A region-wise analysis, however, shows a disturbing feature with Southern and Central regions showing an increase of nearly 20% and 10% in the number of SHGs extended fresh loans and Northern region too with a marginal increase of 1.74%. While, all other regions point to negative growth in the numbers. Backward states like Bihar, Chhattisgarh and Jharkhand reported a decline of over 20% while North Eastern States recorded as high as over 50% decline. Even in the case of quantum of fresh loans issued, almost identical trend (only Southern region and Western region recorded a rise in the quantum) is visible. This leads to the

question whether banks are getting more cautious to lend to SHGs in states other than in the Southern and Western region. This has serious implications while planning for extending the outreach of SHG-BLP to other regions. The average quantum of loans issued to SHGs was ₹1.69 lakh per SHG and this ranged from ₹70,600 in Eastern region to over ₹2,00,000 in Southern region.

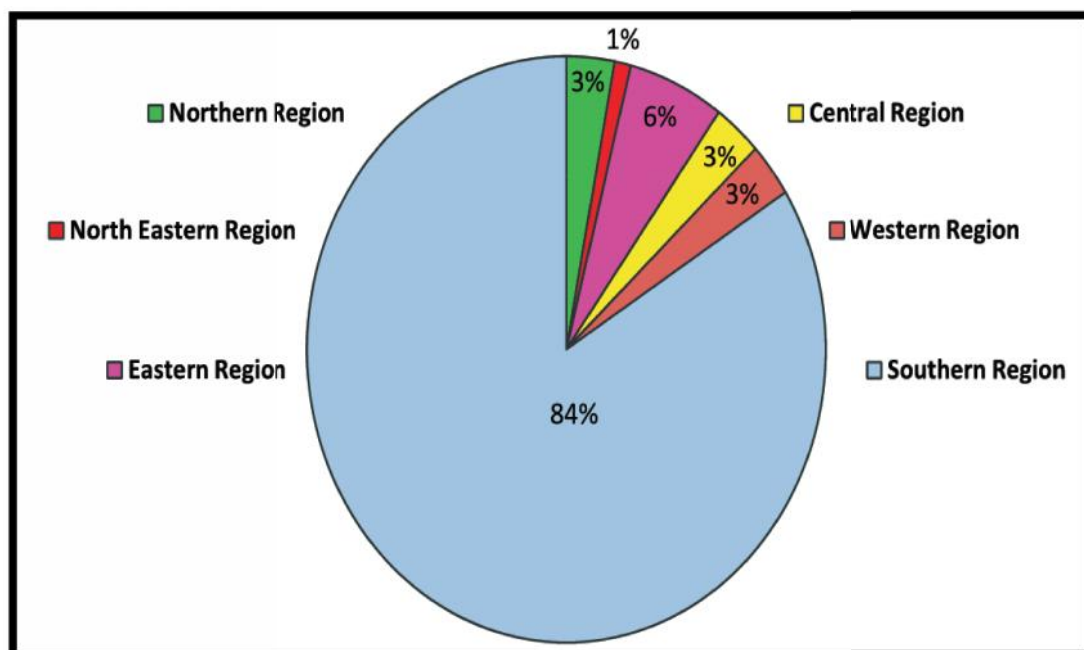
Among the agencies, Commercial Banks and RRBs recorded disbursement of over ₹1.8 lakh per group while their Cooperative counterparts recorded ₹0.91 lakh per SHG.

**Graph 4.4 : BANK LOAN DISBURSED TO PER SHG DURING 2012-13 - REGIONWISE**



Source : NABARD 2011 – 2013

**Graph 4.5 :BANK LOAN DISBURSED TO PER SHG DURING 2012-13 REGIONWISE**



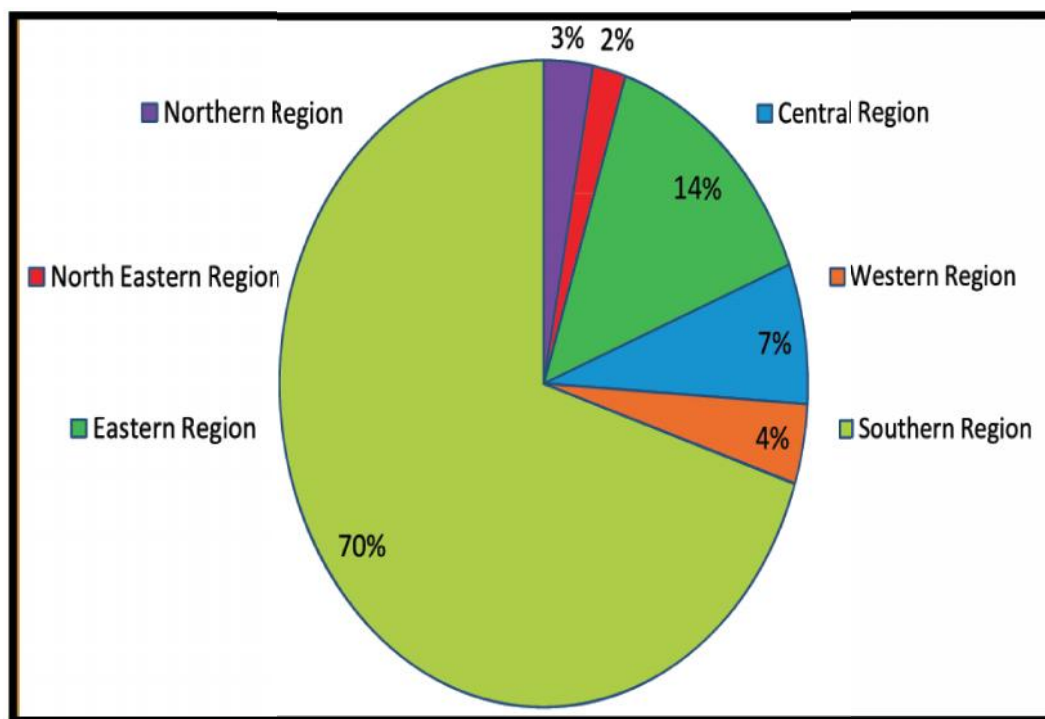
Source : NABARD 2011 – 2013

#### 4.4.3 Loans Outstanding against SHGs

The number of SHGs having loans outstanding against them from banks grew by 2.2% to 44.51 lakh as against 43.54 lakh a year back while the amount of loan outstanding against them grew by 8.4% and now stands at 39,375 crore (36,340 crore last year). The upward trend in credit linked SHGs is visible in all regions except in the North Eastern region where there was a decline of 10% in the number of SHGs and 20% in the amount of loan outstanding. The negative feature noticed during the year was, however, the decline reported by potential states like Chhattisgarh (-17% in number while an increase of 5.51% in loan outstanding), Bihar (-17% and -10.5% respectively) and Odisha (-12% while amount grew by 9%). The same States

also reported decline in the number of savings linked SHGs as well and this should add to the concern of the health of SHG-BLP in these areas. The average loan outstanding against SHGs as on 31 March 2013 was 0.88 lakh - marginal increase from 0.83 lakh a year earlier. Average amount of loan outstanding ranged from ₹50,000 per SHG in Western region to 1.14 lakh in the Southern region. Gujarat recorded the lowest average of ₹30,000 per SHG while Andhra Pradesh reported an average of ₹1.29 lakh per SHG. Among the agencies, Commercial Banks had an average outstanding loan of 1 lakh per SHG while RRBs had 0.79 lakh and Cooperative Banks had 0.46 lakh. The percentage of SHGs credit linked (those having an outstanding balance of bank loans) to those savings linked (having a S.B. Account balance with banks) is 61% for the entire country and ranged between 68% for Southern States to 33% for the Western region. In the North Eastern region, Central region and Northern regions, nearly 50% of the savings linked groups are yet to be credit linked. Assuming that the savings balance with banks constitute only 30% of the total savings of the SHGs (the balance being used for internal lending), the estimated credit being extended to SHG members from internal sources as well as from banks amount to 58,548 crore (19,173 crore + 39,375 crore). If recycling of loans by SHGs with shorter duration loans to members are also considered, the actual credit serviced by SHGs would be much higher.

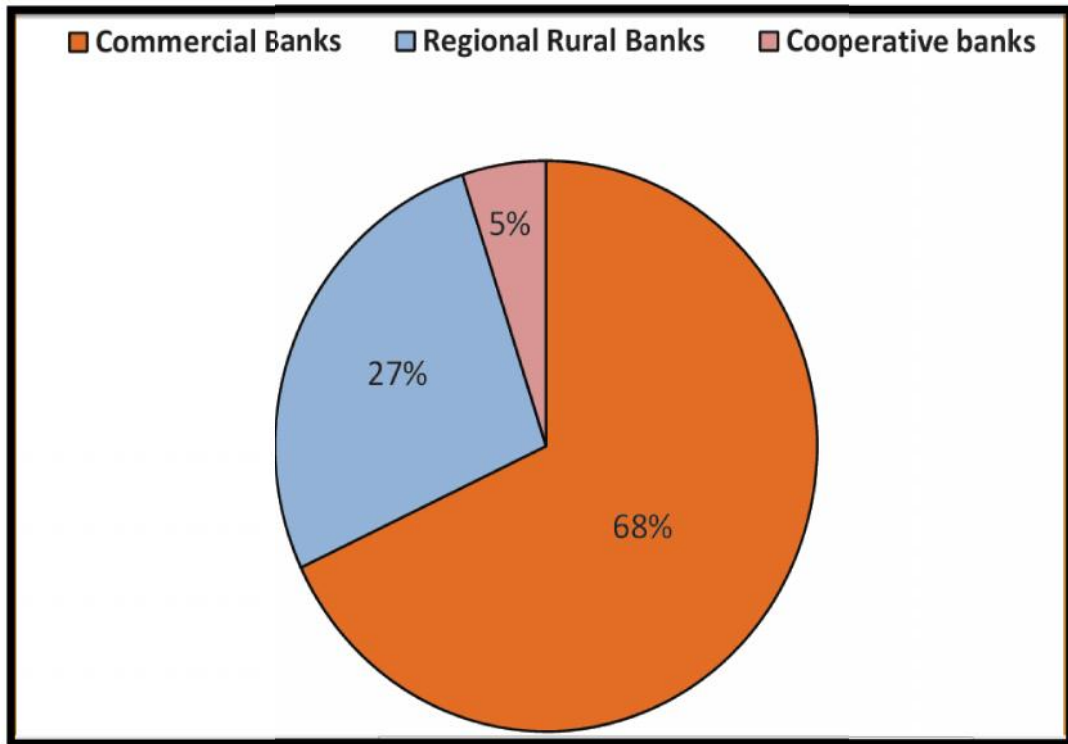
**Graph4.6 : CREDIT LINKED SHGS –REGIONAL SPREAD**



Source : NABARD 2011 – 2013

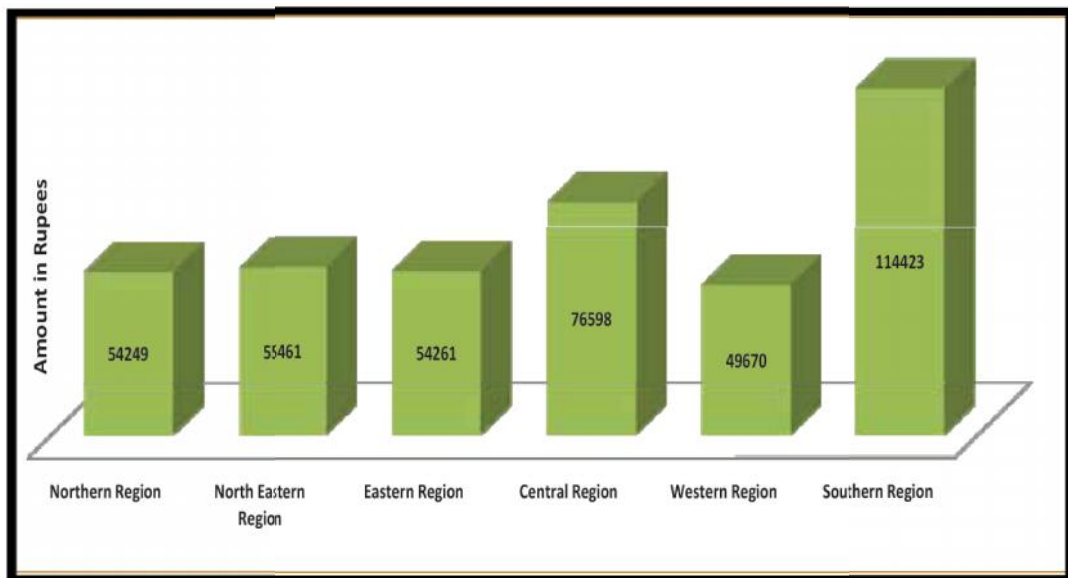
**Graph 4.7 : CREDIT LINKED SHGS - AGENCYWISE**





Source : NABARD 2011 – 2013

**Graph 4.8 : REGIONWISE PER SHG LOAN OUTSTANDING**

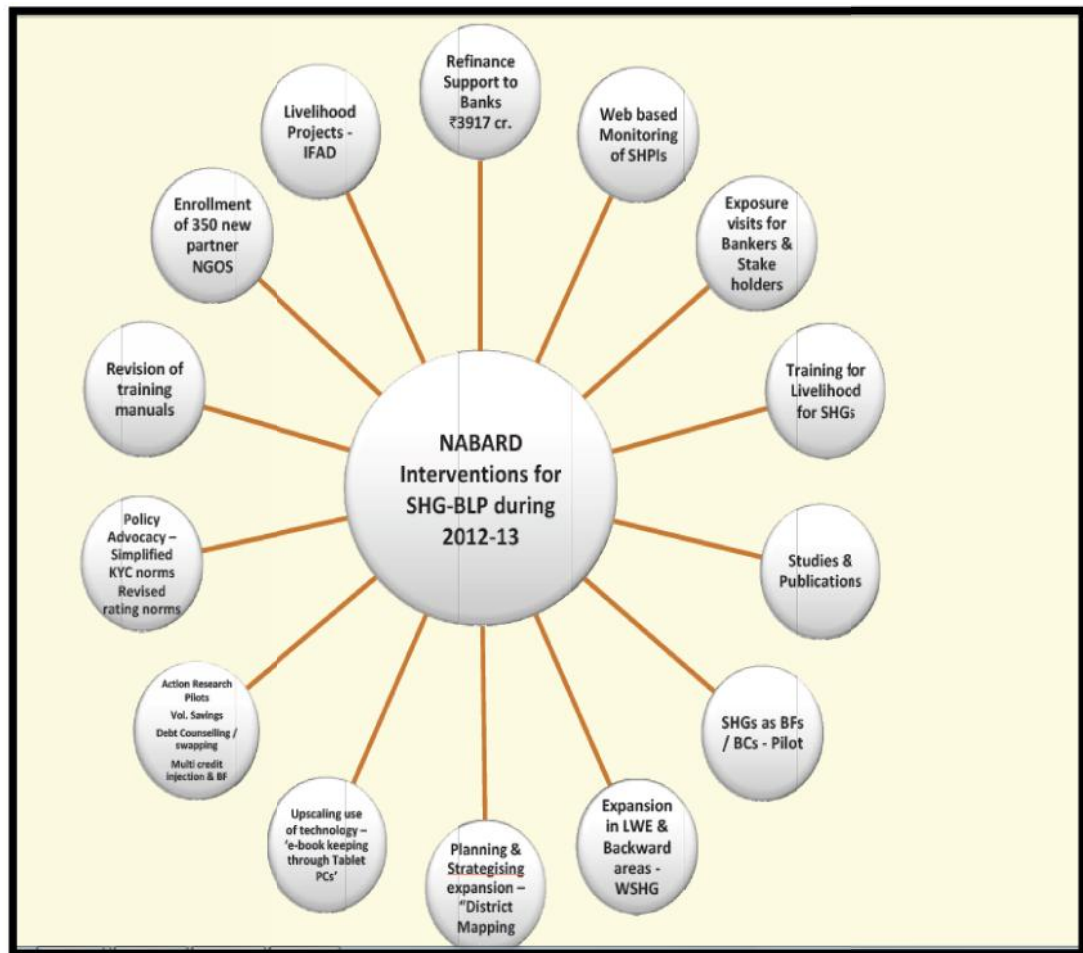


Source : NABARD 2011 – 2013

#### 4.5 NABARD AS MICROFINANCE FACILITATOR

NABARD continued with its role as the main facilitator and mentor of microfinance initiatives in the country, particularly the SHG-BLP initiative. Its focus was on bringing in various stakeholders on a common platform and build capacity among them to take the SHG-BLP movement forward while extending 100% refinance to all banks participating in the programme. A large number of seminars, workshops and training programmes were organised to create awareness about the microfinance programme among all the stakeholders – the bankers, Government agencies, NGO partners, Panchayati Raj Institutions and more importantly the SHG members themselves. The NGO sector which played the key role of organising and nurturing the SHGs as the Self Help Promoting Institutions – later joined by many others including the rural financial institutions, Farmers' Clubs, SHG Federations, etc. - were encouraged with training and promotional grant assistance by NABARD for SHG promotion. The phenomenal growth of SHG-Bank linkage programme during the last 20 years owe a great deal to these promotional efforts actively supported by NABARD and participated by different stakeholders. With the SHG-BLP now more than two decades old, NABARD is in the process of redefining the role of SHG-BLP as an effective financial inclusion tool by helping the financial institutions to extend their outreach through SHGs while at the same time helping the SHGs to actively involve itself in promoting livelihood activities for the rural poor. A glimpse of the facilitator role played by NABARD in this sector during 2012-13 is given below.

**Fig 4.1 : NABARD INTERVENTION FOR SHGs**



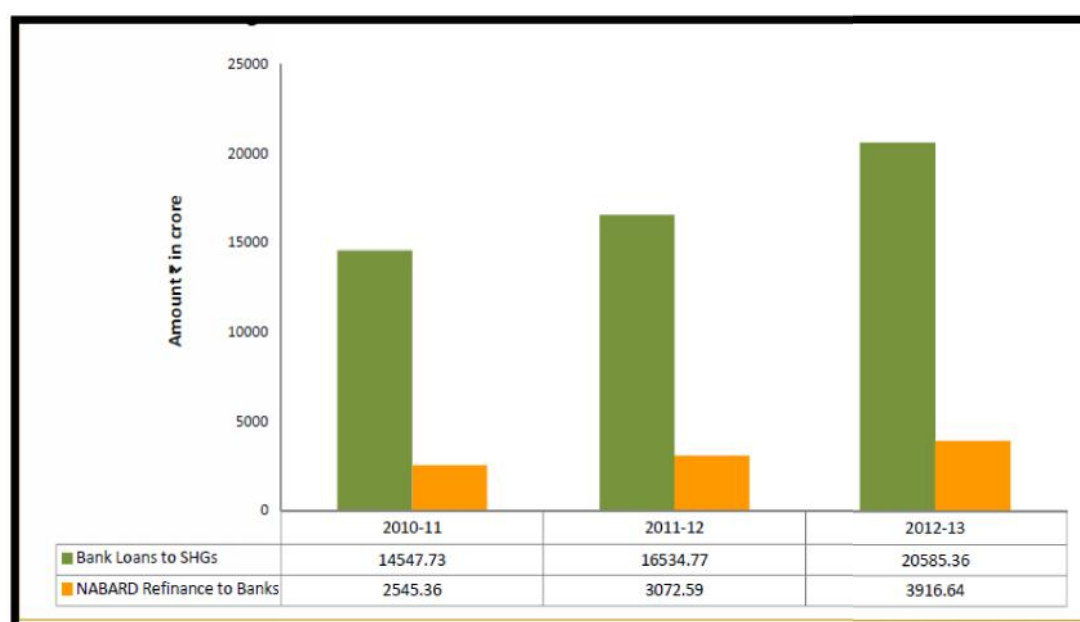
Source : NABARD 2011 – 2013

#### 4.5.1 Refinance to Banks

NABARD has been extending 100% refinance to banks for their lending to SHGs since the SHG-BLP was launched. Initially, this was intended at concessional rates to encourage the banks to actively participate in the Programme. As the banks gained confidence in lending to SHGs and realised the business potential in extending microcredit through SHGs, they have been deploying their own funds. SHGs had been instrumental in bringing in more business for the financing banks by way of a credible client base and as promoter of rural banking. They also helped in extending other financial services like housing, insurance, etc. The gap between the total loans issued by

banks to SHGs and the refinance extended by NABARD for such loans started widening. The refinance support from NABARD, however, continues to supplement the resources for the lending institutions. During 2012-13, NABARD extended refinance to the extent of 3,917 crore against 3,073 crore disbursed during the previous year. Cumulative disbursement of refinance by NABARD for SHG lending now stands at 22,396 crore.

**Graph 4.9 : BANKS LOAN TO SHGs AND NABARD REFINANCE TO BANKS**



Source : NABARD 2011 – 2103

#### 4.5.2 Grant Support to Partner Agencies for Promotion and Nurturing of SHGs

Ever since the SHG-BLP was launched by NABARD, the Self Help Promoting Agencies such as NGOs, Banks (RRBs, DCCBs), Farmers' Clubs and Individual Rural Volunteers (IRVs) are being extended grant support to organise and nurture SHGs of the poor. In fact, the phenomenal growth of SHG-BLP in the country, is the result of the painstaking efforts put in by these agencies in forming and nurturing SHGs especially in areas where the concept never existed. The financial support extended by NABARD to various SHPIs during the year is indicated below.

**Table 4.2 : Grant Support to Partner Agencies**

Agency	(₹ lakh)			
	Cumulative Sanction up to 31.03.2013		Achievement up to 31.03.2013	
	Amount	SHG Nos.	Amount	SHG Nos.
NGOs	19932.18	526699	6647.68	362803
RRBs	744.99	49250	185.43	45852
Coop. Banks	1046.23	73634	353.50	51266
IRVs	460.12	26883	77.04	11228
Farmers' Clubs	40.63	2544	20.40	9832
SHG Federation	28.61	250	1.85	46
PACS	397.45	8533	4.28	85
<b>Total</b>	<b>22650.21</b>	<b>687793</b>	<b>7290.18</b>	<b>481112</b>

Source : NABARD 2012 - 2013

Three stage sampling has been adapted. At the first stage, all four development blocks in Lawngtlai District have been selected. Secondly, 11 SHGs were randomly selected from each Development blocks. At the third

stage, from 10 sample SHGs, 7 members were randomly selected and from 1 sample SHG, 5 members were deliberately selected from BPL infested village with low population. Thus, 300 [(10 x 4 x 7) +(1 x 4 x 5)= 300] respondents were selected for the purpose of the present study. Sample SHGs have been visited and surveyed based on different sets of Questionnaires. For analysing the data, tools, like percentages, simple average, have been used.

Findings of the present investigation on the topic entitled ‘The Role Of Self-Help Groups For Socio-Economic Development : A Study Of Lawngtlai District In Mizoram’ are presented under the following heads.

**TABLE 5.1 SAMPLE SIZE OF THE STUDY**

<b>BLOCK</b>	<b>Name of SHGs *</b>	<b>Sample Size (N) **</b>
Lawngtlai Block	Senhri	7
	Ainawn	7
	Debori	7

	Kaladyn Project - I	7	
	Kaladyn Project - II	7	
	Hani	7	
	Rakili	7	
	Estheri	7	
	Kumtluang	7	
	Jehova Jire	7	
	Philadelphia	5	
	<b>Total</b>	<b>75</b>	
Sangau Block	Prieilla	7	
	Lucy	7	
	Bety	7	
	Hadasi	7	
	Dingdi	7	
	Mother Teresa	7	
	Vanglaini	7	
	Loisi	7	
	Lotus	7	
	Chhawkhle	7	
	Miriami	5	
		<b>Total</b>	<b>75</b>
	Chawngte Block	Bethel	7
Nauban		7	
Marthi		7	
Chuailo		7	
Mari		7	
Rebeki		7	
Phawngpui		7	
Zonun		7	
Peniel		7	
Joshua		7	
Vasti		5	
		<b>Total</b>	<b>75</b>

BLOCK	Name of SHGs*	Sample Size (N)**
Bungtlang	Marry	7
	Zonun	7
	Amos	7
	Marina	7
	Dingdi	7



	Bethel	7
	Phawngtlang	7
	Loisi	7
	Chawnpui	7
	Vantlira	7
	Naomi	5
	<b>Total</b>	<b>75</b>
	<b>GRAND TOTAL</b>	<b>300</b>

\*Source : Office of the Chintuipi Area Development Programme Officer, Lawngtlai as on March 2015.

\*\*Source : Field Survey.

## 5.1 SOCIO-ECONOMIC CHARACTERISTICS OF THE RESPONDENTS

The Socio – Economic characteristics of the respondents have been analysed as below :

**Table 5.2: AGE OF THE RESPONDENTS(N = 300)**

	Variables and category	Frequency (No.)	Percentage (%)
Age	Young age ( 18 – 30 years )	100	33.3
	Middle age (31 to 50years)	190	63.3
	Old age (above 50 years)	10	3.4
	TOTAL	300	100

Source : Field Survey

**Table 5.3 : EDUCATION OF RESPONDENTS (N = 300)**

Education al qualificati on	Variables and category	Frequency (No.)	Percentage (%)
	Illiterate	nil	0

	Primary school	127	42.3
	Middle school	103	34.4
	High school	67	22.3
	College education (B.A and above)	03	1
	TOTAL	300	100

Source : Field Survey

**Table 5.4 :MARITAL STATUS OF RESPONDENTS(N =300)**

Marital Status	Variables and category	Frequency (No.)	Percentage (%)
	Unmarried	32	10.7
	Married	198	66
	Widow	40	13.3
	Divorced	30	10
	TOTAL	300	100

Source : Field Survey

**Table 5.5 : FAMILYLAND HOLDINGS (N = 300)**

Family Land Holdings	Variables and category	Frequency (No.)	Percentage (%)
	Landless	167	55.7

	Land Owners	133	44.3
	TOTAL	300	100

Source : Field Survey

**Table 5.6 : FAMILY SIZE (N = 300)**

Family Size	Variables and category	Frequency (No.)	Percentage (%)
	Small Family (1-5 members)	150	50
	Medium Family (6-10 members)	50	16.7
	Big Family (10 above members)	100	33.3
	TOTAL	300	100

Source : Field Survey

**Table 5.7 : MONTHLY INCOME OF THE FAMILY BEFORE JOINING THE GROUP (N = 300)**

Monthly income	Variables and category	Frequency (No.)	Percentage (%)
	Low Income (Below `1000)	154	51.4

	Medium income (`1001 - `5000)	100	33.3
	Semi High income (`5001 - `10,000)		
	High income (`10,001 above)	46	15.3
	TOTAL	300	100

Source : Field Survey

**Table 5.8 : SOCIAL PARTICIPATION (N = 300)**

Social Participation	Variables and category	Frequency (No.)	Percentage (%)
	Low	204	68
	Medium	20	6.7
	High	76	25.3
	TOTAL	300	100

Source : Field Survey

**Table 5.9 : NO OF TRAININGS (N = 300)**

No of Trainings	Variables and category	Frequency (No.)	Percentage (%)
	No training	29	9.7

	One training	93	31
	Two trainings	77	25.7
	Three and above trainings	101	33.6
	TOTAL	300	100

Source : Field Survey

From the above Tables, it has been observed that majority of the respondents i.e. 63.3 percent were middle aged, while 33.3 per cent were young and remaining i.e. 3.4 per cent were old aged (Table 5.1). The education level of the respondents showed that 0.0 per cent of them were illiterate, 22.3 per cent had received high school education, 42.3 per cent of the respondents had education upto primary school, 34.4 per cent received middle school education, and only 1 per cent of them received college level education (Table 5.2). The marital status of respondents indicated that majority i.e. 66 percent of the respondents were married, 10 per cent were divorced, 10.7 per cent of the respondents were unmarried and 13.3 per cent were reported as widows (Table 5.3). More than half of the respondent's families were land less (55.7%) and remaining 44.3 per cent were landowners (Table 5.4). Economic position of the family of the respondents (Table 5.6) indicated that only 15.3 per cent of them belonged to high income category, followed by respondents belonging to medium income category (33.3%) and 51.4 per cent of them belonged to low income category. It is revealed from the data presented in Table 5.7 that nearly two-thirds (i.e. 74.7%) of the respondents had low and medium social participation while 25.3 per cent of

respondents belonged to the high social participation category. It has been also observed from the study (Table 5.8) that more than one-fourth of the respondents (i.e. 31%) had received one training, followed by 25.7 per cent who received two trainings, 33.6 per cent received three and above trainings and remaining 9.7 per cent did not receive any training on income generating activities.

## 5.2 ECONOMIC STATUS OF THE RESPONDENTS IN PRE-SHG AND POST-SHG STAGE

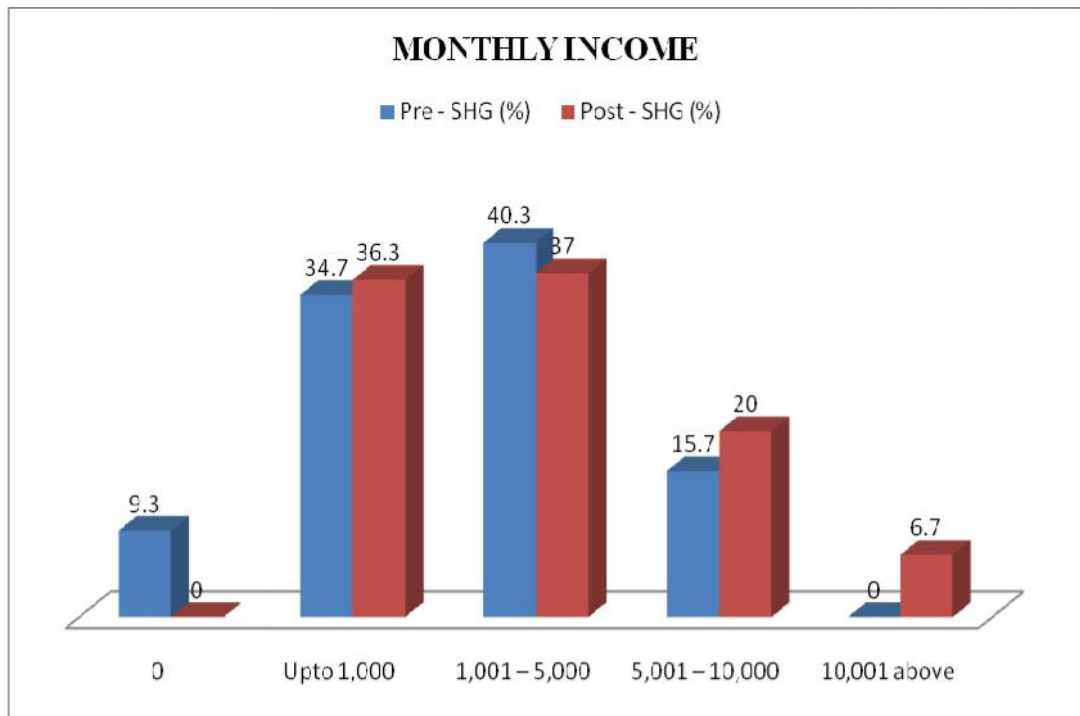
The SHG members involve in activities which yield income to them. The income of the respondents in pre-SHG and post-SHG stage was analysed as follows :

**Table 5.10: INCOME STATUS OF THE RESPONDENTS IN PRE-SHG AND POST-SHG STAGE (N = 300)**

Monthly income ( in ` )	Pre - SHG	Percentage (%)	Post - SHG	Percentage (%)
No income	28	9.3	Nil	0
Upto `1,000	104	34.7	109	36.3
`1,001 – 5,000	121	40.3	111	37
`5,001 – 10,000	47	15.7	60	20
`10,001 above	Nil	0	20	6.7
TOTAL	300	100	300	100

Source : Field Survey

### Graph 5.1



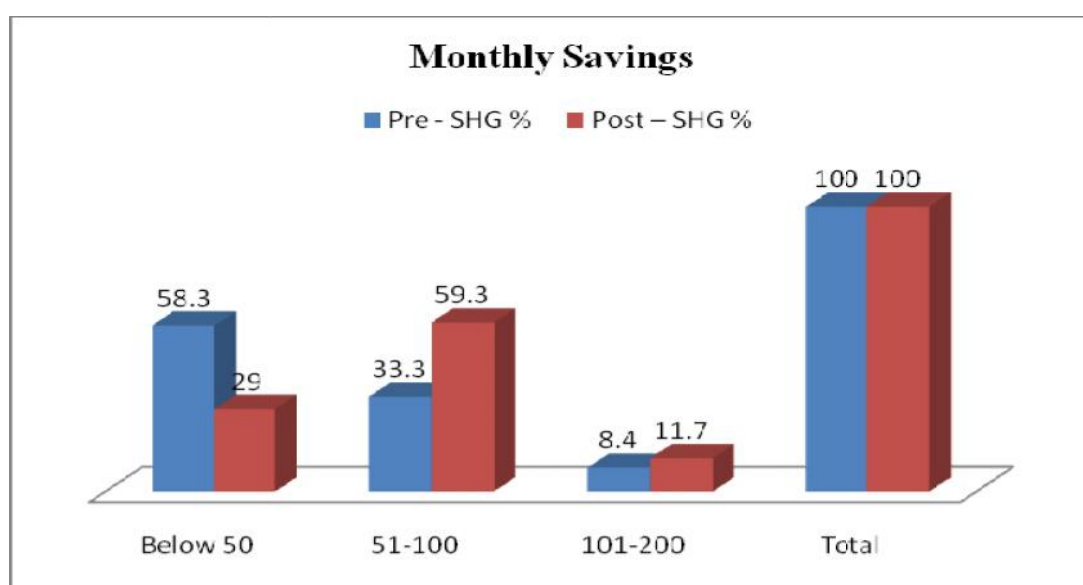
It is inferred from the above Table 5.9 that before joining SHG 9.3 percent of the respondents were not having any income and none of the respondent had income more than `10,000. But after joining SHG there is no respondent without any income and 6.7 percent of the respondents crossed their income level above `10,000. 111 of the respondents out of 300 representing 37 percent have monthly income of `1,001-5,000 after joining the group. And the number of respondents in the income group of `5,001 – 10,000 rose from 15.7 per cent pre – SHG to 20 per cent post – SHG. This clearly indicates that there is a positive and increasing change in the income of respondents after joining SHGs.

**Table 5.11 MONTHLY SAVINGS OF THE RESPONDENTS (SHG MEMBERS) (N = 300)**

Monthly savings	Pre – SHG	Percentage	Post – SHG	Percentage
Below `50	175	58.3	87	29
`51-100	100	33.3	178	59.3
`101-200	25	8.4	35	11.7
<b>Total</b>	300	100	300	100

Source : Field survey

**Graph 5.2**



From table 5.11, we can see that the monthly savings of SHG members increases significantly after joining the Group. 58.3 per cent were able to save only `50 before joining SHGs, whereas the numbers of respondent saving only below `50 was reduced to 29% after joining SHGs. Similarly, the number of respondents saving upto `50 – 100 rose from 33.3 per cent pre – SHG to 59.3 per cent post – SHG, a rise in 26 percent. The number of respondents who



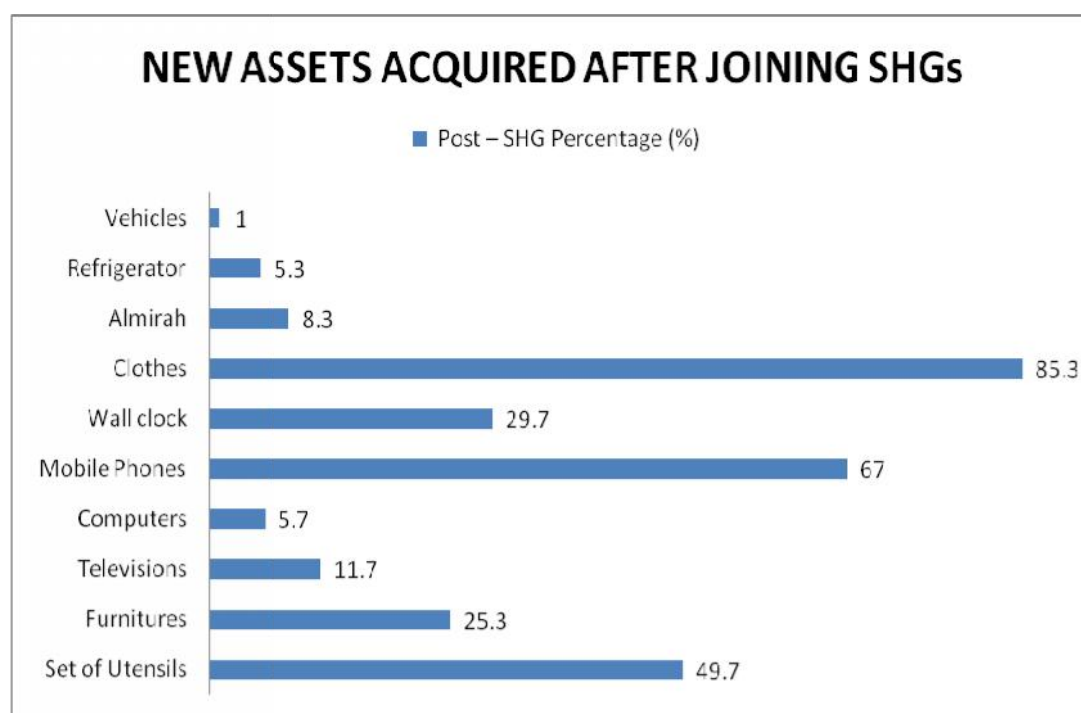
were able to save `101-200and morealso increased from 8.4 per cent to 11.7 percent.From this analysis, it is clear that the savings has increased about 2 folds for the respondents after joining SHGs.

**Table 5.12 ACQUIRING OF NEW ASSETS AFTER JOINING SHG**

New Items acquired	Post - SHG	Percentage (%)
Set of Utensils	149	49.7
Furnitures	76	25.3
Televisions	35	11.7
Computers	17	5.7
Mobile Phones	201	67
Wall clock	89	29.7
Clothes	256	85.3
Almirah	24	8.3
Refrigerator	16	5.3
Vehicles	3	1

Source : Field Survey

**Graph 5.3**



The respondents after joining the SHGs were capable of getting new assets. From table 5.11, we can see that 49.7 per cent were able to get new sets of utensils, 25.3 per cent were able to afford new furnitures afte joining the group. 11.7 percent were able to afford more luxurious items like Television, 5.7 per cent were able to buy Computers for maintaining various group datas, 67 per cent were able to buy new mobile phones for communication. Also 29.7 per cent acquired new wall clock and almost 85.3 per cent were able to buy new clothes, 8.3 per cent acquired new almirahs whereas 5.3 per cent were able to buy new Refrigerator. Lastly, it was observed that 3 Groups were able to buy secondhand vehicles from the Group money they put together. This analysis shows that more assets are within the reach of the respondents since joining SHGs.

**Table 5.13 ECONOMIC ACTIVITIES STARTED AFTER JOINING GROUP**

Activity	Nos	Initial Investm-Ent(Average) ( $\text{₹}$ )	Income generated (Average) ( $\text{₹}$ )	Emplo-ym-ent generated
Tea Stall	35	25,000/ Tea stall	4,500/ Month/ Tea stall	70
Handloom	23	35,000/ Factory	7,000/ Month/ factory	69
Candle making	10	10,000/ Factory	4,500/ Month/ factory	40
Brick making	1	1,00,000/ Factory	20,000/ Month/	20
Poultry	28	10,000/ Poultry	9,000/ Month/ Poultry	40
Xerox Centre	3	15,000/ Centre	3,500/ Month/ Centre	3

Source : Field Survey

From table 5.13, we can see that many Economic Activities were started after joining the Group. These activities are started and controlled by the Group as a whole and not by individual members. There were 23 new Handloom factory generating an average of 4,500 per Month per Tea Stall which in turn generated 70 employment i.e 2 person employed per Tea Stall. Secondly, 23 new Handloom Centre were set up generating income of upto

₹7,000 per month per Centre and these handloom centres generated 69 new employments. Third, we have candle making centres generating an average of ₹4,500 per month per centre and generating employment of 40 employees as a whole. Fourth, we can see a new and novel means of livelihood i.e Brick Making Centre. The initial investment of this Centre was quite high i.e ₹1,00,000. This centre was able to generate an average of ₹20,000 income per month which in turn generated 20 employment opportunities. Fifth, we have poultry farm generating an average of ₹9,000 income per month with 40 new employment generation. Last but not the least, 3 new Xerox centres were set up generating upto ₹3,500 per month per centre which in turn generated 3 employment opportunities. We can infer from the above tables that 242 new employment opportunities were generated after the formation of SHGs which is a great thing for the economic condition of the group members and the community as a whole.

### **5.3 SOCIAL STATUS OF THE RESPONDENTS IN PRE AND POST SHG STAGE**

Most of the rural poor are even now deprived of the basic amenities such as health, water supply and sanitation facilities, opportunities and oppressed by social traditions and practices. Several Microfinance programmes were implemented by various governments and Non-

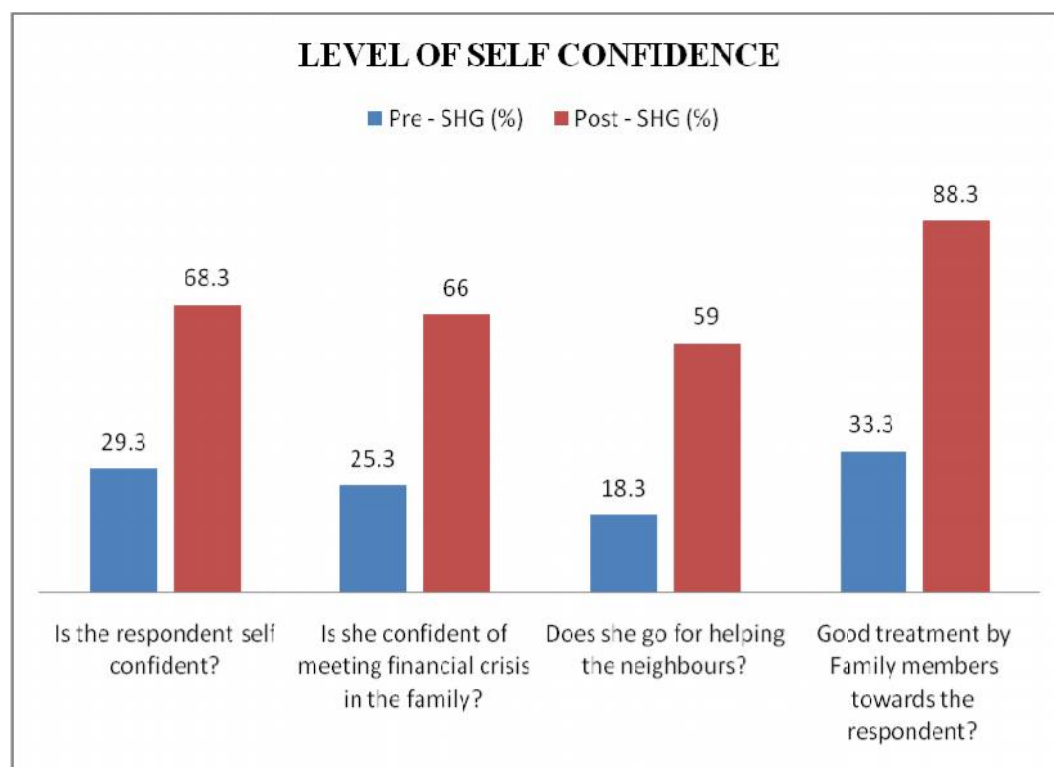
Governmental organizations of the Town of Lawngtlai District to uplift them both economically and socially. In order to identify the social impact these are variables taken for this study such as Self-Confidence, Health, Water Supply and Sanitation.

**Table 5.14 :SELF CONFIDENCE**

Variables	Pre - SHG	Percentage (%)	Post - SHG	Percentage (%)
Is the respondent self confident?	88	29.3	205	68.3
Is she confident of meeting financial crisis in the family?	76	25.3	198	66
Does she go for helping the neighbours?	55	18.3	177	59
Good treatment by Family members towards the respondent?	100	33.3	265	88.3

Source : Field Survey

**Graph 5.4**



Self Confidence may assess into two ways namely self-worth and communicate with others. Here, Respondent's feelings of self-worth was found out indirectly by collecting information on here confidence in general as well as specifically like financial constraints of the family, treatment received from family and in helping the neighbors. The above table explains that 29.3 per cent of the respondents are self - confident during pre-group situation whereas 68.3 percent of them showed their high self-confidence during post-group situation. Thus, it is inferred that among the rural women after joining the self help group their self confidence level have increased. Similarly, there was improvement in the quality of treatment to the members of SHGs by their family members. This output shows the 33.3 per cent in the pre-group situation whereas 88.3 per cent of the members enjoyed more respect from their family members during post-group situation. It is also explored that low proportion (25.3 per cent) of the members are having willingness to help the neighbors during pre-group situation, whereas during post group situation it was 59 per cent. Finally, it depicts that the ability of members to meet the financial constraints have increased from 25.3 per cent to 66 per cent during pre and post-self help group situation. The overall analysis infers that after joining the group, the members' self-confidence has increased positively.

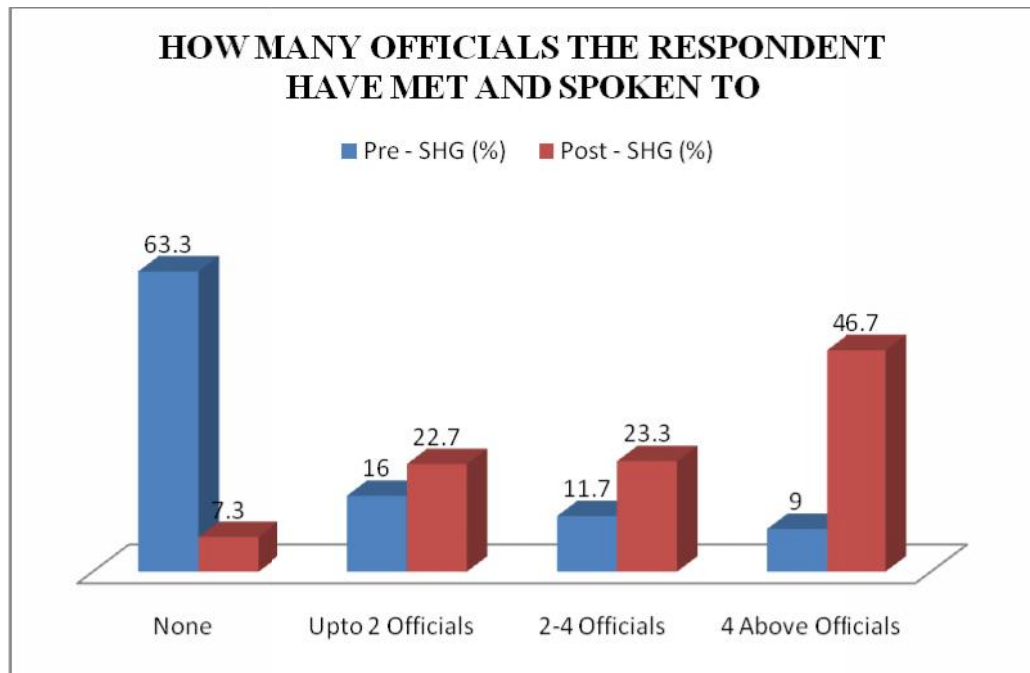
**Table 5.15 HOW MANY OFFICIAL HAS THE RESPONDENT MET AND SPOKE TO (N = 300 )**

Variables	Pre - SHG	Percentage (%)	Post - SHG	Percentage (%)
None	190	63.3	22	7.3

Upto 2 Officials	48	16	68	22.7
2-4 Officials	35	11.7	70	23.3
4 Above Officials	27	9	140	46.7
<b>Total</b>	300	100	300	100

Source : Field Survey

Chart 5.5



Communication with other members (officials) is one of the main parameter to measure the level of self-confidence. Most of the respondents (63.3 per cent) did not talk with any officials during pre-group situation, whereas in the post-group situation most of them (92 per cent) expressed their aptitude towards talking to others. Thus, there is significant positive change in communication level among members after joining the self help group because more initiatives were taken World Vision India (Lawngtlai).

**Table 5.16 HOW DOES THE RESPONDENT COMMUNICATE IN THE MEETING? (N = 300 )**

Variables	Pre - SHG	Percentage (%)	Post - SHG	Percentage (%)
Hesitates to talk	203	67.7	28	9.4
Talks only if asked	45	15	37	12.3
Sometimes talks	36	12	40	13.3
Freely talks	16	5.3	195	65
<b>Total</b>	<b>300</b>	<b>100</b>	<b>300</b>	<b>100</b>

Source : Field Survey

The above table reveals that the members communication with different officials have increased from 32 percent to 91 percent in pre and post-group situations respectively. From the above results, we can infer that self help group/ microfinance programme offered better opportunity to the rural people for meeting officials of different institutions thereby reducing the gap between them and improving self-confidence.

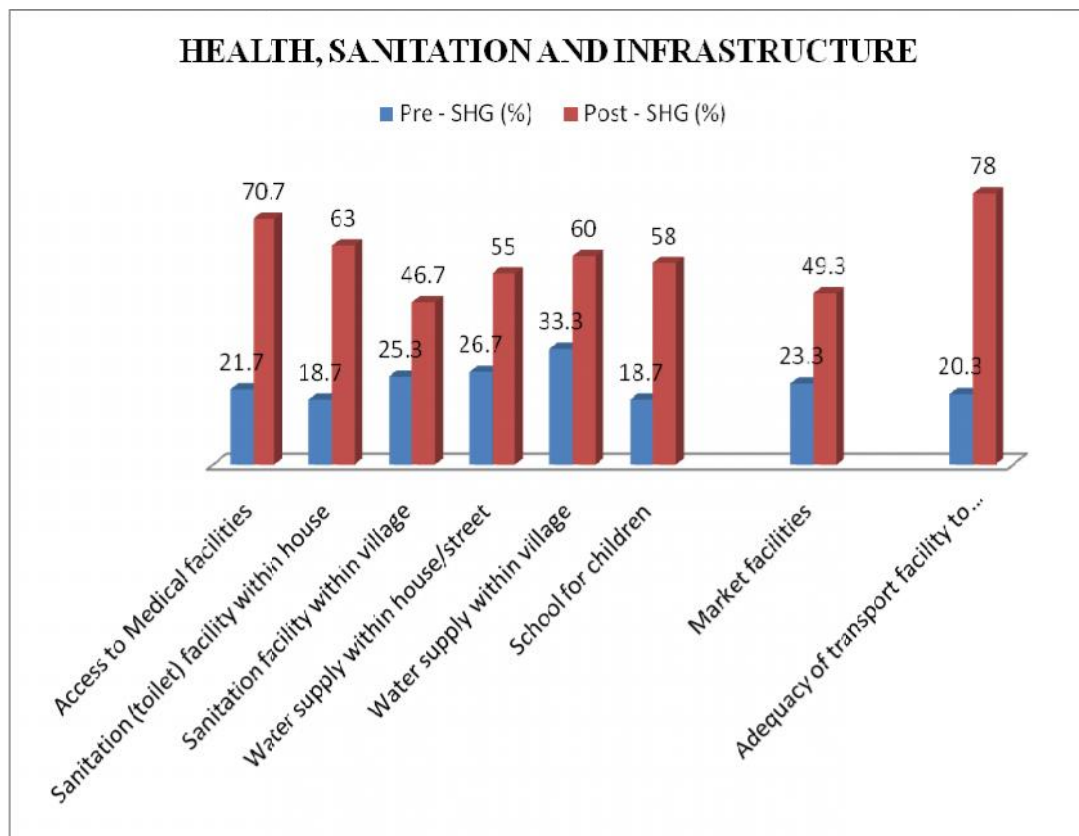


**Table 5.17 HEALTH, WATER AND SANITATION**

Variables	Pre - SHG	Percentage (%)	Post - SHG	Percentage (%)
Access to Medical facilities	65	21.7	212	70.7
Sanitation (toilet) facility within house	56	18.7	189	63
Sanitation facility within village	76	25.3	140	46.7
Water supply within house/street	80	26.7	165	55
Water supply within village	100	33.3	180	60
School for children	56	18.7	174	58
Market facilities	70	23.3	148	49.3
Adequacy of transport facility to market and nearby town	61	20.3	234	78

Source : Field Survey

**Graph 5.6**



Inadequate of infrastructure facilities for health, water supply, sanitation, transports, schools, markets etc., affect the economic and social performance of rural women members. The table no 5.17 expressed that majority of selected sample members had better access to these facilities during post-SHG period. Medical facilities were availed around 21.7 per cent of themembers during pre-group situation whereas 70.7 per cent of them were availed medical facilities during post-group situation. Similarly, the sanitation facilities within house and village have increased at significant level during post-group situation. It is also cited that water supply service was availed around 26.7 per cent (street) and 33.3 per cent (village) during pre-group situation, whereas 55 per cent (street/house) and 60 per cent (village) of them were availed water supply services in post-group situation from

concerned Department of Lawngtlai District. Finally, it reveals that school for children, market facilities and transport services to market and nearest town output had significant improvement after formation of self help group. Thus, it infers that there is a positive impact of SHG programme/Microfinance programme because the members after joining the self help groups were able to access and enjoy all kind infrastructure facilities.

## **Main Findings**

The Performances of SHGs in Lawngtlai District of Mizoram can be summarized categorically and explained based on the information compiled in the respective tables and graphs determined on the basis of the primary data collected during the course of the field survey. An analysis of the study exhibits the impact of the scheme and the magnitude of its influence on factors like increase in the level of income of the beneficiaries, increase in saving pattern and the socio – economic condition of the beneficiaries as a whole.

The main findings of the study may be highlighted as under :

1. The study shows that nearly two-third (63.3%) of the beneficiaries were within the age group of 31 – 50 years. Also, two-thirds of the beneficiaries were married(66%).
2. The study also indicates that 100% of the respondents were literate with 76% getting their Primary and Middle School education.22% got their education till High School and only 1% of the respondents got their College ( B.A.) above degree.
3. It has also been found that a majority of the respondents were landless ( 55.7 %).
4. The study also reveals that there is a positive change in the income levels of the respondents after joining SHGs. It has been found that before joining SHG 9.3 percent of the respondents were not having any income and none of the respondent had income more than `10,000. But after joining SHG there were no respondent without any income and 6.7 percent of the respondents crossed their income level above `10,000. 111 of the respondents out of 300 representing 37 percent have monthly income of `1,001-5,000 after joining the group. And the number of respondents in the income group of `5,001 – 10,000 rose from 15.7 per cent pre – SHG to 20 per cent post – SHG. This clearly

indicates that there is a positive and increased change in the income of respondents primarily after joining SHGs.

5. The study also reveals that the monthly savings of SHG members increases significantly after joining the Group. 58.3 per cent were able to save only `50 before joining SHGs, whereas the numbers of respondent saving only below `50 was reduced to 29% after joining SHGs. Similarly, the number of respondents saving upto `50– 100 rose from 33.3 per cent pre – SHG to 59.3 per cent post – SHG, a rise in 26 percent. The number of respondents who were able to save `100-200 and more also increased by 3.3 percent. It is clear from the study that the savings has increased by about 2 folds for the respondents after joining SHGs.
6. The study also revealed that the respondents after joining the SHGs were capable of getting new assets. The study shows that 49.7 per cent were able to get new sets of utensils, 25.3 per cent were able to afford new furnitures after joining the group. 11.7 percent were able to afford more luxurious items like Television, 5.7 per cent were able to buy Computers for maintaining various group datas, 67 per cent were able to buy new mobile phones for communication. Also 29.7 per cent acquired new wall clock and almost 85.3 per cent were able to buy new clothes, 8.3 per cent acquired new almirahs whereas 5.3 per cent were

able to buy new Refrigerator. Lastly, it has been found that 3 Groups were able to buy secondhand vehicles from the Group money they put together. This shows that more assets are within the reach of the respondents since joining SHGs.

7. It has been observed that many Economic Activities were started after joining the Group. These activities are started and controlled by the Group as a whole and not by individual members. It has been found that 35 new Tea Stall generating an average of `4,500 per Month per Tea Stall which in turn generated 70 employment i.e 2 person employed per Tea Stall. Secondly, 23 new Handloom Centre were set up generating income of upto `7,000 per month per Centre and these handloom centres generated 69 new employments. Third, we have candle making centres generating an average of `4,500 per month per centre and generating employment of 40 employees as a whole. Fourth, we can see a new and novel means of livelihood i.e Brick Making Centre. The initial investment of this Centre was quite high i.e `1,00,000. This centre was able to generate an average of `20,000 income per month which in turn generated 20 employment opportunities. Fifth, we have poultry farm generating an average of `9,000 income per month with 40 new employment generation. Last but not the least, 3 new Xerox centres

were set up generating upto ₹3,500 per month per centre which in turn generated 3 employment opportunities. The study found that 242 employment opportunities were generated after the formation of SHGs which is a great thing for the economic condition of the group members and the community as a whole.

8. The study reveals that there is an increased self – confidence among the respondents after joining SHGs. It has been observed that the self confidence level of the respondents increased by 39 % after joining SHGs. Thus, it is inferred that among the rural beneficiaries, after joining the self help group their self confidence level have increased. Similarly, there was improvement in the quality of treatment to the members of SHGs by their family members.
9. The study reveals that there is an increased respect treatment towards the respondents by family members after joining the group. It was also found that more of the respondents were actively helping neighbours after joining SHGs.
10. The study depicts that the ability of respondent to meet the financial constraints have increased by 41 per cent during post-self help group situation. This study also reveals that the confidence level of the respondents has been boosted after joining SHGs.
11. The study shows that most of the respondents did not talk with any officials during pre-group situation, whereas in the post-group situation most of them (92 per cent) expressed their aptitude towards talking to

others. Thus, there is significant positive change in communication level among members after joining the self help group because more initiatives were taken World Vision India (Lawngtlai).

12. It has been observed that majority of selected sample members had better access to these facilities during post-SHG period. Medical facilities availed also increased significantly after joining SHGs. Similarly, the sanitation facilities within house and village have increased at significant level during post-group situation. It has also been found that the water supply service in the house as well as in the villages increased significantly.
13. Finally, the study reveals that school for children, market facilities and transport services to market and nearest town output had significant improvement after formation of self help group. Thus, it infers that there is a positive impact of SHG programme/Microfinance programme because the members after joining the self help groups were able to access and enjoy all kind infrastructure facilities.

#### **Suggested Measures:**

Based on the present study the following suggestions have been made for future line of work.

1. Special training programme should be provided regarding the proper accountskeeping and accounting experts should be invited as a resource person so that the beneficiaries can enhance their accounting



knowledge and maintain their cash book and other necessary books of accounts accurately.

2. For better functioning of the groups, beneficiaries should be properly educated and periodical training at regular intervals may be made and also a study on the respective field may be conducted to outcome the findings.
3. The various categories for financial institutions in rural underdeveloped market have exhibited different potentials in serving rural women. There is need to synchronize their efforts so that their work becomes supplementary and complementary to them.
4. Branch managers of financial institutions should in any case be close to the communities they serve, and should be affilient for any distribution channel through which they can profitably reach new customers. They should ensure the existing level and types of group activity and informal intermediation, and be ready to offer services and selling products, which are appropriate for local communities.
5. There is urgent need to streamline the procedure for applying, seeking and releasing of credit from the banks. The procedural difficulties are one of the major implements, which have deterred beneficiaries from financial benefits from the banks. Therefore, the procedure for credit access to should be made more easy and simple.
6. Marketing of new distribution may involve training or community and development skills. Training packages must be evolved for

entrepreneurship development to enable rural beneficiaries as successful business managers and sustaining micro-enterprises. In this task, role of NGO's, Panchayats, Women's organizations etc. may be enhanced to impart training, skill development and technical knowledge.

7. Considerable scope exists for development of microfinance in India since there is enormous unmet demand for financial services in this sector. However, enacting fresh legislation or appropriate amendments in the existing legislation related to Microfinancial institutions is the need of the hour.
8. Micro-finance as a permitted activity for societies, NGO's, and voluntary organizations may be ensured through amending the existing Indian Income Tax Act, 1956 [Section 2(5), Section 11(5)], Societies Registration Act, 1860, FCRA and RBI Act.
9. The micro-financing institutions need proper regulation and operation of business transactions. Therefore, RBI, SIDBI, NABARD and other organizations should evolve proper mechanism for monitoring, supervision, direction, appraisal and evaluation of such institution including self help promotion institutions.
10. The factors responsible for poor performance of microfinance and functioning of SHG's should be investigated, examined and analyzed scientifically and systematically to resolve the emerging problems, difficulties and challenges being faced by NGO's, SHP's, SHG's dealing with microfinance.

11. More research should be carried out to assess the impact of micro-credit through SHG's. The impact assessment should be more focussed on socio-economic empowerment of members, social change, dynamics of groups, business, leadership, promotion of viable micro enterprises etc.
12. Social capability building programmes should be organized from time to time to train the NGO's activists, volunteers, Panchayat representatives, members of youth clubs etc. to promote small savings and women's active and positive role in development process, ensuring their rights, entitlements and due share in developmental benefits.
13. Transformation of the repayment culture is required. An expansion of micro-financial services will need not only appropriate and efficient micro products on a very large scale, but also customers who care willingly to pay the full costs of those services. Bankers must change their attitude towards small loans to poor, including women and start seeing them as a social obligation in treating them as potential business.
14. Policy makers need to recognize the potential of micro-financial services to support investment and growth in key economic sectors and hence to contribute significantly to national economic growth.
15. The key elements in the survival and sustainability of the SHG's should naturally be built on those elements that have brought the group

together. They have to evolve as sustainable village level institutions for taking active role in development and governance.

**Conclusion :**

Finance is an element which everyone needs. Regular and immediate finance can play an important role for development of socio-economic conditions of the people particularly the rural poor. Microfinance is expected to play a significant role in poverty alleviation and rural development particularly the rural women. The potential for growing micro finance institutions in India is very high. Major cross-section can have been

benefited if this sector will grow in its fastest pace. From the analysis of data it can be concluded that numbers of members have started savings only after joining the groups while majority of the members have no savings in the pre-SHG era. After joining the groups most of the members solved their problems alone.

It is important to understand that the success of the SHGs depends upon its proper implementation. To examine and analyse the performance of the scheme in the selected area, a field study was carried out within Lawngtlai District, which is one of the poorest District in the State of Mizoram. The study examined the impact of the SHGs as measured by change in income levels, savings levels, acquiring of new assets, self – confidence, proper health and medication facilities. Using three stage sampling method, 300 beneficiaries were selected. Closed ended questionnaires were used to gather information from all the stakeholders in MNREGA.

By comparing the monthly income on the beneficiaries before and after SHGs, it was found that the income bracket above `10,000 per month, the total number of beneficiaries have increased by 6.7 % while a substantial decrease of upto 9.3% for the bracket of no income per month was observed. Likewise in the saving bracket of `50-100 per month, the total number of beneficiaries have increased by 26% . At the same time, at the saving bracket below `50, a decrease of upto 29.3% was observed. It was also found that a majority of the beneficiaries were able to buy new assets after joining SHGs. It was also

found that through SHGs, 242 new employment opportunities were generated after the proper implementation of the Self Help Groups.

Apart from these, there were 39% of the respondents claiming that joining SHGs have improve their self confidence. A majority of the respondents have met with Government Officials after joining SHGs which further boosted the confidence level among the respondents. Its was also observed that there is a significant increase towards the Health and Sanitation facilities in their respective villages.

Implementation of SHGs is a programme that has immense potential to improve the gap between urban and rural India leading to rural development and provide a stable income for the benefecieries. The study reveals that despite numerous problems, implementation of SHGs has begun to make a difference in the lives of rural inhabitatants. These results suggests that SHGs has a significant impact on the Socio-Economic factor of rural Lawngtlai District.

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## QUESTIONNAIRE

Code :

### SURVEY ON SHGs

NAME OF THE RESPONDENT : \_\_\_\_\_

NAME OF SHG YOU ARE IN : \_\_\_\_\_

WHICH BLOCK ARE YOU IN : \_\_\_\_\_

**Declaration** : This survey is designed only for SHG members. Both personal and family Information provided in this survey are not intended for distribution and circulation to other parties. I earnestly request the participants to indicate and provide honest answers.

David Lalbiakdika,  
MPhil Scholar, Deptt of Economics,  
Mizoram university : 2015

**Tick the correct answer only.**

1. Which age group are you in ?
  - a. Young age ( 18 – 30 Years)
  - b. Middle age ( 31 – 50 Years)
  - c. Old age ( above 50 Years)
  
2. What is you educational qualification ?
  - a. Primary School
  - b. Middle School
  - c. High School
  - d. College ( B.A above )

3. What is your marital status ?
  - a. Unmarried
  - b. Married
  - c. Widow
  - d. Divorced
  
4. Does your family have any land holdings ?
  - a. Landless
  - b. Land Owners
  
5. What is the size of your family ?
  - a. Small family ( 1- 5)
  - b. Medium family ( 6 – 10)
  - c. Big family ( above 10 members)
  
6. What is your average monthly income before joining SHGs?
  - a. No income
  - b. Low Income(Below `3000)
  - c. Medium income(`3001 - `10,000)
  - d.High income (`10,001 above)
  
7. What is your average monthly income after joining SHGs?
  - a. No income
  - b. Low Income(Below `3000)
  - c. Medium income(`3001 - `10,000)
  - d.High income (`10,001 above)

8. Do you participate in social activities like meetings, group work etc?

- a. No
- b. Sometimes
- c. Actively participate

9. How many trainings have you undergone ?

- a. None
- b. 1
- c. 2
- d. 3 above

10. How much money can you save per day before joining SHGs ?

- a. Below `50
- b. `51-100
- c. `101-200

11. How much money can you save per day after joining SHGs ?

- a. Below `50
- b. `51-100
- c. `101-200

12. After joining the SHGs, which of the below listed assets does your family newly purchased ?

- a. Washing Machine
- f. Vehicle

- b. Refrigerator
- c. Television
- d. Mobile phone
- e. Furnitures.
- g. Wall clock
- h. Clothes
- i. Almirah
- j. Computer

13. What kinds of economic activities are started after implementation of SHG?

- a. Candle making
- b. Brick factory
- c. Xerox centre
- d. Handloom centre
- e. Tea stall
- f. Poultly farm.

14. How confident were you before joining SHGs ?

- a. Low
- b. High

15. How confident are you after joining SHGs ?

- a. Low
- b. High

16. Were you confident of managing financial crisis in the family before SHG?

- a. No
- b. Yes

17. Are you now confident of managing financial crisis in the family before SHG?

- a. No
- b. Yes

18. Did you actively help your neighbours before joining SHG?

- a. No
- b. Yes

19. Do you now actively help your neighbours after joining SHGs ?

- a. No
- b. Yes

20. Did your family members treat you good before joining SHG?

- a. No
- b. Yes

21. Did your family members treat you good after joining SHG?

- a. No
- b. Yes

22. How many Government official have you met and spoke to?

**Before SHG**

- a. None
- b. Upto 2 officials
- c. 2 to 4 officials
- d. above 4 officials

**After SHG**

- a. None
- b. Upto 2 Officials
- c. 2 to 4 officials
- d. above 4 officials

23. How do you communicate in the meeting ?

**Before SHG**

- a. Hesitates to talk
- b. Talk only if asked
- c. Sometimes talk
- d. Talk freely

**After SHG**

- a. Hesitates to talk
- b. Talk only if asked
- c. Sometimes talk
- d. Talk freely



24. Do you have access to medical facilities ?

**Before SHG**

- a. No
- b. Yes

**After SHG**

- a. No
- b. Yes

25. Are there any sanitation facilities ( toilet ) within your house ?

**Before SHG**

- a. No
- b. Yes

**After SHG**

- a. No
- b. Yes

26. Are there sanitation facilities in the village ( Public toilet, Urinary etc ) ?

**Before SHG**

- a. No
- b. Yes

**After SHG**

- a. No
- b. Yes

27. Are there water supply within your house ?

**Before SHG**

- a. No
- b. Yes

**After SHG**

- a. No
- b. Yes

28. Are there water supply ( Public Tanks ) within the village ?

**Before SHG**

- a. No
- b. Yes

**After SHG**

- a. No
- b. Yes

29. Are there Schools for Children in your village ?

**Before SHG**

- a. No
- b. Yes

**After SHG**

- a. No
- b. Yes

30. Do you avail market facilities in your village ?

**Before SHG**

- a. No
- b. Yes

**After SHG**

- a. No
- b. Yes

31. Is transport for market and various items adequate in your village?

**Before SHG**

- a. No
- b. Yes

**After SHG**

- a. No
- b. Yes

## QUESTIONNAIRE

Code :

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- d. Mobile phone
- e. Water pump
- i. Furnitures.
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**After SHG**

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**Before SHG**

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**Before SHG**

**After SHG**

a. No

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