

**Microfinance and Women Empowerment – A case study of
Mayurbhanj District of Odisha
*of***

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CHAPTER ONE

Introduction

Human development – the concept has attracted the attention of economist and policy makers during mid eighties. It is a process of enlarging the choices of all people, and not only one section of society. Such a development process becomes unjust and inequitable, when women's are excluded from benefit participation. There is continued inequality and vulnerability of women in economic, social, political, education, health care, and legal sectors. The concept of empowerment is defined as a process by which one can take control and ownership of their choices. The core element of empowerment has been defined as agency, awareness of gendered power structures, self esteem, and self confidence (kabeer 1999)¹. Empowerment is regarded as an abstract and complex concept and it is interpreted in many ways. According to Random house dictionary, the word empowerment comes from the word “empower” which means to give power or authority and enable or permit. It is an multifaceted process, involve the policy of resources to achieve collective strength and countervailing power and entailing the improvement of manual and technical skills, administrative, managerial, and planning capacities (Devi 2003).while empowerment literally means ‘to invest with power’, in context to women it denotes increased control over their own lives, bodies and environment.

According to Sharma (1992)² ‘EMPOWERMENT’ in its simplest form is redistribution of power that challenges the male dominance. It does not mean empowerment process adopts an ‘antagonist approach’; it is only to enable women to realize their potential and power in all

¹ Kabeer (1999), “Resources, Agency, Achievements: Reflection on the Measurement of Women Empowerments”, Development and Change, Vol. 30, No. 1, pp. 435 – 464.

² Sharma (1992), “Grassroots Organisation and Women's Empowerment: Some Issues and Contemporary Debates”, Samya Shakti, New Delhi, Centre for Women's Studies.

spheres of their lives. In order to understand the concept of empowerment it is necessary to define the concept of disempowerment and its process. Control over the resources or asset is the centre theme of empowerment. The poor women's needs a wide range of assets and capabilities to increase their well beings, security and self confidence, so that they gain power and negotiate with those who are powerful. Power defines itself as the control over resources and capabilities. According to Jaysheela (2009)³, the resources over which control can be exercised falls in four broad categories, i) physical resources (land, water, forest), ii) human resources (people, their bodies, labour and skills), iii) Intellectual resources (knowledge, information, and idea), iv) financial resources (money and access to money). Poor women's lacks to these resources or assets which forces them to stay poor, backward, and malnourished.

Marlyn have divided the sources of disempowerment into two broad categories, *first*, Intensive sources which tended to arise because women belongs to low income households and due to biological factors they experience more intensively than men of the same households. *Secondly*, women exclusive sources which tended to arise primarily due to women gender. In order to overcome these sources of disempowerment different dimensions of empowerment have been derived. They are:

- Social empowerment (accessibility to education),
- Economic empowerment (right and accessibility to productive resources),
- Political empowerment (participatory action in development),
- Legal empowerment (protect the interest of women).

³ Jaysheela, Sriprasad H. and Dinesha P.T. (2009), "Microfinance in India : A Tool for Women Empowerment" Serial Publications, New Delhi, pp. 27.

The studies show that women economic interdependence is necessary for women empowerment, which requires women access and control over economic resources. Women traditionally lack access to resources, assets and credit because of which they are not able to sustain their self and forced to depend upon males for their survival, subsistence and needs. Once the women adjust to high income group and have access and control over the resources, the others dimensions of empowerment will automatically work. Moreover, the greater will be the women rights, the greater will be the participation of women in public life, which is possible only if there is cleaner and better governance. Good governance is associated with better law enforcement, greater stability and enhanced prospects for development. This economic growth reduces constraint on women access to resources, education, health care, and credit, leading to more equal opportunities (World Bank 2001). Finance or credit is regarded as basic tool for women empowerment which generally occurs through informal financing agencies because women lack security (assets) against loan. Before proceeding insight the microfinance and its impacts, it is necessary to understand the meaning and sources of finance or credit.

1.1. What is Finance?

Finance is simply defined as the management of money or funds management. In ordinary parlance finance does not deals only with money but also with the market. Academically “finance is regarded that branch of economics which deals with the resource allocation, investment, acquisition, and management”. Today financé is regarded as a family of business activities which includes the organization, marketing, management of cash, instruments, assets, liabilities, and risk. Finance is said to be both, art as well as science. Art in relation to product development and, science in measurement. The financial system consists of both public and

private interest and the market that serves them. It pools capital from individual and institutional investors who transfers money directly or through intermediaries to other individual, firms and government which accure resources and transact business. The “Economy” is a social institution that organises the society production, consumption and distribution of goods and services, all of these need finance. These financial needs are fulfilled by financial and non financial institutions through financial markets, which carry on transfer of funds from lenders to ultimate borrowers. The financial market helps in raising capital, transfers the risk, transfer of liquidity, and facilitates international trade. The suppliers in the financial market are both in organized and unorganized form due to differences in control and regulations. The borrowers in the financial market consist of individual, municipalities, state and central government, and public corporations. The term finance can be further broadly classified as:

- Microfinance,
- Macro finance.

1.2. Microfinance and Macrofinance:

Microfinance and Macro finance are two broad aspects of finance. The differences between the two terms are basically due to the differences in volume, size, structure, repayment schedule, rate of interest, and needs. Microfinance as the term itself explains its capacity of having small funding or financing activities. This financing structure is basically required by small farmers, poorer, households, small businessman, cottage industries in order to carry on their day to day business or activities.

On the other hand macro finance includes larger things in its gamut and has wide variety of instruments as compared to microfinance. This macro finance facility is basically required by

large businessman, companies, firms, governments, etc. this difference in financing is due to differences in need and demand of different sections of society.

1.3. Microfinance: Introduction, Concepts, and Values

Microfinance is a provision of a broad range of financial services such as deposits, loans, payment services, money transfer, and insurance to poor, low income households, and their microenterprises. In the development paradigm, microfinance has evolved a need based policy and programmes to cater the neglected group of society especially women's, poor, rural, and deprived etc. The basic idea of microfinance is to provide access to financial services including credit which enables the entrepreneur to start his microenterprise that will allow him to break out of poverty. The concept has gain lot of significance and momentum, both theoretically and practically during last few decades. It is regarded as tool for economic development which is designed to spread financial support and assist the low income group people to work their way out poverty, deprivation, starvation, and other financial problems.

Microfinance is viewed particularly as a means of contributing to the process of empowerment by enhancing women's productive role in enabling them to challenge inequalities within and between households. The programme has been derived to meet the basic objective of:

- The survival needs of the poor by enabling them to have access to credit for both consumption and productive activities.
- To empower the poor and marginalized by expanding the opportunity for participating in income generating activities and undertake social activities, aiming at removing social cultural barriers to empowerment and development.

Microfinance is a process of lending micro or small sums of money. Many developing and underdeveloped countries, lack of resources, capital, skill and knowledge, microfinance not only helps to prevent the country from deep into the poverty but also brings individual development of poor's. Microfinance includes both micro-credit and micro-saving, though the term micro-credit and microfinance used as synonyms. The term microfinance perceived to be a paradigm shift in the quality of delivery of finance to micro entrepreneurs. The old paradigm of microfinance envisaged providing credit to poor people basically residing in poor and semi urban areas at subsidized rate of interest through public or governmental financial institutions, while the new continues to target the rural and urban poor households, with emphasis on women borrowers, provision of finance for assets creation on principles of "borrower known best" (Kaladhar, 1997)⁴.

The CGAP-WORLD BANK defines "microfinance as an instrument which offers poor peoples to access basic financial services such as loans, saving, money transfer services and micro insurance". Poor people need a diverse range of financial services in order to run their business, build assets, smooth consumption and manage risk. In India, microfinance has spread its gamut very fastly and shown an appreciating result in depriving poverty. As the major player of microfinance in India, NABARD has also given a working definition "Microfinance is a provision of thrift, credit and other financial services and products in very small amount to the poor in the rural, semi-urban areas enable them to raise their income level and living standard". The task force has further emphasized that microfinance will not cover only consumption and production loans but will also include other credit needs like saving, insurance, housing, and shelter improvement etc.

⁴ Kaladhar K. (1997), "Microfinance in India – Design, Structure and Governance", Economic and Political Weekly, Oct – 18, pp. 2687 – 2706.

Otero (1994)⁵, states “microfinance creates access to productive capital, human capital addressed through educational and vocational training, and social capital build through creating representatives, local organization building, promoting democratic system, and strengthening human right, enabling poor to move out of poverty. Microfinance enables poor self employed peoples to create productive capital, to protect the capital they have, to deal with risk and avoid the destruction of capital. It attempts to build assets and create wealth among people who lacks them. It has been regarded as liquidity tool for very poor people, which help them in strengthening their consumption pattern and reduce their level of vulnerability”. Asian Development Bank (ADB) has also given the explanatory definition of microfinance as “the broad range of financial services such as deposits, loans, payment services, money transfer poor and lower income households and micro-enterprises” to overcome out of poverty and deprivation. These services are provided through formal, semi –formal, and informal institutions.

Robinson (2001)⁶ states, “microfinance refers to small scale financial services for both credit and deposits that are provided to people, who operate small and micro-enterprises, where goods are produced, recycled, repaired, traded, provide services, work for wages or commission, gain income from renting out small amount of loan, vehicles, draft animals, or machinery and tools, and to other individual and local group in developing countries in both rural and urban areas”.

1.4. Origin and Growth of Microfinance:

Micro finance is not a recent development, it is an old as our communities. The microfinance has been observed to be present in every society or country but through different names and

⁵ Otero M. and Rhyne E. (1994), “Financial Services for Micro enterprises Principles and Institutions, IT Publications, London, pp. 302.

⁶ Robinson S. Marguerite (2001), “The Microfinance Revolution: Sustainable Finance for the Poor – Lessons from Indonesia, Washington D.C, World Bank.

mostly through informal sector. Saving and credit groups have been operated for centuries includes the “susus” of Ghana, chit fund” in India, “tandas” in Mexico, “arisan” in Indonesia, “cheetu” in Srilanka, “pasanuku” in Bolivia, as well as numerous saving clubs and burial societies found all over the world.

The earlier and longer lived micro credit organization providing small loans to rural poor with no collateral was the Irish loan fund system formed in 1720 by the nationalist Jonathan Swift using peer monetizing to enforce the repayment in weekly instalment of initially interest free loans. In 1980 various types of larger and more formal saving and credit institutions began to emerge in Europe organized primarily among the rural and urban poor. These institutions were called as people’s bank, credit unions and savings and credit co-operatives. The origin of finance in Germany was traced back to the first thrift society which was established in Hamburg in 1778 and the first communal saving fund in 1801. Raiffeisen and Schulze-Delitzsch reinvented the wheel of microfinance creating rural saving and credit co-operatives in rural areas with the help of some contribution of wealthy people, he established the first Rural Credit Association in Heddesdorf in 1864.

The Indonesian people credit bank the Bank Perkreditan Rakyat (BPR) opened in 1895. The BPR became the largest microfinance systems in Indonesia with 9000 units. Bank Rakyat Indonesia (BRI) is a state owned bank with 22 million micro savers which tend to act the largest microfinance institution in developing countries. In 1959, Aktar Hameed Khan the founder of Pakistan (presently Bangladesh) academy for rural development introduced the revolutionary idea of micro credit has opened a new door for millions of destitute and under privileged peoples.

Prof. Mohammad Yunus is popularly known as father of micro- credit system for his research project in 1979 when Bangladesh was badly hit by famine. During this period with the visit of the Jobra village of Bangladesh Prof Yunus encounter the problems of poor women's, who are forced to sell their products at very low prices due to the clutches of poverty. He extended a small loan of US\$ 27 to 42 women's. The women's cleared all loans taken from moneylenders and this lead the simple journey of Yunus and Bangladesh and Grameen Bank. After that Prof Yunus approach the Bank of Bangladesh to sanction credit to poor which has been rejected by bank due to lack of collateral security against loan. Ultimately in 1976, Yunus obtained loan from bank after signing as a guarantee and lend the borrowed amount to the poor as an initiation of project Grameen Bank. In 1979 Bangladesh central bank began providing financial support to the project. This credit scheme for poor was successfully implemented in Tangail district and was then extended to other districts of Bangladesh. In 1983 Grameen Bank was given the status of an independent Bank by a special ordinance of Bangladesh government. With 2319 branches Grameen bank provides services in 74,462 villages, covering 89% of total villages of Bangladesh. This experimental programme in Bangladesh, Brazil and few other countries extending tiny loans to group of poor women to invest in micro business has attracted the business of all other countries of world. These "micro enterprises lending" was based on solidarity group lending in which every member of group guaranteed the repayment of all members.

In 1972, the Self Employment Women Association (SEWA) was registered as a trade union in Gujarat, with the main objective of "strengthening its members bargaining power to improve income and employment as an access to social security". In 1973, due to lack of access to financial services, the members of SEWA have established a bank of their own named Mahila

SEWA Cooperative Bank, with capital share contribution of 4000 women members. Since then this Bank has been providing banking services to poor, illiterate, self-employed women's with around 30,000 active clients (Jaysheela, Shriprasad & Dinesha, 2009). In India, the credit of microfinance development goes none other than NABARD for its action project on "saving and credit management of self help group" of Mysore Resettlement And Development Agency (MYRADA). NABARD launches a pilot project with support of RBI to provide micro-credit by linking SHG with banks in 1991-92. This is regarded as formal emergence of microfinance movement in India.

1.5. Models of Microfinance Services:

India is a home of largest microfinance system in the world. There are several models of delivering microfinance services, however some of the important and largely practiced delivering models are:

- **ASSOCIATION MODEL:**

Under this model "the targets community initiates and form an association, which carries out various microfinance activities. This model of delivering services is also known as "*group model*". Association or group composed of youth, men, women formed on socio-religious-cultural issues. The association model turns to a legal entity in many countries and our Indian SHG model is stemmed from this model.

- **COMMUNITY BANKING MODEL:**

This model treats whole community as one unit. The community banking is a formal or semi-formal institution through which microfinance services are provided to the members. the community banks are initiated and capacitated by intermediaries like NGO and other

organizations who engaged in capacity building of the community members to make them expert in performing various financial activities of bank.

- **CO-OPERATIVE MODEL:**

The cooperative model is an autonomous association of peoples who are the members of cooperatives. These members are united voluntarily to meet their socio-economic and cultural needs. It is a democratic member controlled institution. This includes member financing and saving activities. These financial cooperatives have the characteristics of self generating capital, self governed, middle and lower income group clients with financial services.

- **CREDIT UNION MODEL:**

The credit union is a formal financial institution formed by a particular group, institution or organization with a motive of saving their money together and relend to members with a democratically pre determined rate of interest. The credit union model is based on two major facts i.e. self help and members driven nature. Credit unions is known as “not for profit financial cooperatives” or “saving and loan cooperatives” as this model works on principle of co-operatives

- **INDIVIDUAL BANKING MODEL:**

This is a straight forward credit lending model where micro loans are given directly to the borrower. This model does not include formation of group or generating peer pressures to ensure payment.

- **GRAMEEN JOINT LIABILITY GROUP MODELS:**

This model was derived from grass root level organization Grameen bank, Bangladesh. Under this system, the bank unit itself with field manager and bank workers, covers area of about 15-20 villages. The field manager with assistant visits the village, in order to develop acquaintance for working. Group of five perspective borrowers are formed in the first stage in which only two of them are eligible for and receive a loan. Only when the first two borrowers repay the principal with the interest over fifty weeks, the other member becomes eligible for loan. This restriction helps in maintaining clear records and collective responsibility to serve as collateral on loan.

- **SHG MODEL:**

Self help group model dominates microfinance in India. Under this model group of 10-15 members are formed basically from same gender or caste, to resolve various socio economic and other issues. The SHG encourages saving among members and use pooled resource to meet the emergent needs of their members. After maturity of 6 month to 1 year the group becomes collateral for loan. These groups are either supported by government, NGOs, MFIs or other formal and informal agencies. This model gives scope to the members of SHG to participating in decision making process, with four standing pillars of “ self help is the best help”, “ unity is strength”, “ united we stand and divided we fall”, and finally “ we can make our own bank”. The group members use collective wisdom and peer pressure to ensure proper end use of credit and timely repayment thereof.

- **VILLAGE BANKING MODEL:**

This model was developed by FINCA International. The “village banks” are formed by 25-30 low income individuals, primarily women’s from villages. These banks perform community

based thrift and credit association with a motive to improve the socio-economic and living standard of the members through promotion of self employment activities. This model is operative at micro level village based bank, which pooled the initial fund from external sources. No financial collateral is required against the loan as they are backed by moral and social collaterals. Market rate of interest is charged from members with the guarantee of repayment.

- **ROTATING SAVING AND CREDIT ASSOCIATION (ROSCA):**

Rotating saving and credit association is a type of democratic association formed by 5-50 members for making a regular cyclical contribution to a common fund. Further this fund is again relented to the member in each cycle in the form of loan. Outside financial agencies are not allowed to involve in ROSCA and all organizational activities are carried by members. The major differentiation and the major fault of this model is of having implicit interest rate with level of defaulters, frauds and dropouts.

1.6. Self Help Group (SHG):

Self help group (SHG) is a homogeneous group of poor, women, user etc. which are voluntary and are formed for the common interest of their development. The SHG stands on the principal of “for the people, and of the people”. It is a small economically homogeneous and affinity group of rural people who voluntarily agrees to contribute to common fund which will be lend to the members as per the decision of the group, which work for groups solidarity, self and group awareness, social and economic empowerment in the way of democratic functioning. NABARD (1995), defines “SHG’s as the homogeneous group of rural poor voluntarily governed, to save whatever the amount they can conveniently save out of their earning and mutually agrees to contribute to a common fund to lend to the members for meeting their

productive and emergency, consumptive credit needs”. The group members use collective wisdom and peer pressure to ensure proper end use of credit and time repayment. The SHG has average size of 15 members from a homogeneous class, but not more than 20 members (NABARD, Mumbai). The group meet together for addressing their common problems and makes voluntary thrift on regular basis and thus reported money is pooled to make small interest bearing loan to their members. This process helps the members to imbibe the essentials of financial intermediation including prioritization of their need, setting terms and conditions, account keeping, gradually built financial discipline among them. Once the group learns to handle resources of size which is much beyond of their capacity, banks are encouraged to advance loans to the group in certain multiples of their accumulated savings. The individual member can also apply for credit facilities, however there are certain norms and procedures which he must satisfy. Apart from financial support at the time of need, the group also provides social security to its members. It creates a platform for sharing experiences, collective knowledge, solving problems and resource mobilization. The SHG’s endorsed with following features

- Homogenous in terms of economic status, identical interest and an affinity group,
- Small in size and their membership per group ranges from 10 to 20 peoples.
- SHG’s are non-political, voluntary and follows democratic culture in their operation.
- They hold weekly meeting and mostly during non- working hours.
- They keep transparency in records and have the collective accountability of the group.
- The group works mostly on the principle of self help, group solidarity, awareness, social and economic empowerment.

1.6.1 SHGs - Objective, Nature and Functions:

Self help group are voluntary association of people formed to attain certain collective goals. The SHG consist of 10 to 20 members of workers from different field with the basic objective of economic and social empowerment. The group either consists of male or female and even mixed members. The concept of SHG basically stands on the principal of “for the people, by the people and of the people”. The member fixes a monthly rate per member savings which may range from Rs 10-150. This saved amount is collected by the president or secretary of group and deposited on group account. The group aggregates the individual saving and borrowing requirements of its members, and the bank has to maintain only one account for the as the single entity. The members of group usually meets once in a week, fortnight, or in month, to take decision regarding their utilization of pooled saving. The group either divides the saved amount equally among all members or gradually rotates the amount among members to meet their credit requirements. It also lends for consumption and unproductive activities without any collateral which provides the members security towards emergency needs. The group also charges certain rate of interest for the credit to its members, which is relatively high initially but reduces as the group fund position improves. The members repay the loan within 3-4 months, even the period of repayment extends to 10-12 months as the loan size increases with the maturity of group. Each group has its own norms, guidelines and management system. It also maintains cash book, general ledger, minutes, proceedings/ resolution book, in which each and every member’s transaction, loan, interest rate, amount paid, etc. are recorded. Once the SHGs becomes mature in performing all the necessary operations like saving collection, credit advancements, group meeting organization, records keeping, etc. then they are linked with banks for sanction of loans which generally occurs after six months of group formation and operation. The amount of loan

generally varies 1- 4 times of saving made by group. The group remains collectively responsible for repayment of loan from outer sources/bank, as they have common perception of needs and an impulse towards collective action.

Objectives of SHGs:

The major objective of SHGs is to make women empowered. Empowering women is not just meeting their economic needs, but also social and political development. The women empowerment would not only benefit individual women and women group but also their family and community as whole through collective action and development. Jaysheela (2009) pointed out certain specific objectives of SHGs:

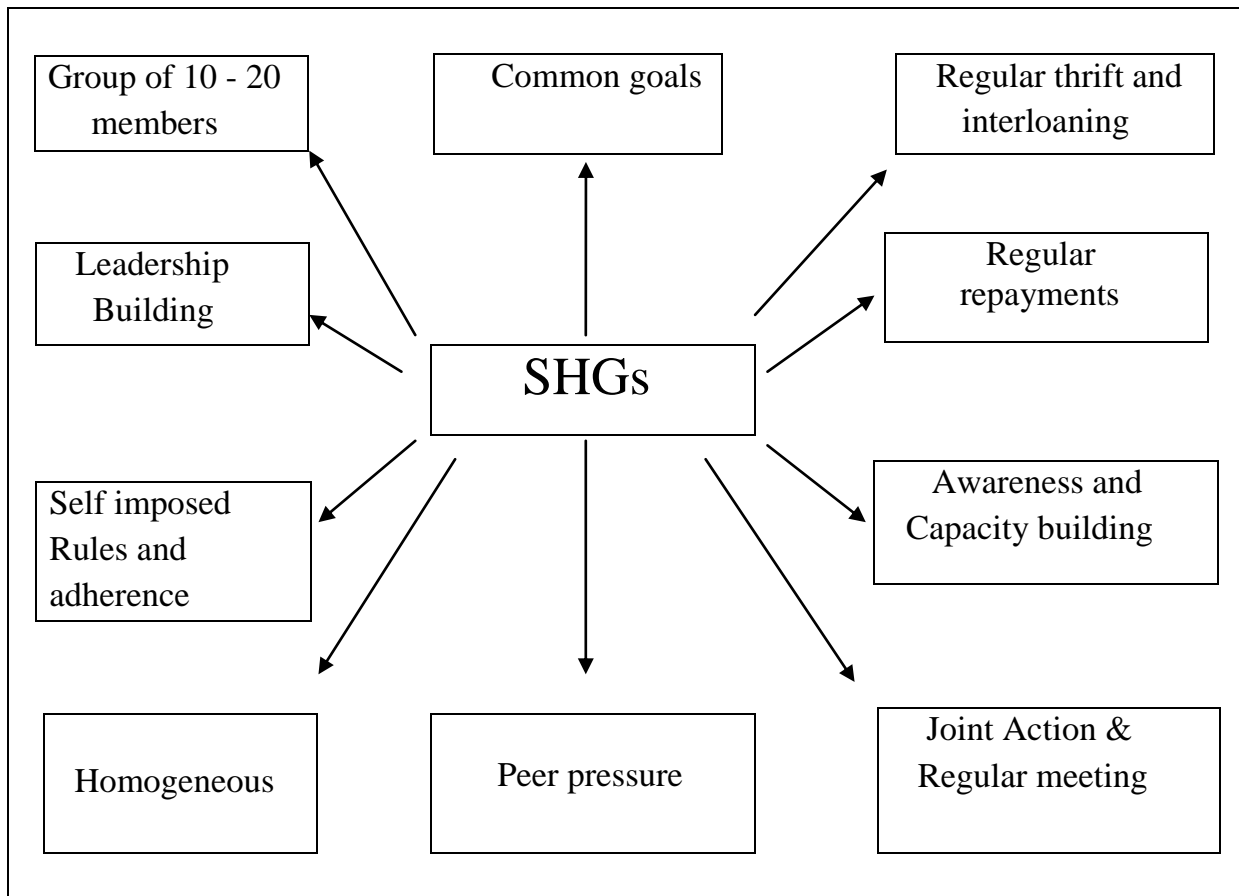
- To encourage the rural women to form groups for having a common platform for sharing different views on their common concerned.
- To generate awareness about various affairs relating to their socio-economic, health, cultural, political, and legal matters.
- To inculcate saving and credit habits among the member of the group for creating a common fund through weekly small savings to meet the future needs.
- To establish linkages between SHGs of women and Banks
- To train them for maintaining various records properly viz., resolution book, ledger book and cash book.
- To impart technical and scientific knowledge to the members for capacity building as well as to undertake various income generating activities in group or individually.
- To encourage rural poor women for promoting their economic status by utilizing the skills and knowledge acquired through training.

- To promote and establish networking among the existing SHGs, and
- To encourage their participation in various development programs so as to enhance the process of social development in a greater way.

Nature and Functions of SHG:

The SHG works on the principal of “self- employment and empowerment” for its members. Every SHG has their own goals and objectives. The members through participatory action tries to performed the basic functions of SHG. The basic nature and functions of SHGs is presented in fig 1.1.

Fig. 1.1. Nature and Functions of SHGs operating in India



1.6.2. SHG – Bank Linkage: An Overview

The Self Help Group is regarded as the brain child of GRAMIN BANK of Bangladesh, which was founded by Prof. Mohammad Yunus of Chittagong University in year 1975. The financial reforms in India began with SHG-bank linkage programme of NABARD. The SHG in India usually consist of 15 to 20 members with similar socio-economic background. SHG concept is not new to India, it always exists but through different names like Nidhis and Chit Fund. NABARD in 1989 started SHG-BANK linkage programme as an action research project by financing Rs 10 lakh to MYRADA as seed money for experimenting credit management group. In 1992, NABARD undertakes a pilot project with partnership of Banks and NGOs for providing Bank-linkage to 500 SHGs. This project has laid down the foundation stone of SHG-BANK linkage programme in India. The reason for rapid expansion and popularization of SHG-BANK linkage programme is

- The informal lenders are exploitative, usurious and dysfunctional, the poor wanted to get rid of these exploitation.
- Institutional credit failed to serve the rural poor effectively because of lack of collateral and extra precautionary attitude towards lending rural poor.
- Public policies which aimed at dismantling the informal credit system and lending group without offering alternative source of institutional credit.
- Rural poor have lack of options, so they immediately accepted the formal system of SHG-Bank linkage.

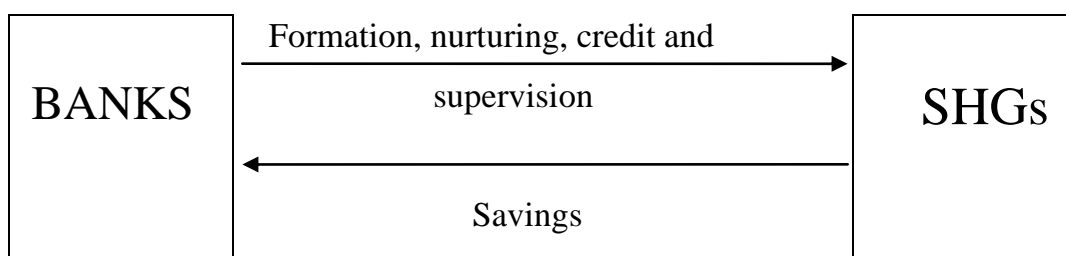
- The members of SHG basically belong to homogeneous socio-economic background which provided platform to SHG-BANK linkage movements.

1.6.3. SHG-BANK LINKAGE MODELS:

SHG-BANK linkage means linking the SHG with bank for higher credit needs. In this regard several models have been developed depending upon modes of formation, operation, nurturing, and credit linkages. Earlier there were three models under saving Bank linkage programme which has been replaced by NABARD in 2007. Now there are two major models of financing SHGs. The earlier models were

- MODEL- I :SHG FORMED AND FINANCED BY BANKS

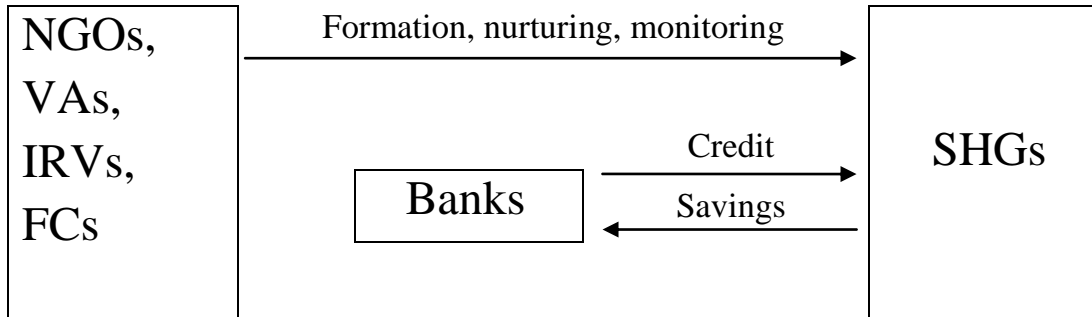
In this model, the financing bank themselves facilitate SHG formation, provides training to members, supervise the working and performance of group. Up to March 2006, 20% of SHGs i.e. 447713 has been financed under this category.



- MODEL- II : SHG FORMED BY THE FORMAL AGENCIES AND FINANCED BY THE BANKS

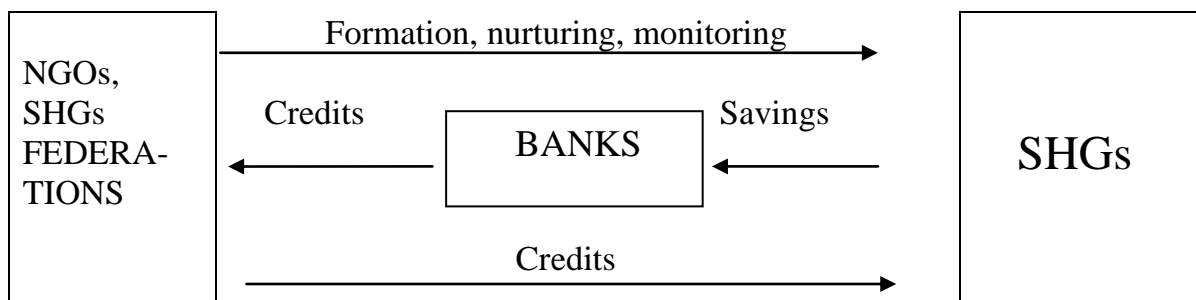
Under this model NGOs, Farmers Clubs, Individual Volunteer (IRVs) and formal agencies other than banks in the field of microfinance, act as facilitators. They facilitate organizing, formation and nurturing of groups, and train them in thrift and credit management.

Banks give loans directly to these SHGs. This model have major share of 74% of total bank linkage programme in March 2006 i.e. 16, 56,538.



- MODEL- III : SHG FINANCED BY BANKS THROUGH NGOs AND OTHER AGENCIES AS FINANCIAL INTERMEDIARIES

Under this model, the NGOs, SHGs federation, etc. take the ad-on role of financial intermediation. In areas where the formal banking system faces constraints, the intermediate agencies like NGOs, SHG federations provide a link between bank branch and member SHGs. Banks finance these intermediaries who in turn finance their members of SHGs. Other agencies like NBFCs also perform these functions. The share of SHGs linked under this model was only 6% i.e. 1, 34,314 in March 2006.

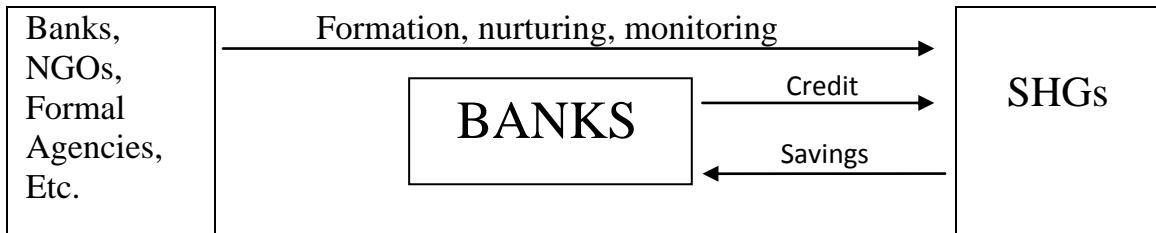


In 2007, NABARD has made changes in credit delivering models. Instead of three models, now only two models exist

- i. SHG – Bank linkage model
- ii. MFI – Bank linkage model

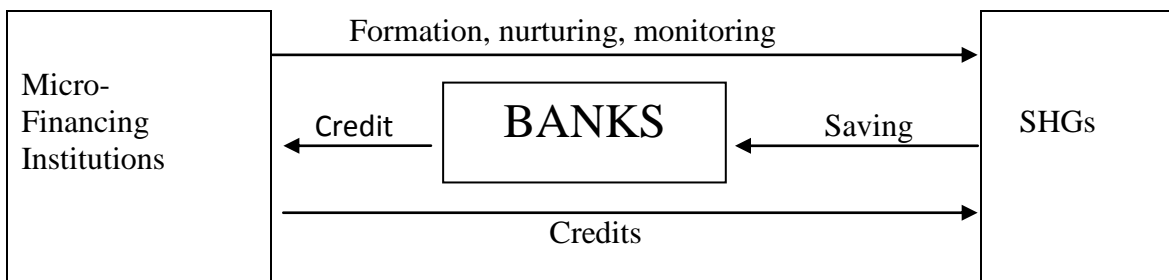
- SHG – BANK LINKAGE MODEL

Under this model, the SHGs are formed by Banks, formal agencies, NGOs, etc. but the SHGs are directly financed by Banks viz. CBs (public and private sector), RRBs, and Cooperative Banks. The promoting agencies facilitate organization, promotion, nurturing, management, training, and maintenance of records but not the credit function. During March 2011, this model holds highest share 99.96 % (i.e. 74, 61,946) of total Bank linkage programme.



- MFI – BANK LINKAGE MODEL

This model covers financing of Micro Finance Institutions (MFIs) by Banking agencies for on-lending to SHGs and other small borrowers. The MFIs undertake the responsibility of



formation, credit, nurturing, training, maintenance and promotion of SHGs. This model have

lowest share of 0.04 % (i.e. 2315) in total linkage in 2011.

1.7. Scope of Study:

The study is restricted to only one state of India viz. Odisha. It is a 9th (155707 sq. km) largest state in area and 11th (367,06,920) largest in population covering 480 km long coast line.⁷ Amongst all Indian states, Odisha ranks 1st in percentage of population living below poverty line. In India, the average percentage of population living below poverty line is 21.80, where as in Odisha the average percentage of population living below poverty line is 39.90. The study focuses to cover the empowerment of women through Microfinance. The condition of women in the state has not shown any noticeable improvement. The gap between male - female ratio of literacy in Odisha is very high. No appreciable change has been noticed in living standard of people residing in rural areas. As per the census 2001, the maternal mortality rate in Odisha has been recorded average as 258 in the state, which is higher than the national average of 212. Moreover the infant mortality rate is also high in Odisha (61) compared to the national average (47). Various studies found that SHGs occupied prominent place both in removing poverty as well as empowering women. The study of Microfinance and SHGs of Odisha will provide a broad view about the performance of various SHGs under different promoting institutions and its impact on socio-economic life and activities of women. Accordingly the present study is an attempt in this direction.

1.8. Objective of the Study:

The study will focus on to examine following objectives:

1. To study the concept, working of the Self Help Group and benefits that women's

⁷ Website: odisha.gov.in

Micro-entrepreneurs reap from such groups.

2. To identify the factors that tends to deny access to financial inclusion for women.
3. To identify administrative and non administrative problems encountered by encountered by SHGs.
4. To suggest measures to reduce financial exclusion to minimum.
5. To suggest policy measures for empowerment of rural women as well as effective and efficient functioning of SHGs.

1.9. Hypotheses:

The study tried to examine the following hypotheses:

1. As the duration of membership in self help groups increases the empowerment of women in terms of increase in personal employment, income, household expenditure and personal saving also increases.
2. Educational status of WSHGs members has positive impact on income, expenditure and saving.
3. Microfinance programme under WSHGs has equitable impact in terms of increase in employment and personal income of members in both developed and less developed blocks.

1.10. Chapterisation Plan:

Chapter 1: This chapter will provide overview about the background, concept, introduction and values of microfinance. Further it focuses on various models of delivering Micro-financial services worldwide and the models adopted in India. The chapter also shows concept of SHG- its

origin, nature, scope and functions, Bank-linkage, models of delivering financial and non financial supports. The chapter highlights the scope, objectives of present studies and hypothesis to be examined. Moreover, it shows the whole Chapterisation plans of study.

Chapter 2: This chapter incorporates a brief review of literature to capture the finding and observations of major studies, views and opinions of several authors, policy makers and experts in the field of microfinance. On the basis of available literature the whole section is divided into 5 sections i.e. Microfinance: an Overview, SHG – Bank Linkage growth and performance, Impact of SHG – Bank linkage Programme, Microfinance and Women empowerment and issues and challenges in order to find the gaps in the study.

Chapter 3: This chapter gives a description about the concept of financial exclusion, its causes and impact on different sections of the society. Further special attention has been made to highlight the concept of financial inclusion its structure and role played by SHGs in removing the financial exclusion concept by bringing the poor into the gamut of formal financial system. This section also highlights the growth of SHGs in India along with the role played by different formal financial institutions in providing linkage facility to SHGs.

Chapter 4: This chapter tries to explain the working manual and growth of WSHGs in India and Odisha in terms of both Saving as well as Credit linkage facility along with Amount. It also discusses the year wise growth of WSHGs in different districts of Odisha in terms of saving and credit linkages. Further special attention has been made to highlight the concept, objective, values, and functions of WSHG federations and its growth in different districts of Odisha.

Chapter 5: This section gives a brief overview of Mayurbhanj district along with the growth and performance of WSHGs in terms of saving and credit linkage facility. This chapter also discusses the banking structure in Mayurbhanj and the role played by different government and

non governmental agencies in promoting WSHGs. The second section of the chapter discusses the Methodology and sample design.

Chapter 6: This chapter discusses the operational feature of WSHGs along with the performance. It also highlights the socio – economic status of WSHG members, WSHG – Bank Linkage, organization, functions, training attended by WSHG members along with the loan and repayment details. Further special attention has been made to highlight the activities undertaken by WSHG members after joining group and the problems faced by them. This chapter also analyses the hypotheses assumed earlier.

Chapter 7. This chapter briefly discusses the key finding and recommendations emerging from the study. Besides highlighting the significant contribution of the study in the field of microfinance, limitations of the study and the scope for further research have also been deliberated in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1. MICROFINANCE- AN OVERVIEW:

*Gaur*¹ (2010) in his study on *Microcredit- rural orientation* defines Microfinance as a set of financial activities provided to poor masses, which basically incorporates loans, savings, deposits, insurance, transfer services etc.” He regarded microfinance as a promising strategy for financial inclusion in India. The author tries to clarify the concept of micro-credit, its impact and weaknesses. The SHGs-Bank linkage programme shows tremendous growth from 1992-93 till 2000-01, registering 91995.294 percent increase with 138566.436 percent increase in credit amount (in million). As the percent share of total rural credit concern Microfinance sector holds 0.68 percent in 2001 and 6.27 percent in 2006. The microfinance has shown positive impact on reduction of poverty and improving socio-economic life of members through children’s education, food security and nutritive diet but on the other hand due to high interest on part of MFIs, poor performance of banking system, exclusion of poorest among poor, abuse recovery practices retards its further development and growth. Therefore, the author suggested adoption of anticipatory and proactive measures to remove lacuna of the system.

*Panigrahi and Shobhit*² (2008), made study on “*Microfinance for poverty reduction in India*” and defined microfinance as a system that provides small loans to poor entrepreneurs in specific to small scale self employed cottage and home based businesses which becomes the newest

¹ Gaur G. (2010), “Micro Credit- Rural Orientation” eds. Ahmed, Bhagat and Singaiah in “Microfinance in India- Issues and Challenges” DVS publishers, Guwahati, pp. 247 – 257.

² Panigrahi A. and Shobhit (2008), “Microfinance for Poverty Reduction in India” eds. Lazar D and Palanichamy P. in “Microfinance and Poverty Eradication- Indian and Global Experiences” New Century Publications, New Delhi, pp. 34-42.

silver bullet for alleviating poverty. The tremendous growth of microfinance occurs in India, due to the loopholes in Indian banking industry. They pointed that the potential of microfinance is more in India as compared to other part of world due to availability of 7.5 Crore poor and their demand for small loans. Further they stated different sources of funding to MFIs by prominent NPOs both local and international which provides funds to MFIs in India. Further they analyses the central government planned and non-planned expenditure on social services and rural development through various programmes and its impact on alleviating poverty. The presence of keys problems in rural financing like lack of credit, low saving capacity and prevalence of usurious money lenders provides scope to microfinance development. They suggested sustainable working of both MFIs and rural bank branches to cover the gap of credit accessibility and make microfinance successful.

*Mamum and Fontaine*³ (2008), in their study on *Microfinance –An overview* and defines Microfinance as an instrument to impel the money lender out of business and to bridge the gap created by rural, cooperatives and commercial banks. It is a collection of banking practices build to provide small loans and accepting saving deposits. The authors pointed out the commercial bank negligence towards the poorer with a well excuse of high transaction cost, lack of collateral and geographic isolation. According to them, Microfinance enables the poor self employed people to create productive capital along with protecting existing one which helps them to build assets and hold wealth. Further they compared two approaches of Microfinance i.e. Institutional and welfarist among, which the former rejects the subsidy concept in alleviating poverty while the later supports subsidized interest rate for immediate improvement of economic

³ Mamum A. and Fontaine (2008), “Microfinance: An Overview” eds. Lazar D and Palanichamy P. in “Microfinance and Poverty Eradication- Indian and Global Experiences” New Century Publications, New Delhi, pp. 34-42.

safety. The major objectives of MFOs following welfarist is to remove poverty and of Institutionalist as financial deepening. Further they discussed about the key challenges in accessing the performance of MFOs like outreach of poor, institutional financial sufficiency, impact of Microfinance in poverty alleviation and empowering women.

*Kamdar*⁴ (2007) defines Microfinance as an instrument which provides financial services to those whose income is small and unstable but their needs are sudden. Micro credit movement resulted in empowerment of women by bringing both social and economic changes. The reports of CRECER, BRAC, SEWA shows the members invested their increased income on children's education followed by consumption leading towards better socio-economic life but the slums of Mumbai show totally opposite scenario of no long term fundamental change in the lives of borrower as well as children's education. She stated not all micro investment produces favorable result because of natural calamities, lack of skill knowledge and investment in low return activities. . Further the different models of delivering Micro-financial services, its advantages, loopholes, impact and problems of high credit cost and reason behind it (tiny transaction) has been discussed. As the sources of funding concern in different countries* the informal sector charges 24 to 720 percent annually whereas the formal sources charge 10 to 29 percent rate of interest. The MFIs charges 18 to 80 percent over different countries. The author regarded Microfinance as a programme to alleviate measured poverty and to achieve this challenge she emphasized strengthening SHGs movement through creating capacity building, reducing transaction cost, diversifying portfolios, and opening up access to financial market to clients.

⁴ Kamdar S. (2007), "Microfinance in India – Issues and challenges" eds. Kamdar S. in "Microfinance Self Employment and Poverty alleviation" Himalaya Publishing House, Mumbai, pp. 14-52.

* Indonesia, Cambodia, Nepal, India, Philippines, and Bangladesh

*Lazar and Palanichamy*⁵ (2008), made study on *Growth of Microfinance in India* and found that variety of microfinance organization exists in government as well as non-government sector, and among them leading national financial institutions (NABARD, SIDBI, RMK) played a significant role in making micro credit a real movement in India. The major limitation highlighted by the authors is the operation of these organizations within a limited geographical area as compared to several NGOs (PRADHAN, ICECD, MYRADA, and SEWA) which has been successful in replicating their experience in other parts of the country. The study further shows the share of different models in credit delivery and growth of SHGs- bank linkage programme. They analyse the effect of several poverty reduction programme and its drawbacks. They study reveals even of vast expansion of formal credit system in India, the need of small loans of poor yet not been covered due to high transaction cost, low recovery, and loan waiver programmes which leads to institutional detachment with lending to small borrowers.

*Khanka*⁶ (2010), made study on evolution, development, scope and challenges of microfinance India. His study found out that even after 50 years of planning and implementation of various poverty alleviation programmes, 26.1% of total population still lives below poverty line (census 2001). He pointed the problem of rural finance in India, defects in banking system and failure in recovery. The major problems of poor people financing of large number in existence, demand for small sums of money, perception of risk and lack of collateral. The microfinance emerged as the effective tool towards all their problems. With the support of several MF institutions like Sa-Dhan, SHARE, SKS, BASIX, MYRADA, PRADAN, India is

⁵ Lazar D. and Palanichamy P. (2008), "Growth of Microfinance in India" Eds. Lazar D. and Palanichamy P. in "Microfinance and Poverty Eradication- Indian and Global experiences" New Century Publications, New Delhi, pp-1- 12

⁶ Khanka S. (2010), "Microfinance in India, from Evolution to Revolution" eds. Ahmed J., Bhagat D. and Singaiah G. in "Microfinance in India- Issues and Challenges", DVS publishers, Guwahati, pp. 3-14

growing rapidly towards its main objective of financial inclusion (Mahajan 2005: 4416-4419). Due to lack of flexibility of MFI's, the people still prefer to approach money lenders, problem of regulation and supervision, higher interest rate on part of MFI are certain challenges which created barriers against financial inclusion. In order to overcome these problems Khanka emphasized on code of conduct, clean rules and regulations, awareness among SHG, NGO's, MFI's and formation of national level organization with its unit at state level. He regarded microfinance as an effective tool for poverty alleviation in our country.

2.2. SHG-BANK LINKAGE: GROWTH AND PERFORMANCE:

*Ramanathan*⁷ (2008) made study on *Linkage between SHGs and Banks in India* and defined SHG as the small, economically homogeneous affinity group of 10 to 20 poor person come together to save small amount regularly by mutually agreeing to contribute to a common fund in meeting their emergency needs with collective decision making to resolve conflicts through mutual decision making to resolve conflict through mutual decision to get collateral free loans on terms decided by group at market driven rates. NABARD acts as a major player as propagator and facilitator by providing conducive policy environment, training, capacity building and extending financial support for the growth of SHGs linkage programme. With the pilot programme in 1992 by linking 500 SHGs, the NABARD has created an unforgettable history by linking 29, 24, 973 SHGs in 2006-07. The author made a comparative study on SHGs-Credit linkage in different regions between 2000-01 and 2006-07 and found that the share of southern region was initially high but later it declined and all other regions showed impressive

⁷ Ramanathan A. (2008), "Linkage Between SHGs and Banks in India" eds. Lazar D and Palanichamy P. in "Microfinance and Poverty Eradication- Indian and Global Experiences" New Century Publications, New Delhi, pp. 123-131.

growth. As per the impact of Microfinance concerned on poverty reduction, the author made study on reports of NABARD and MYRADA, and found the income, savings, children education, maternal health, communication skill, and standard of living has improved after joining the group. As per issues and challenges concern there is uneven distribution of credit linkage i.e. 52 percent holds by southern regions. Further there exists problem of capacity building, low bank loan per SHGs members, lack of micro insurance products, problems created by federations, and lack of technology for financial inclusion. In order to overcome these issues author has highlighted the role of banks towards inclusive economic growth and reorientation of surplus manpower.

*Karmakar*⁸ (2002), in his study on *Self Help Concept* stated SHG as an approach towards alleviation of poverty. According to him poor people holds tentative and uncertain behavior while, the group membership helps in removing this rough edge behavior pattern. SHGs works on the principal of cooperation and mutual help which tries to fulfill the individual member's financial and social requirements.

*Majumdar*⁹ (2009), made study on *Micro- Credit in India* and highlighted evolution, growth and impact of micro credit in India. He defines micro credit as specific loans to the poor and credit needs of clients, while Microfinance as broader range of financial services which create wider range of opportunities to the poorest spectrum of society. In spite of great economic revolution and rapid strides in the knowledge sector, India remains home of largest population of poor's in the world. He differentiates between burden of micro credit and credit

⁸ Karmakar K. (2002), "Self Help Concept", in "Rural Credit and SHGs – Microfinance Needs and Concept in India" Sage Publications, New Delhi, pp. 209-215

⁹ Majumdar K. (2009), "Microcredit in India", The Indian Journal of Economics, Part-I, vol – LXXXX, No: 356, July pp. 109-119.

through informal sources. To cater the needs of poor NABARD took the pioneering initiation by launching Bank-SHG linkage programme as a pilot project in February 1992 with supporting 500 SHGs. This pilot project further extended to RRBs and Cooperative banks. In order to solve critical issues in development of Micro credit, RBI set an informal group and Microfinance development fund in association with NABARD and Commercial Banks. He defines SHG as basic constituent of Microfinance programme in India and regarded women as key player in Microfinance grave. He describes the composition, formation, working, bank linkage and the role DRDA, NGOs and NABARD in providing support, training, and capacity building of SHGs. He highlights the growth of SHGs during different years with the number of Bank linked yearly and the amount of loan (in million) disbursed with refinance support from NABARD. Further he stated different models through which SHGs are controlled and supervised, and share of different banks participation in Microfinance activities till 2004. The biggest challenge of Micro credit programme is simultaneous development of investment potential of the borrower along with securing the long term sustainability of the programme which could be achieved through greater degree of efficiency, honest supervision and redoubled efforts on part of MF suppliers and government agencies.

*Natrajan*¹⁰ (2008) made study on *Microfinance- a case study of Sivaganga District* in order to find the major objectives of microfinance and how the Bankers promote Microfinance in that District. He defines Microfinance as the miniscule but potentially significant and effective credit delivery system which seeks to achieve the broad range and multifaceted objectives i.e. meeting the credit needs of poor. The major objective of microfinance is to build up mutual trust

¹⁰ Natrajan P. (2008), "Microfinance – A Case Study of Sivaganga District" eds. Lazar D. and Palanichamy P. in "Microfinance and Poverty Eradication- Indian and Global Experiences" New Century Publications, New Delhi, pp. 524-529.

and confidence between bankers and rural poor and to evolve supplementary strategy for meeting the credit need of the poor by strengthening technical, administrative capabilities of formal credit institutions and combining formal credit system. Among the category wise loan sanction under microcredit in Sivaganga District, the agriculture and allied activities constitute significant share (35.82) percent followed by small scale industries (5.03) percent and retail trade (4.21) percent whereas education and industrial estate constitute minimal share. As per year wise assistance agriculture and allied activities got priority while small operations, road and water transport has loosen its significance. The analysis of recovery of sanctioned loan by different banks over the period of five years (1999-2004) shows Indian bank leads with 75.6 percent followed by SBI (69.8) and Canara bank (68.8), whereas CBI and Syndicate Bank shown least recovery (20.4 and 27.4) percent respectively. But overall recovery position seems to be good in all banks. Therefore, he regarded microfinance not only a good business proposition but also addressed as the largest social agent of poverty alleviation.

*Somanath*¹¹ (2009) made study on *Self help group and Bank linkage* and given a brief description of origin, growth and sustainability of SHG-bank linkage programme in India. He addressed SHG-Bank linkage programme as a unique process of empowering the poor and enabling them to control direction of own development by identifying their felt needs. He further highlights the structural advantage of Microfinance for SHG-Bank linkage both on part of lender and borrower through lower transaction cost, hassle-free loans, long-term repayment, peer pressure, peer monitoring, independence in decision making, and avoidance of agents. He regarded saving as a regular affair in a good group and internal saving mobilization is the core of Self help group. These savings amount varies in different group depending upon the income,

¹¹ Somnath V. (2009), "Self Help Group and Bank Linkages" eds. Somnath V. in "Microfinance Redefining the Future" Excel Books, New Delhi, pp. 123-140

health and financial status of member household. The Bank-linkage programme requires long-term sustainability in order to transform Microfinance into microenterprise and the problem of profitability of banks in future hinders this sustainability factor. Therefore in order to overcome this problem, development of ownership of Bank linkage programme by banks, strengthening of MIS and proper monitoring is required.

2.3. IMPACT OF SHG BANK LINKAGE PROGRAMME

*Sudalaimuthu and Kumar*¹² (2008), made study on “*Economic status of members of SHGs in Coimbatore district of Tamil Nadu*” with an objective to analyze the SHGs formation, functions and socio-economic status of members before and after joining the group. The study was based on secondary and primary data of 150 samples with limited study area of Coimbatore district. The average income of members of SHG has increased by 56.4 percent whereas the average expenditure has increased by 41 percent. In response to reason for formation of group by members, low rate of interest occupies initial position followed by poverty alleviation and additional income. As motivational factors the NGOs occupies largest share and government officials and others least. The major benefits members of SHG received are credit facility, participation in public affair while better socio-economic status and leadership quality holds minor. Majority of members stated medium level satisfaction towards marketing support facility and improvement in their standard of living. The problem of low price, profit, difficulty in getting raw material, dual responsibility, illiteracy, labour and marketing problem hinders the development of member as well as group. Therefore the authors have suggested government

¹² Sudalaimuthu S. and Kumar P. (2008), “Economic Status of Members of SHGs in Coimbatore District of TamilNadu eds. Lazar D and Palanichamy P. in “Microfinance and Poverty Eradication- Indian and Global Experiences” New Century Publications, New Delhi, pp. 559-568.

intervention in providing training, involvement of educated members, marketing facility and fixation of prices for their product.

*Jasmine*¹³ (2008), studied on topic *SHG and poverty alleviation in Ramanathapuram district* of Tamilnadu. According to DRDA (1999), the district records 70535 families living below poverty line and among them 44.77 percent families belong to socially backward castes. Various NGOs works on SHGs nourishment and growth in the District, but among them only TRMM and SMSSS are major players and have greater share in membership. The author defines the role of Microcredit in promoting SHG members socio-economic lives and as a measure to remove poverty through increased income. The study was carried over 500 women beneficiaries by dividing them into agriculture and allied activities (74.40)ⁱ and non-agricultural activities (23.60)ⁱⁱ. The study found 43.4 percent of samples belongs to medium age group (25-40) followed by lower age group (below 25). The income of members has shown increase in both agriculture and allied activities and non-agricultural activities between pre and post SHG periods, but the percentage increase in former members income is less than the latter one. Further as the matter of social index both the sectors have shown increase but the improvement in non-agricultural sector was greater than agriculture and allied activities. Therefore, in order to overcome the problems agricultural sector and growth of SHGs the measures like market linkage for members, formation of state level empowered committee for selection of NGOs and uniformity in all Microfinance schemes of different departments.

¹³ Jasmine A. (2008), "SHGs and Poverty Alleviation in Ramanathapuram District" eds. Lazar D and Palanichamy P. in "Microfinance and Poverty Eradication- Indian and Global Experiences" New Century Publications, New Delhi, pp. 569-580.

Sowani¹⁴ (2009) defines “Microcredit as a means for people to move towards independent economic livelihood, leaving extreme poverty behind.” According to the author 87 percent of poor households were without access to any formal credit and 70.4 percent of poor did not have any deposit account. This big gap cannot be bridge alone by Indian banking industry and therefore the need of microfinance emerges. He defines “Microfinance as a term which is normally associated with a very small loan with no collateral to the borrower group both from rural and urban areas for income generation through market based self employment under terms and condition of promoting agencies.” Microfinance programme is not only a mean to access saving and credit but also a tool to reach millions of people worldwide by bringing them together regularly in organized group. Further, it helps in bringing gender equality and women empowerment through women ability to earn income, participation in family affairs, well being of family with wider social and political empowerment.

Variyani¹⁵ (2009) made study on *Microfinance and poverty reduction* and defined Microfinance as provision of thrift, credit and other financial services and products of very small account to the poor for enabling them to raise their income level and improve living standard. The microfinance programme in India in association with SGSY, NABARD, and RMK has emerged as world largest financial programme in terms of outreach with 7.8 million households accessing credit through 17085 branches of formal banking system. She highlights the loopholes in MFIs operation and delivering services in India consisting high interest rate due to commercialization and desire of high profit. Even the SBLP does not provide facilities like

¹⁴ Sowani S. (2009), “Microfinance and Rural Development” eds. Bagchi K. in “Microfinance and Rural Development - A Critical Review” Abhijeet Publication, Delhi, pp. 57-77.

¹⁵ Variyani R. (2009) “Microfinance and Poverty Reduction” eds. Bagchi K. in “Microfinance and Rural Development- A Critical Review” Abhijeet Publications, Delhi, pp. 178-184.

forward and backward linkage, skills, technologies and working capital which creates problems for these microenterprise to survive in global competition market.

Vandra¹⁶ (2009) regarded micro credit programme as an instrument to meet the requirements of rural development. The study focused on the growth of microfinance in India which in the beginning was slow but today it attracts the attention of whole world due to liberal refinance and successful repayment performance of SHGs. The microfinance programme in India through extending its positive impact on different sectors of economy like increasing employment potentials, co-operation, literacy, empowerment of women, higher standard of living, saving, self sufficiency, decision making and support to emerging small entrepreneur have somehow change the lives of rural people to certain extend. For further growth and overall rural development the government, NGOs with bankers should work together and formulate new norms, provide subsidy, appoint good banking officials, simple administration procedure and extend the amount of loan.

Ramesh¹⁷ (2009) made study on *The role of microfinance in rehabilitation of physically challenged persons and inclusive governance* and tries to highlight the worst condition of physically challenged persons especially focusing rural India. The rural disabled are at disadvantage position when compared their access to resources, employment, opportunities and rehabilitations. Further they are regarded as most neglected, marginalized, uneducated, untrained and burden on family. They are ignored by government due to low agenda of governance with the problems of providing food, shelter and health care. The study analyzed the role of NGO

¹⁶ Vandra D. (2009) "Microfinance and Rural Development" eds. Bagchi K. in "Microfinance and Rural Development- A Critical Review" Abhijeet Publications, Delhi, pp. 194-205.

¹⁷ Ramesh K. (2009), "The Role of Microfinance in Rehabilitation of Physically Challenged Persons and Inclusive Governance" eds. Bagchi K. in "Microfinance and Rural Development- A Critical Review" Abhijeet Publications, Delhi, pp. 351-365.

with respect to microfinance in the field of rehabilitation of disabled persons in rural areas focusing Keelottivakkam Grama Sangam (KGS) of Kancheepuram District. The study focusing 60 physically challenged persons found 23.2 percent are illiterate and 6.7 percent samples are graduates. Moreover after getting training on tailoring, bag making, embroidery works and toy making from NGO, 40 percent of samples are earning rupees 1000-2000 per month and 11.66 percent members having income 3501-5000 rupees per month.

Malaisamy¹⁸ (2010) made study on *Repayment capacity in SHGs Vs co-operatives* and stated the reason behind disempowerment of people in India is due to unequal distribution of benefits from economic growth and development. The author made comparison between the members of SHG (75 percent) and members of co-operative (25 percent) out of 120 samples from three villages made through simple random sampling. The study found all samples of the co-operative societies are engaged in crop-enterprise whereas in SHG only 41.11 percent of samples are engaged in crop-enterprise and rest 58.88 percent of members have undertaken diversified business such as Milch enterprise and petty shop. It has been found that the co-operatives member are enjoying higher amount of loan in comparison to the SHG. As a matter of interest rate is concerned the beneficiaries of SHG are paying more interest as compared to co-operatives which holds other cost including interest rate like travelling cost, documentation cost, unaccounted payment and interest on share capital. The beneficiaries of SHG are more regular (78 out of 90) in repayment of loans as compared to co-operatives (12 out of 30). Therefore in order to overcome the problem of high interest rate on part of SHG and high regular repayment on part of co-operatives, SHG routed distribution of subsidy is recommended which will reduce overdues arises due to high interest rate.

¹⁸Malaisamy A. (2010), "Repayment Capacity in SHGs Vs Co-operatives" eds. Kainth G. in "Managing Rural Finances in India" Concept Publishing Company Pvt. Ltd. New Delhi, pp.

*Tripathy*¹⁹ (2006) made a study on *Rural Finances and SHGs* and highlights the role of SHGs in meeting the credit needs of rural women as an innovative tool and stated the factors behind the failure of formal financial institution as inadequate supply of credit, poor recovery, demand-supply gap, improper identification of beneficiaries and unhealthy competition from informal credit agencies. He explains different models of SHGs-Bank linkage programme for attaining credit needs of the poor women by combining flexibility, sensitivity and responsiveness and regarded mutual trust and confidence between banker and rural women as a major factor in encouraging banking services in rural areas. Further, he suggested promotion of literacy programme, proper record maintenance of members cash matter and government intervention as major factor required for further growth of SHGs.

2.4. MICROFINANCE AND WOMEN EMPOWERMENT:

*Rasure*²⁰ (2009) in his study on *Microfinance: A tool for Women Empowerment* stated “SHG provides a permanent forum for articulating the needs of members and contributing their perspective to rural development”. He highlighted the growth of SHG- Bank linkages all over India with emphasizing the performance of Commercial Banks, Co-operatives Banks and RRBs. Further he highlighted the situation of uncovered groups as backward and disempowered mainly those women’s who have not been provided any form of credit and who are not part of any group. Therefore, the author suggested different promoting agencies to extend their helping hand to the excluded population for rapid socio-economic development.

¹⁹ Tripathy S. (2006), “Rural Finance and SHGs” eds. Sahoo R. and Tripathy S. in “Self Help Groups and Women Empowerment” Anmol Publications Pvt. Ltd., New Delhi, pp, 27-31.

²⁰ Rasure K. (2009), “Microfinance- A Tool for Women Empowerment” eds. Thakur A. and Sharma P. in “Microcredit and Rural Development” Deep and Deep Publications Pvt. Ltd, New Delhi, pp. 325-340.

*Krishnamurthy*²¹ (2004) made a study on topic “*Sustainability of Self Help Groups – An Analysis*” and stated SHGs as a new lease of life for the women in villages for social and economic empowerment by observing the current progress. In order to get answer about the sustainability of SHGs in future the study of 75 SHGs members from Bodinayakanaur Block in Theni District of Tamilnadu has been made on the basis of attitude scale constituting women status in household, equal access over resources, women status in community, cultural and social barriers, access to financial resources, income, self reliance, awareness of health and education and leadership skills. On the basis of parameters, the study shows 57 percent of the members are fully satisfied with the operational performance of SHGs and will continue their membership in respective SHGs, while 43 percent members are not fully satisfied and their sustainability in their respective SHGs are in doubt. In order to overcome these loopholes, he suggested Government agencies and NGOs or promoting agencies to access the attitude of members in regular basis which will help in identifying their problems and suggesting measures.

*Parvin*²² (2009) made a study on *Self Help Groups and Women Empowerment- a conceptual perspective* and defined empowerment as a process whereby the powerless gain a greater share of control of resources and decision making. Power is exercised in social, economic and political relations between individual and groups and women in general while poor women in particular are powerless because of no control over resources as well as decision making. The major components which are required for women empowerment are economic independence, knowledge and awareness, participation, self image and autonomy. Moreover, women access to

²¹ Krishnamurthy S. (2004), “Sustainability of Self Help Groups – An Analysis” eds. John S., Jeyabalan R. and Krishnamurthy S. in “Rural Women Entrepreneurship” Discovery Publishing House, New Delhi, pp. 115-118.

²² Parvin M. (2009), “Self Help Groups and Women Empowerment: A Conceptual Perspective” eds. Bagchi K. in “Microfinance and Rural Development- A Critical Review” Abhijeet Publications, Delhi, pp. 92-109.

credit in rural areas is restricted due to problems like collateral, cultural distance between house and Banks, inflexibility in quantum and purpose of credit, high transaction cost, Banking hours, exploitation by intermediaries and denial of credit to women due to defaults made by male member of family. In order to overcome these difficulties NABARD in 1992 initiated SHG-Bank linkage programme with the help of several Banks and NGOs to serve credit to poor households. With the moving years, the SHG-bank linkage programme shown remarkable achievement bringing women empowerment in general and poor women in particular through improvement in various dimensions like family welfare, access to money and knowledge, awareness against discriminations, participation in decision making, and control over both physical and human resources.

*Kaur*²³ (2009) defines Microfinance as an offshoot of Microcredit which includes support services along with loan components. The author made study on origin and growth of Microfinance in India making comparison between growth of SHG in different regions and uneven distribution. Microfinance is regarded as the better mechanism to reduce poverty and bringing improvement in social and economic status of poor. The Author highlights the activities undertaken by women's after joining SHG in southern regions such as soap making, book binding, running canteen, catering units, vegetable selling, tea stall, fancy stores, floor mill, beverages selling, snack and fruit stalls etc. while in northern regions women's are involved in stitching, embroidery work, phulkari, making sewian, poultry, dairy farming, making hand fan etc. For further empowerment of women she emphasized implementation of proper policies, rules, and regulations for better utilization of loans, regulated rate of interest, and repayment pattern.

²³ Kaur H. (2009), "Microfinance and Women Empowerment" eds. Bagchi K. in "Microfinance and Rural Development- A Critical Review" Abhijeet Publications, Delhi, pp. 136-151.

Kumar²⁴ (2012) made study on *capacity building through women group* and defined capacity building as the assistance that is provided to entities, usually societies in developing countries, which have a need to develop certain skill or competence, or for general upgrading of performance ability. Capacity building not only enhances the ability and skills at individual level but also help to realize their full potential. He made study of Kudumbashree – a state level poverty eradication mission in Kerela and states Microenterprise development as an opportunity for providing gainful employment to the people below poverty line and thereby improving their income and living standard. This three tier hierarchical system of organization help in capacity building for the benefit of its members by developing skills and knowledge. Further from the study of 60 respondents from Aikkaranadu Gram panchayat of Ernakulum District, above moderate effectiveness of financial, legal, account keeping, and entrepreneur development, literacy training have been observed, which reflect that these training programmes achieved their objectives to a greater extent.

Khare²⁵ (2009) made a study on *Self Help Groups: A vehicle for Women Empowerment, Experiences of Madhya Pradesh* and stated the major cause of poverty as a lack of capital. The Author regarded Women as a central theme of Microfinance system and Women Empowerment is only solution to poverty and inequality. In order to evaluate and analyze the status, impact and role of SHGs, the case study of few SHGs and secondary data with special emphasis on gender aspects of Madhya Pradesh has been made by dividing it into different regions*. The study found the groups are either purely men or women, whereas very rare cases of mixed exists due to

²⁴ Kumar S. (2012), “Capacity Building Through Women Groups” Journal of Rural Development, Vol-31, No. 2, April-June, pp. 235-243.

²⁵ Khare M. (2009), “Self Help Groups: A Vehicle for Women Empowerment, Experiences of Madhya Pradesh” eds. Thakur A. and Sharma P. in “Microcredit and Rural Development” Deep and Deep Publications Pvt. Ltd. New Delhi, pp. 11- 26.

cultural norms and trends but on an aggregate of all regions 87.80 percent of SHGs are women oriented. Moreover, region II holds 100 percent female SHGs members. As per activity wise classification of SHGs is concerned 29.26 percent of SHGs are in saving stage and 23.57 percent of SHGs is in saving, credit, social activity and production stage, Whereas 10.56 percent of SHGs are just formed and 3.25 percent are closed or in fraud stage on an aggregate. Region III shows better position among all three regions in every aspect. Moreover, the study shows male family members have higher degree of control over loan estimated, absent of women mobility and access of credit to women leads to more schooling of girls. In order to overcome the issues the author suggested technical training, gender issues, greater commitment, flexible repayment schedule and inter group trading.

*Pandian and Eswaran*²⁶ (2004) made study a study on topic *Microenterprises and Rural Women* and defines micro credit programme as extent of small loans to poor women for self employment projects that generate income allowing them to care for themselves and their families. They made a study of 350 women from 10 blocks of Madurai district in Tamilnadu and found 52 percent women have undertaken petty business units and rest are distributed among processing, production and service units. Further they found 72 percent enterprises run by women holding certain level of literacy while higher percentage of illiterate women are engaged in petty businesses as compared to literate women. Microfinance helps them to start up microenterprises which in turn support in creation of self employment, earn livelihood and hence uplifting of family living standard.

²⁶Pandian P. and Eswaran R. (2004), "Micro Enterprises and Rural Women" eds. John S., Jeyabalan R. and Krishnamurthy S. in "Rural Women Entrepreneurship", Discovery Publishing House, New Delhi, pp. 68-76.

*Region I – Jabalpur and Rewa,
Region II – Bhopal and Sagar,
Region III – Indore, Ujjain and Gwalior

*Sabanna, Bulla, Kamble and Porapur*²⁷ (2009) made a study on *SHGs and Women Empowerment: A study of Hyderabad- Karnataka region in Karnataka* and stated performance of family role by women acts as a major cause of their backwardness in all dimensions. They made study of 217 samples promoted by both government as well as donor agencies in Hyderabad-Karnataka regions* in order to find women economic and social status. The study shows on an aggregate as caste wise membership concern 21.20 percent members belong to minority category while 47.93 percent members are from upper caste while Raichur district (48.45 percent) is having greater share of total upper caste members and Koppala district holds lower share. The SC/ST membership is high in Koppala district while Raichur holds the lower share. As the improvement in income level concern 52.07 percent samples having monthly income upto Rs. 1000 while only 7.83 percent members having monthly income of Rs. 5001 and above which shows the success of reducing poverty to certain extent. Moreover, cent percent samples are literate with 53.46 percent members had education upto primary level followed by secondary (36.60 percent), pre-university (5.07) and under graduate (3.69 percent). Further they suggested focusing of government agencies and NGOs to capture poorest women's especially women's of deprived classes and provide opportunities to build self employment by linking them with formal financial system.

*Manimaran*²⁸ (2004) made a study on topic *Self Help Group and Rural Women Entrepreneurs* and stated several ways through which students are suffering like economic status, credit, social importance, freedom and moreover self interdependence. He advocated Microfinance as the only solution to poverty reduction and empowerment of women. It can

²⁷ Sabanna T., Bulla B., Kamble U. and Porapur T. (2009), "SHGs and Women Empowerment" eds. Thakur A. and Sharma P. in "Microcredit and Rural Development" Deep and Deep Publications Pvt. Ltd. New Delhi, pp- 268-288.

²⁸ Marimaran M. (2004) "Self Help Groups and Rural Women Entrepreneurship" eds. John S., Jeyabalan R. and Krishnamurthy S. in "Rural Women Entrepreneurship", Discovery Publishing House, New Delhi, pp- 249-252.

effectively be achieved through community participation of poor women's. His analysis on 5 SHGs operating in Bodinayaknour city of Tamilnadu found that Self Help Groups are organized to manage their economic activities better and gaining empowerment in all directions, which are appropriate to their needs, interest and constraints. They gained confidence from increase in their financial interdependence, security, literacy skills, decision making and communication skills. It has been further observed that the rural women really empowered socially and economically after becoming the member of SHGs.

*Panda and Panda*²⁹ (2009) made a study on *Levels of living of Tribal Self Help Groups promoted under watershed programme under watershed programme in KBK Districts of Orissa*. Their study was based upon 200 SHGs member households spread over four selected tribal dominated blocks of Nawarangpur District where watershed programmes have been implemented. Due to Microfinance support there is increase in plantation and horticulture crops. The households under lower income groups during Pre-SHG period have improved to higher income groups. Only 20 percent of samples households hold income less than Rs. 5000 Per Month. Moreover, the mean per capita per day consumption of cereals and pulses have increased during Post-SHG period. Further improvement over asset holding, standard of living, saving and financial matter has also been observed. Therefore the author has suggested implementation and framing of long term self employment poverty alleviation programmes throughout the poverty trapped districts for socio-economic improvement of Tribal's.

²⁹ Panda B. and Panda R. (2009), "Level of Living of Tribal Self Help Groups Promoted Under Watershed Programme in KBK Districts of Orissa" eds. Thakur A. and Sharma P. in "Microcredit and Rural Development" Deep and Deep Publications Pvt. Ltd. New Delhi, pp- 289-308

Sahoo³⁰ (2006) in his study on *Women Self Help Groups – Innovations in financing the poor* stated banking services as an important tool not only in alleviating poverty but also for optimizing growth of National economy. His study was based upon 10 SHGs members of Dhurusia Gram Panchayat in Athagarh block of Cuttack District of Orissa. The purpose of the study is to find the manner of mobilization of thrift, credit and significance of rural credit in empowering the women's of Orissa. The study found improved socio-economic condition of members after undertaking productive activities with support of group. The saving of the members varies from Rs. 30-100 per month. As the mobilization of thrift concern, 57.1 percent of samples have mobilized thrift out of the profit derived from Badi making while 28.5 percent of members from fishing, manufacturing of curry and turmeric powder. The thrift mobilization between members takes place through rotation every month with interest rate ranging from 24-60 percent per annum. Moreover, only 60 percent of SHGs have received Bank Credit and 40 percent was on preliminary stage. The SHGs members have improved their living standard through regular saving, utilization of local resources for self income generation. The author suggested training, guidance, adequate credit support, simple documentation, and marketing facility for their further growth.

Singh³¹ (2009) made a study on *Microfinance for Rural Women Empowerment: A perspective* and stated the concept of rural women has been under estimated and discriminated against all walks of life despite of their substantial contribution towards households and national economy. He further pointed out the reports of UN commission stating the poor diet and weak health of women despite of producing 30 percent of all food commodities consumed. According

³⁰ Sahoo R. (2006), "Women Self Help Groups – Innovations in Financing the Poor" eds. Sahoo R. and Tripathy S. in "Self Help Groups and Women Empowerment" Anmol Publications Pvt. Ltd. New Delhi, pp- 13-26.

³¹ Singh B. (2009), "Micro-Finance for Rural Womens Empowerment" eds. Thakur A. and Sharma P. in "Microcredit and Rural Development" Deep and Deep Publications Pvt. Ltd. New Delhi, pp- 456-464.

to the author Microfinance has achieved a prominent place in empowering the women's not only by helping in gaining power but also by giving opportunities to control their own lives through accessing resources, self confidence, respect and bargaining power. He regarded Microfinance as different from other poverty alleviations programmes as it adopts formation of organization and enterprises at grass root levels which enhances the women to uplift their social and economic status through increased income and confidence.

2.5. ISSUES AND CHALLENGES:

*Sarvaiya*³² (2009) studied on topic *Microfinance – opportunities and challenges* and classified MFIs into categories – Mainstream MFI (NABARD, SIDBI, HDFC, and RRBs) and Alternative MFIs (NGOs, NBFCs). He defined four segments of demand for Micro-credit in rural areas, as seasonal employed of consumption credit, self employed of working capital credit, small cum medium farmers and traders of commercial business credit, and women's of both consumption and productive credit. Women's are regarded as the best credit utiliser, because they mostly spend their profit for benefit of children's by making increment which helps in breaking generational cycle of poverty. As a matter of safety and security the supply of insurance services to the poor has increased substantially over 1990's due to existence of low premium schemes covering death, accident, natural calamities and loss of asset, but the usage is limited because of low awareness among the poor's. The author stated major reasons behind failure of microfinance institutions like problem in placing certain programme with differed policies and cost structure, unfavorable local circumstances, institutional junctures, problem of alternative MFIs, inappropriate legal forms, lack of commercial orientation and accountability. In order to

³² Sarvaiya (2009), "Microfinance – Opportunities and Challenges" eds. Bagchi K. in "Microfinance and Rural Development" Abhijeet Publications, Delhi, pp- 152-164.

overcome these shortcomings the establishment of new monitoring and supervision model should be developed by MFIs, improvement in regulation, and non interference of government in administration and policies of MFIs have been suggested.

*Pathak and pant*³³ (2008), made study on *Microfinance – a case study of Jaunpur District* in order to analyze the socio-economic impact of microfinance on poverty alleviation. He further highlights the impact of SGSY programme on poverty alleviation in Ramnagar block. The study found 74 percent of samples have not received any kind of training. The author has divided the samples into Treatment group (SHGs under SGSY) and Comparison group (SHG not under SGSY). From the study it is found that the average income of treatment group was higher than comparisons group. Moreover the treatment group enjoys better quality of life due to improved shelter and housing. But the major finding of study shows that SGSY has not contributed significant change in the level of Income. Therefore, the author suggested public accountability in working schemes, transparency and interference of village level organization (through NSS and college students), and organization of training programmes.

*Jerinabi and kanniammal*³⁴ (2008) through *Microcredit- an anti poverty tool* tries to explain the basic characteristic and degree of poverty alleviation through microcredit to the beneficiaries. From the study of three Panchayats (Anamalai, Karamadai, and Periyanaickken) consisting 202 women samples found that 45 percent of samples earned Rs. 1000 to 2000 per month. Majority of women 41 percent are engaged in food related items business. In addition to group loan members have also employed their own capital in business. As the matter of profit

³³Pathak D. and Pant S. (2008), “Microfinance – A case study of Jaunpur District” eds. Lazar D and Palanichamy P. in “Microfinance and Poverty Eradication- Indian and Global Experiences” New Century Publications, New Delhi, pp- 469-491.

³⁴Jerinabi U. and Kanniammal K. (2008), “Microcredit: An Anti Poverty Tool” eds. Lazar D and Palanichamy P. in “Microfinance and Poverty Eradication- Indian and Global Experiences” New Century Publications, New Delhi, pp- 232-242.

concern, 56 percent women earned below Rs. 500 per month from their enterprise. Microcredit only helps the poor beneficiaries to gain extra income and move out of poverty but failed to work for economic deprivation of very poor and destitute because of inappropriate credit distribution. The broader target of Microcredit schemes with training and capacity building should be adopted to overcome these deficiencies.

*Ghate*³⁵ (2007) makes study on *Andhra Pradesh crisis* and tries to find out reasons behind suicide on part of the borrower. He points out the action of AP government in raiding and temporarily closed all branches of MFIs functioning in Krishna District due to the rumour spread by the collector of district regarding non-payment of loans as their loans would be taken over by government or banks. The major causes of crises in AP are due to the dual as well multiple memberships of clients and competition among operational MFIs in the district. Moreover, the MFIs follows short cut in client selection, training to members, field worker training which acts as a major factor behind the crisis. The unjustifiable collection practices on part of MFIs field workers like holding weekly meeting in defaulter's house, sitting in defaulter's door, use of offensive languages, putting loan overdue notice in front of defaulter's houses forces the clients either to migrate to another village or to approach money lenders for payment of further loan instalment. The reasons of non-payment of loans on part of clients as observed by author is due to over lending by MFIs or due to problems in undertaken productive activity like (animal death) and individuals health issues.

³⁵ Ghate P. (2007), "MFIs, Learning from Andhra Pradesh Crisis" eds. Ghate P. in "Indian Microfinance – The Challenges of Rapid Growth" Sage Publications, New Delhi, pp- 86-107.

*Shamin and Khan*³⁶ (2010) defines microfinance as a means of providing very poor families with very small loans to help them engage in productive activities. They pointed out differences in engagement of activities by poor's in rural and urban areas. Microfinance according to authors is a most strategic weapon for attacking poverty by providing development fund to neglected target group. World Bank in his report stated 80 million households in India are living below poverty line and out of which 80 percent lacks access to formal credit sources. Further they traced the need for SHGs formation and its growth over different years in 13 priority states of India. Due to the efforts of government and other financing agencies there is appreciable growth of SHGs in availing formal credit. The commercial banks enjoys higher share every year in disbursement of credit to SHGs as compared to RRBs and Cooperative Banks. The major problems which the SHGs member encounters are problem of saving due to uncertain income sources, lack of occupational training and skills, quality product, attitude of banking officers, lack of knowledge about book keeping, and exploitation by promoting agencies. In order to overcome these problems secured rules and code of conducts should be implemented for both borrower as well as lenders by the government.

*Sahoo*³⁷ (2006) made a study on *self help groups in financing the poor: problems and prospects* and stated the easiest way of lifting India above poverty is to educate and enhance the status of women. He made study of 50 samples from five villages* of Uttarpratap Gram Panchayat under Jajpur district of Orissa in order to find the nature of work undertaken, attitude

³⁶ Shamin M. and Khan M. (2010), "Microfinancing Through SHGs in India: Issues and Challenges" eds. Ahmed J., Bhagat B. and Singaiah G. in "Microfinance in India – Issues and Challenges" DVS Publishers, Guwahati, pp. 15-22.

³⁷ Sahoo R. (2006) "Self Help Groups in Financing the Poor: Problems and Prospects" eds. Sahoo R. and Tripathy S. in "Self Help Groups and Women Empowerment" Anmol Publications Pvt. Ltd. New Delhi. pp. 88-93.

*Uttarpratap, Narasinghpur, Nilakanthapur, Jaleswarpur and Chandamohini

of government officials and problems faced by the SHGs members. The study shows 70 percent of samples are engaged in cashew production followed by rice processing, mixture making, papad making, beedi making etc. Only Rs. 70,000 has been sanctioned to 7 SHGs by local RRB. The study found several constraints like inadequate supply of credit, lack of revolving fund, marketing facility, record maintenance and attention from government officials. Therefore the author suggested imparting medium term loans as cashew production requires long duration, training and marketing facility of the products.

*Lyngdoh*³⁸ (2010) makes study on status of *Microfinance in North Eastern Regions with Special Reference to Meghalaya* and stated the basic objective of Microfinance is of setting up micro-enterprises in order to mitigate poverty and empower the poor through job stability, social security, employment, technical assistance and stabilizing behaviour. Microfinance through SHGs socializes the member's, build trust, co-operation and provides platform for learning and expressing their opinions. He further highlights the negative impact on the lives of women members like lack of control on loan use, lower wages for work, group repayment pressure which creates tension between women's. The NE shares 3.14 percent of total SHG-linkage under SBLP all India whereas, Meghalaya shares around (NABARD, March 2007) 1 percent of total North-East SBLP. In addition to poor condition SHG-bank linkage programme in Meghalaya, the average lending amount per group is also low in comparison to other NE states. Moreover women SHG constitute only 57 percent of total SHGs and 65 percent of total membership in state which is much lower than national level participation of women membership (i.e. 90 percent WSHG). The major challenges hindering SHGs growth are recent origin, members replacement, group break up, lack of group cohesiveness and team effort, long

³⁸Lyngdoh (2010), "Microfinance in Meghalaya: Challenges and Policy Issues" eds. Ahmed J., Bhagat B. and Singaiah G. in "Microfinance in India – Issues and Challenges" DVS Publishers, Guwahati, pp. 23-33.

gestation period, lack of knowledge pertaining to financial and business position of SHG. Addressing to overcome these issues, the author emphasizes on commercialization of Microfinance, increase in number of banking branches, special attention from government regarding awareness and trainings to members.

*Pati and Panda*³⁹ (2011) made study on globalization and commercialization of microcredit and its impact on socio-economic lives of rural poor. According to the authors, availability of finance and financial services facilities trade and business which helps the poor in availing opportunity to access economic activities and income through recognizing and promoting their entrepreneurial skill. The authors discussed the growth of SHG in different countries like Bangladesh, Mexico, and Bolivia with special focus in India. Further they stated microcredit commercialization and change in basic purpose of microcredit i.e. lending for profit rather than removing barriers for poor in accessing credit. The nationalization of banks in 1969 failed to create a sensitive institutional infrastructure that could take care of poor in rural area which provides further scope for development of MFIs.

Patel⁴⁰ (2011) made a study on *Women Self Help Groups in Orissa: Challenges and Opportunities* and defines WSHGs as an informal group of women consisting 10 to 20 members join together with a common perception of needs and importance towards collective action. The study was made in order to find the Women empowerment through SHGs and partnership of various stakeholders in the campaign. She made study of 15 WSHGs from Khurda and Kandhamal Districts of Orissa. Her study found improvement in WSHGs members status

³⁹ Pati S. and Panda S. (2011), "Microfinance and Economic Empowerment- Emerging Issues" Economic and political weekly, part III, No. 362, Vol. XIC, January 2011, pp. 551-559

⁴⁰ Patel A. (2011), "Women Self Help Groups in Orissa: Challenges and Opportunities", Orissa Review, February-March, pp. 50-53.

through accessing credit facility, training, developing own marketing system, record maintenance, breaking gender barriers, membership in local authority, saving etc. in strong and good practices WSHGs while in case of weak WSHGs the major problems are lack of best practices, social evils, male interference, lack of record maintenance, lack of awareness and illiterate members. Therefore, in order to convert weak WSHGs into strong WSHGs the author recommended imparting training, interference from bankers and government officials, creation of self confidence and development of regular thrift practice among members.

*Mohamed and Prakash*⁴¹ (2004) studied on *Constraints on Rural Women Entrepreneurship – an experiment through Microcredit* and highlight several constraints such as peer pressure for timely repayment which tend to loan recycling, increase in debt liability, aggressive family tension, credit already used to meet immediate consumption needs and high interest rate. Further cash flow problems, unequal power relation, illiteracy, lower wages, cuts in developmental expenditure and anti- poor macroeconomic policies disproportionately affect the women. In addition, competitions from big and transactional corporation products retard their further growth. Thus, access to market information, technology, management and marketing skill are required for their development.

*Mishra*⁴² (2006) studied on topic *Women Self Help Groups in Orissa* and highlights the undermined condition of women even after working 66 minutes extra per day in comparison to men. He further stated the procedure of SHGs formation, governance and growth under supervision of various government programmes like IRDP, DWCRA, SITRA, TRYSEM, ICDS

⁴¹ Mohamed M. and Prakash N. (2004), “Constraints on Rural Women Entrepreneurs” eds. John S., Jayabalan R. and Krishnamurty S. in “Rural Women and Entrepreneurship” Discovery Publishing House, New Delhi. pp. 45-47.

⁴² Mishra B. (2006) “Women Self Help Groups in Orissa” eds. Sahoo R. and Tripathy S. in “Self Help Groups and Women Empowerment” Anmol publications Pvt. Ltd. New Delhi. pp. 48-55

and SGSY in Orissa. He made study of Salipur and Mahanga Districts of Cuttack by evaluating secondary data and oral interview in order to find SHGs formation, working, problems and credit disbursed by different agencies over the years. His study shows uneven increase in number of SHGs in both the districts but salipur district shows better position than mahanga district in response to composition of SHGs membership. As the matter of credit sanction per SHGs concern Salipur district leads with 15254.89 rupees in comparison to Mahanga district (Rs. 6895.21). The study shows improvement in women status through engaging themselves in productive activities, co-operation, smooth saving and timely repayment. Further he stated several constraints before SHGs growth as lack of training, guidance, vision, maintenance of records, male member controlling SHGs and excess burden over ICDS staffs. In order to overcome these problems he suggested uniformity in formation and extension of financial services, periodical exhibition of SHGs products, proper training and establishment of separate supervisory department.

*Mandal*⁴³ (2011) made a study on topic *Self Help Group in West Bengal: An Instrument for Alleviating Rural Poverty, A Critical Study* and defines SHGs as a catalyst in minimizing the gap of social exclusion of vulnerable section of society. In order to find the effectiveness of SHGs in raising livelihood status of rural poor, he made study of 53 SHGs of Saraboth Gram Panchayat in Garbeta Block II of Paschim Midnapore District of West Bengal. His study shows that out of 63 SHGs formed in region, 53 SHGs are working and among them 52 belongs to BPL category. Moreover, 33 SHGs are run by women and rest 20 by men. The study shows increase in Income of the households, employment, leadership quality, reduction of dependency of women on their male counterpart and improvement in banking practices by rural women. On the

⁴³ Mandal N. (2011), "Self Help Group in West Bengal: An Instrument for Alleviating Rural Poverty, A Critical Study", Indian Journal of Economics, Vol: XIC, No:363, part IV, April, pp.745-763.

other hand he also highlights negative impacts of SHGs membership on families of women member as disturbed family life and lack of children care due to staying outside for SHGs activities. Further he stated the major problems associated with growth of SHGs in the study area as inadequate training, raw materials problem, marketing, exploitation by strong members and inadequate financial assistance. In order to overcome these deficiencies, survey for raw material availability by local authority, imparting knowledge based training, state level organization of marketing of their produce, NGOs intervention in providing education and motivation and financial assistance has been suggested. No explanation was made regarding financial inclusion of SHGs and loan sanctioned.

CHAPTER THREE

Financial Inclusion and Microfinance

3.1. Introduction

India is a home of largest banking financial system. In spite of having wide spread network of Commercial Banks, Co-operative Banks, RRBs and Post- offices, India's half of the population don't have basic access to financial services. According to RBI Report only 55 percent of the population have deposit account and 9 percent have credit account with banks. The non-included group or the persons not having any account with banks are mostly from poor and vulnerable sections of society constituting farmers, daily labourers, self employed persons and women's. The UN secretary-general *Kofi Annan*¹ stated "*the stark reality is that most poor people in the world still lack access to sustainable financial services, whether it is saving credit, or insurance. The great challenge before us is to address the constraint that excludes people for full participation in financial sector. Together we can must build inclusive financial sector that help people improve their life.*" According to United Nations the mail goals of inclusive finance are as follows:

- i. Access at reasonable cost of all households and enterprises to the range of financial services for which they are "bankable" , including savings, short and long term credit, leasing, mortgages, insurance, pension, payments, local money transfers and international remittances.
- ii. Sound institution, guided by appropriate internal management system, industry performance standards and performance monitoring by market, as well as by sound prudential regulation where required.

¹ http://en.m.wikipedia.org/wiki/financial_inclusion

- iii. Financial and institutional sustainability as a means of providing access to financial services overtime.
- iv. Multiple providers of financial services, wherever feasible, so as to bring cost-effective and a variety of alternatives to customers (which could include any number of combinations of sound private, non-profit, and public providers).

The lack of access to basic financial services like affordable credit, saving, insurance, remittances and repayment, and financial advice stand major cause behind backwardness of individual as well as of enterprises. The NSSO in its 59th round of survey stated the extent of financial exclusion in India as follows;

a) General:

- 51.4 percent of farmer households are financially excluded both from formal/informal sources.
- Of the total farmer households, only 27 percent access formal source of credit, one third of the group also borrows from non-formal sources.
- Overall, 73 percent of farmer households have no access to formal source of credit.

b) Region wise:

- Exclusion is most acute in Central, Eastern and North-Eastern regions – having a concentration of 64 percent of all financially excluded farmer households in the country.
- Overall indebtedness to formal sources of finance alone is only 19.66 percent in these three regions.

c) Occupational groups:

- Marginal farmer households constitute 66 percent of the total farm households. Only 45 percent of these households are indebted to either formal or non-formal source of finance.
- About 20 percent of indebted marginal farmer households have access to formal source of credit.
- Among Non-cultivators households nearly 80 percent do not access credit from any source.

d) Social group:

- Only 36 percent of the ST farmer households are indebted (SC and OBC –51 percent) most to informal sources.

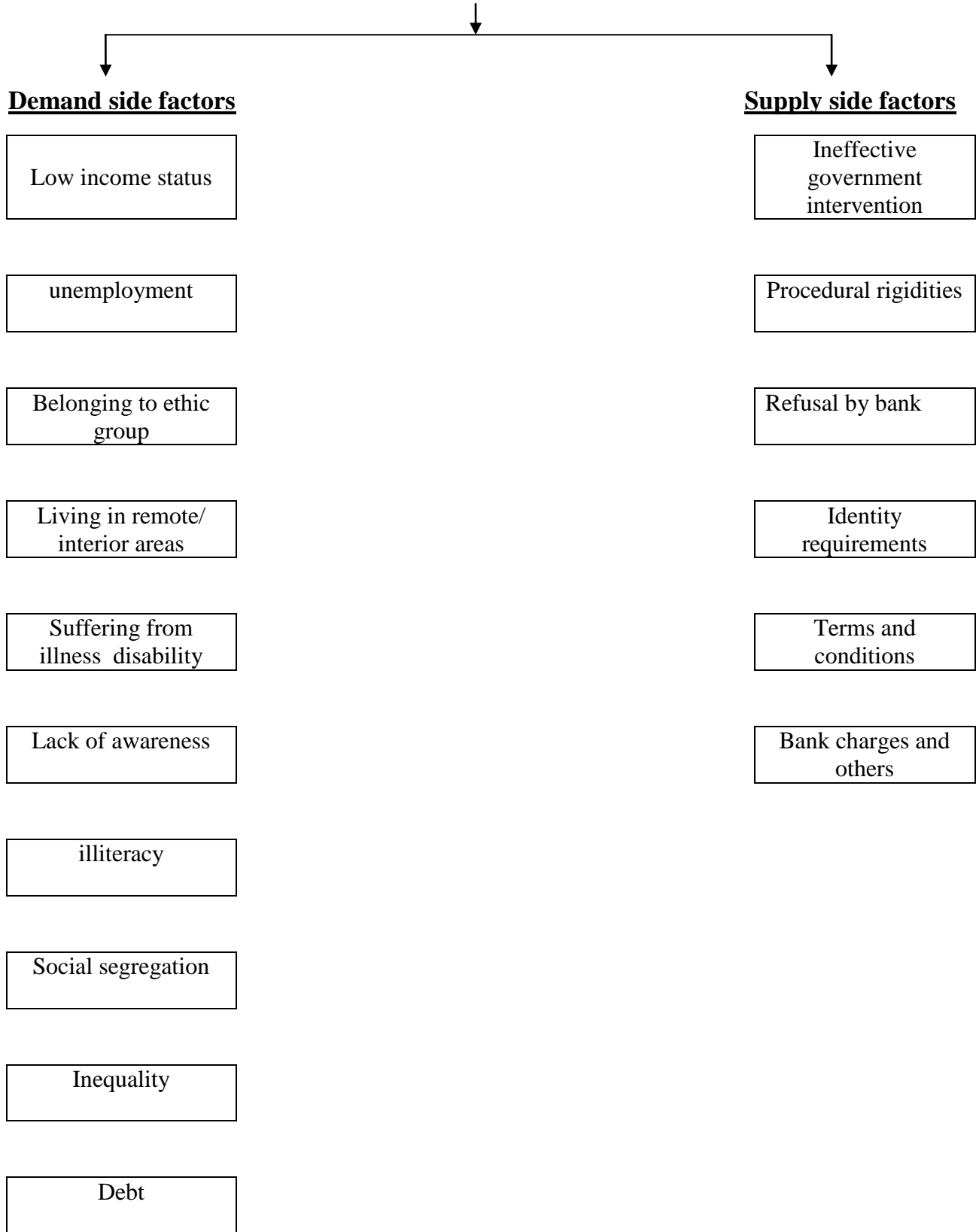
3.2. Financial Exclusion- Nature, Cause and Impact:

Financial exclusion is defined as “lack of access by certain segment of population of the society to appropriate, low cost, fair and safe financial products and services from the main stream providers.” In other words, it can be defined as denied access to most basic financial products and services. Credit is regarded as a basic need not only for business but for daily needs too. The absence of its availability at affordable cost or its unfulfillment retards the development of both individual as well as of economy. There exists variety of reasons behind financial exclusion as shown in Figure 3.1.

Swain (2008)² made study viewed financial exclusion in a much wider perspective. Just having a current account or saving account on its own, is not regarded as an acute indicator of financial

² Swain B.K. (2008), “Financial Inclusion through Micro-credit” Eds. Lazar D. and Palanichamy P. in “Microfinance and Poverty Eradication- Indian and Global experiences” New Century Publications, New Delhi, pp-165- 177.

Fig. 3.1. Factors behind Financial Exclusion



inclusion. He defined it as a paradox that at one extreme there are customers who are actively and persistently courted by the financial service industry and who have at their disposal a wide range of financial services and products. Further he highlights several consequences of financial exclusion depending upon nature and extent of services denied.

Srinivasan (2007)³ stated various reason for financial exclusion like the unorganized nature of excluded population, the volume of business, nature of small individual requirements, high transaction cost, less economic value addition by the sector and fear of NPA. It has been observed from the study that the countries having highest level of inequality also have highest level of banking exclusion. India also has same face too, there exist various aspects of such exclusion among specific regions and population groups.

3.2.1. Financial exclusion across regions:

The farm household's not accessing credit from formal sources as a proportion to total farm households is especially high in the North- Eastern (95.91 percent), Eastern (81.26 percent), Central (77.59 percent), Northern (74.95 percent) regions. On the other hand, the southern and western regions exhibits relatively better level of access to financial sources as farm households excluded by formal sources are 57.25 percent and 56.02 percent respectively as shown in Table 3.1. The better level of access to formal sources to these two regions is mainly because of the spread of banking habits and a robust infrastructure.

³ Srinivasan N. (2007), " Policy Issues and role of Banking system in Financial Inclusion", Economic and Political Weekly, July 28, pp-3091-95.

Dev (2006)⁴ stated the major cause of exclusion as the narrowing of bank branches network at rural areas, fall in credit deposit ratio, disappropriate decline in agriculture credit to small and marginal farmers, worsening of regional inequality in rural banking and crippling nature of RRBs.

Table 3.1. Financial Exclusion across Regions

Regions	Total farmer households (in lakh)	HHs excluded by formal sources	Percent to total Households
Northern	109.46	82.04	74.95
North- Eastern	35.40	33.95	95.91
Eastern	210.61	171.14	81.26
Central	271.33	210.52	77.59
Western	103.66	58.07	56.02
Southern	161.56	92.49	57.25
Group of UTs	1.48	1.33	89.86
All India	893.50	649.54	72.70

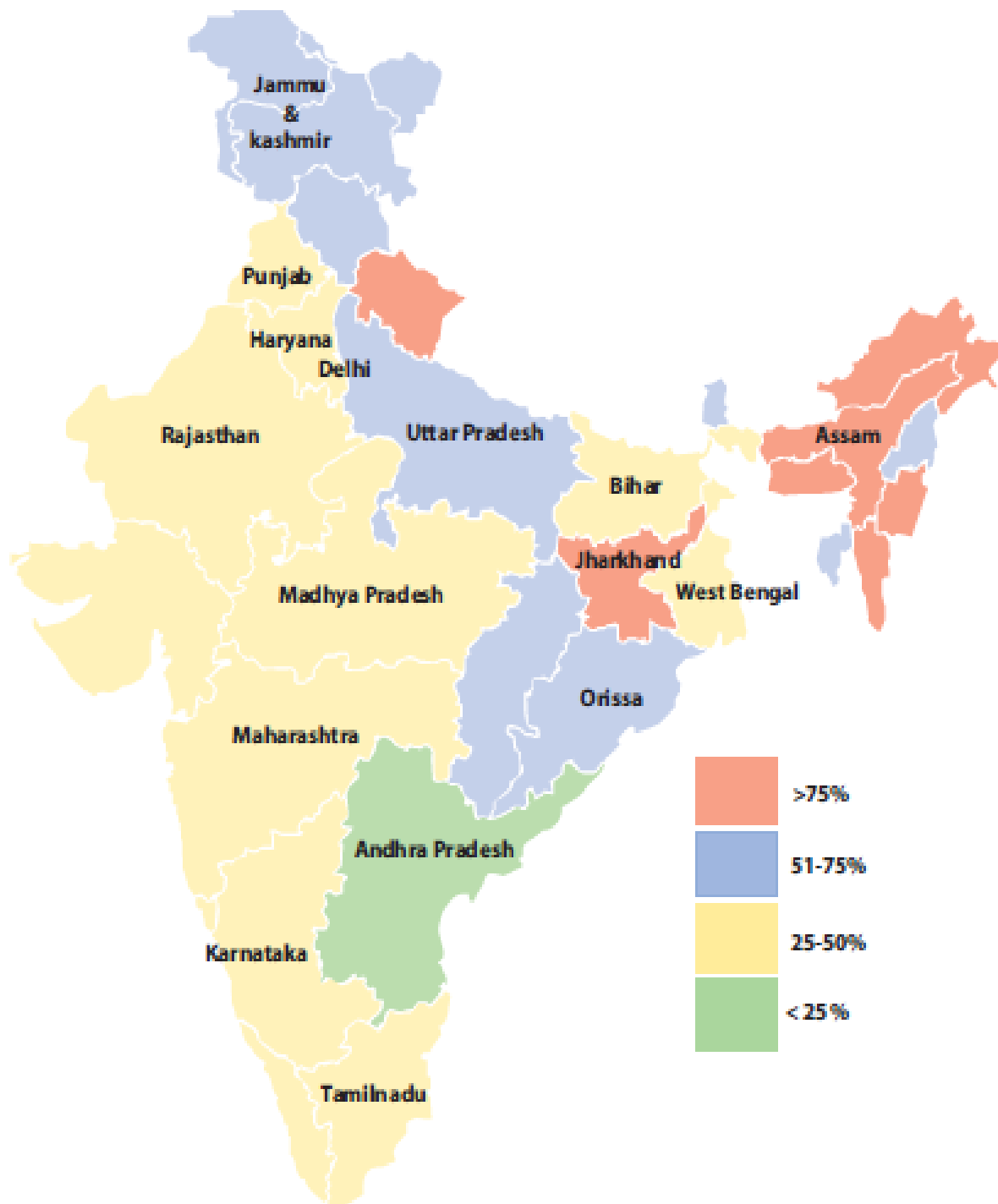
Source: Reports of Rangarajan Committee on Financial Inclusion, 2008.

3.2.2. Financial Exclusion across states:

The financial exclusion across states of India has shown in Table 3.2. From the table we notice that Meghalaya (95.5) is having highest percent of financially excluded farmer households followed by Arunachal Pradesh (94.1 percent), Uttaranchal (92.8 percent), Assam (81.9 percent) and Jharkhand (79.1 percent). The proportion of financially excluded farmer households was most pronounced in Jammu & Kashmir (68.2 percent) and Himachal Pradesh (66.6 percent) in the

⁴ Dev S. M. (2006), “ Financial Inclusion: Issues and Challenges”, Economic and Political weekly, October 14, pp- 4310-13

Fig. 3.2. Level of Financial Exclusion in India



Source: TCS White Papers, 2010

Table 3.2. Financial Exclusion across States

State/ Region	Financially Excluded farmer Households*		State/Region	Financially Excluded farmer Households*	
	Lakh	%		Lakh	%
Northern	53.21	48.7	West Bengal	34.53	49.9
Haryana	9.11	46.9	Central	158.29	58.4
Himachal Pradesh	6.03	66.6	Chhattisgarh	16.50	59.8
Jammu & Kashmir	6.43	68.2	Madhya Pradesh	31.09	49.2
Punjab	6.38	34.6	Uttar Pradesh	102.38	59.7
Rajasthan	25.26	47.6	Uttaranchal	8.32	49.2
North-Eastern	28.36	80.4	Western	47.92	46.3
Arunachal Pradesh	1.15	94.1	Gujarat	18.20	48.1
Assam	20.51	81.9	Maharashtra	29.72	45.2
Manipur	1.61	75.2	Southern	44.11	27.3
Meghalaya	2.44	95.5	Andhra Pradesh	10.84	18.0
Mizoram	0.60	76.4	Karnataka	15.52	38.4
Nagaland	0.51	63.5	Kerala	7.82	35.6
Tripura	1.19	50.8	Tamil Nadu	9.93	25.5
Sikkim	0.36	61.2			
Eastern	126.39	60.0	Group of UTs	0.99	66.9
Bihar	47.42	67.0			
Jharkhand	22.34	79.1	All India	459.26	51.4
Orissa	22.09	52.2			

*Source: Reports of Rangarajan Committee on Financial Inclusion, 2008.
Incidence of Non- indebtedness to both formal and non formal sources*

northern region, all states in the North-Eastern region (61.2 to 95.9 percent) except Tripura, in Bihar (67 percent) and Jharkhand (79.1 percent) in Eastern regions ; and Chhattisgarh (59.8 percent), Uttar Pradesh (59.7 percent) and Uttaranchal (92.8 percent) in the Central Region. The states which have shown lowest level of exclusion among them Andhra Pradesh stands first with 18.0 percent excluded farmer households followed by Tamil Nadu (25.5 percent), Punjab (34.6 percent), Kerala (35.6 percent) and Karnataka (38.4 percent).

3.2.3. Financial Exclusion across Social Groups:

The extent of financial exclusion among farmer households belonging to different social groups of society is explained in table 3.3. The study found that the highest number of farmer households belongs to OBC category (370.43 lakh) followed by others (247.90 lakh), Scheduled Castes (115.93 lakh) and Scheduled Tribes (119.24 lakh). The highest level of non- indebtedness to both formal and informal sources is found among Scheduled Tribe (ST) with 63.7 percent of total farmer households followed by Scheduled Castes (49.77 percent), others (50.73 percent) and OBC (48.58 percent).

Table 3.3. Level of Non-indebtedness: Across Social Groups

Households	ST	SC	OBC	Others	ALL
Total number of farmer households (In Lakh)	119.24	155.93	370.43	247.90	893.50
Non –indebted farmer households	75.94	77.60	179.96	125.76	459.26
Proportion of non indebted farmer households	63.69	49.77	48.58	50.73	51.40

Source: Reports of Rangarajan Committee on Financial Inclusion

3.2.4. Financial exclusion across Non- Cultivator Households:

According to NSSO 59th round survey (Refer Table 3.4.), the total number of Non-cultivator households was estimated 5.96 Crores. Out of which 2.12 crore households are agricultural labourers followed by Others (3.06 crore) and artisans (0.77 crore). The incidence of financial exclusion among all non-cultivators households was estimated 78.2 percent which comprises of 78.8 percent of labour households, 79.7 percent of other rural households and 71.4 percent of artisans. Out of 5.96 crore non-cultivator households about 4.66 crore were estimated to be financially excluded. The number of non-cultivators households affected by financial exclusion was the highest for “Others” category (2.44 crore), followed by agriculture labour households (1.67 crore) and artisans (0.55 crore).

Table 3.4. Financial Exclusion across non-cultivators households

Households	Agricultural labourers	Artisans	Others	Total non-cultivators
No. of households (crore)	2.12	0.77	3.06	5.96
No. of households facing financial exclusion (crore)	1.67	0.55	2.44	4.66
Incidence of financial exclusion (in percentage)	78.80	71.40	79.70	78.20

Source: AIDIS Report on Household Indebtedness in India (59th round), NSSO

3.3 Impact of Financial Exclusion:

Joshi and Patankar ⁵(2008) in their study on Kawant Block of Gujarat found one of the serious impacts of financial exclusion as migration of rural population to nearby towns or far off

⁵ Joshi A. and Patankar M. (2008), “Financial Inclusion of Tribal Migrants: A Case Study of Kawant Block of Gujarat” Eds. Lazar D. and Palanichamy P. in “Microfinance and Poverty Eradication- Indian and Global Experiences” New Century Publications, New Delhi, pp- 581-593.

cities in search of livelihood. The major cause of migration is seasonal nature of employment while rests of the year they move to other places in search of suitable jobs and work usually as semi-skilled or unskilled labour in migrated place in order to support their livelihood. The other serious consequences of financial inclusion are:

- Difficulty in gaining access to credit.
- General decline in Investment.
- Increased unemployment.
- Social exclusion.
- Higher incidence of crime.
- Getting credit from informal sources at exorbitant rates.
- Chronic Poverty.
- Lower standard of living.
- Informal saving.
- Backwardness

3.4. Financial Inclusion: Concept and Values

Financial inclusion is regarded as an only measure to make growth broad based and inclusive. The RBI defined in its bulletin defined *“financial Inclusion as the process of ensuring access to appropriate financial products and services needed by all sections of society in general and vulnerable group in particular at an affordable cost in affair and transparent manner by mainstream institutional layers.”* Further various definition of financial Inclusion was stated by different agencies and authors are:

Rangarajan Committee⁶ (2008) defined *“Financial Inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable group such as weaker section and lower income groups at affordable cost. The financial services include the entire gamut of saving, loans, insurance, credit and payments.”*

Swain⁷ (2008) defined *“financial Inclusion is delivery of banking services at an affordable cost to the vast section of disadvantaged and low income groups. As banking services are in the nature of public goods, it is essential that availability of banking and payment services be made to entire population without discrimination.”*

Nachiket and Ananth⁸ (2007) defines *“financial Inclusion as the ability of every individual to access basic financial services which includes savings, loan and insurance in a manner that is reasonably convenient and flexible in term of access and design and reliable in the sense that the saving are safe and insurance claim will be paid with certainty.”*

The focus of financial inclusion in India at present as reflected in fig 3.3. is confined to ensuring a base minimum access to a saving bank account without frills to all. It has much wider perspective than just having saving or current account. Further, it is a paradox that allows the customers who are actively countered by financial service industry with wide range of financial services and products. Lalhriatpuii⁹ (2011) highlights the key point of financial inclusion facilitating

- Direct loan or banking facilities to the targeted vulnerable communities or group.

⁶ Reports of committee on Financial Inclusion, “www.nabard.org/report_comfinancial.asp”

⁷ Swain B.K. (2008), “Financial Inclusion through Micro-Credit” Eds. Lazar D. and Palanichamy P. in “Microfinance and Poverty Eradication- Indian and Global experiences” New Century Publications, New Delhi, pp-165- 177.

⁸ Nachiket M. and Ananth B. (2007), “Inclusive Financial System: Some Design Principles and A Case Study” , Economic and Political weekly, March 31, pp- 1121-26.

⁹ Lalhriatpuii (2011), “Access to Finance and Financial Inclusion from a Gender Perspective” eds. In “Proceeding of National Seminar on Financial Inclusion: Issues and Challenges” Mizoram University, Aizawl., pp- 67-73.

- Facilitation of economic activity in a particular geographical area of operations or location.
- Development of local and national infrastructure for promotion of local business.
- Facilitation of business promotion environment.

Financial inclusion is regarded as remedy of financial exclusion. As a matter of expansion and scope of financial inclusion concern, the target can be achieved either through state driven interventions by way of statutory enactment or through voluntary effort of banking community itself by evolving various strategies to bring large section of population within the ambit of banking sector.

Fig. 3.3. Structure of Financial Inclusion

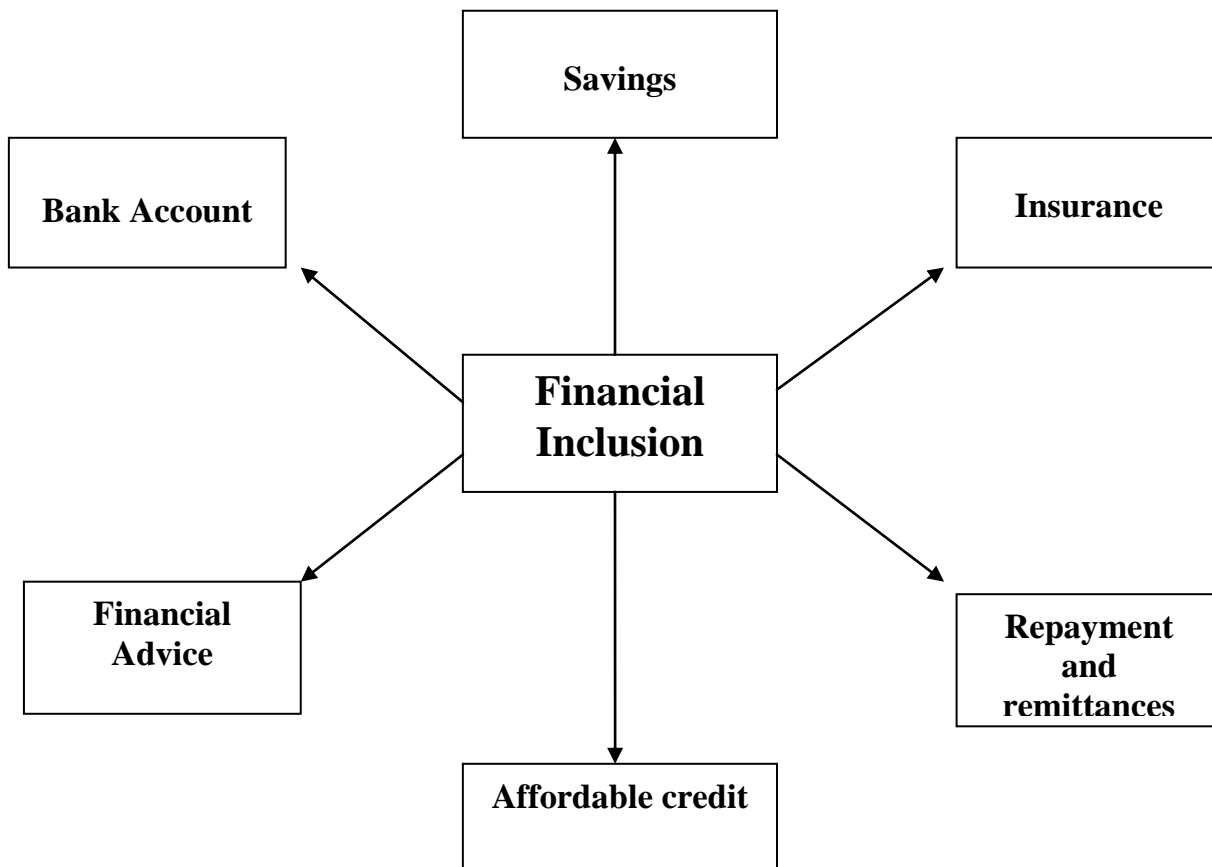


Table 3.5. Measures of Government for Financial Inclusion in India

1949	The rural banking enquiry committee finds that co-operative infrastructure is satisfactory but commercial banks have not shown any significant interest in agriculture and rural credit.
1954	All India Rural Credit survey submits report advocating majority participation of the state (51 percent share capital) in Co-operatives at all level.
1969	Narasimham Committee introduces ‘Lead Bank Scheme’ thereby starting a process of district credit plan and coordination among various formal financial intermediaries.
1969	Nationalization of fourteen major Commercial Banks
1971	All India debt and investment survey shows that the share of formal financial sector in total rural credit usage is 29.2 percent compared to 70.8 percent from informal sector.
1975	The concept of Regional Rural Banks (RRBs) advocated overcoming the failure of Co-operatives.
1980	The government sets up the Integrated Rural Development Programme (IRDP) to direct subsidized loan to poor self employed peoples through banking sector.
1982	The National Bank for Agriculture and Rural Development (NABARD) was set-up.
1982	The government establishes Development of Women and Children in Rural Areas (DWCRA) as a sub theme of IRDP to enable poor women to take up IGAs by giving groups of 15-20 women a revolving fund.
Mid 1980s	Saving and Credit group (now known as SHG) begins emerging all over the country, most catalysed by NGOs without the involvement of state.
1991	The process of Economic liberalization takes off.
1992	NABARD starts its ‘linkage’ programme of refinancing and encouraging bank lending SHGs.
1993	Rastriya Mahila Kosh (RMK) was established to accelerate the flow of credit through NGOs to self employed women in unorganized sector.
1996	RBI deregulates interest rates for small loans by Co-operatives and RRBs.
2000	RBI declares bank lending to microfinance organization as a part of priority sector.

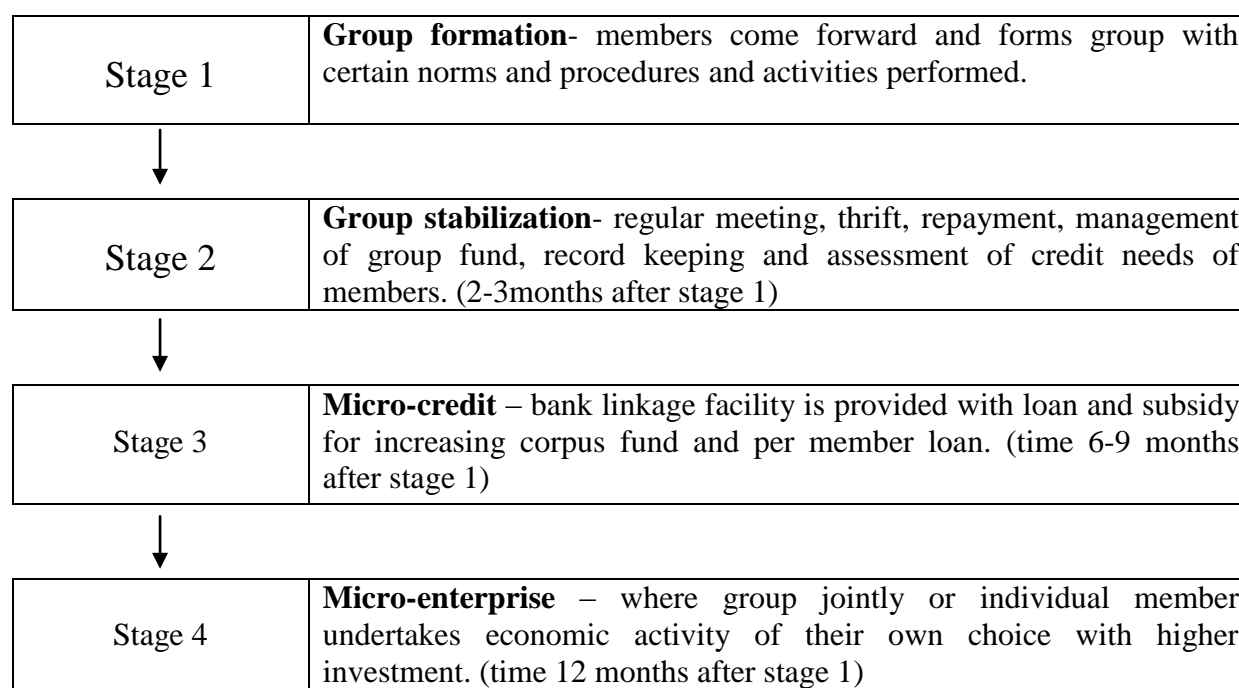
Source: Fisher, Thomas and Sriram (2002), “Beyond Micro-credit: putting development back into Microfinance”, Vistaar Publications, New Delhi, pp- 34-36.

The financial inclusion in its gamut includes several financial services such as saving, pension, insurance, credit, repayment and remittances, financial advice, transfer of funds, any time money and the important all these facilities at affordable rates. The basic objective of financial inclusion is to extend the scope of activities of organized financial system to include in its ambit people with low income and to provide a platform to excluded population by bringing them under formal financial system offering all basic credit needs through proper channels in order to lift them out of poverty.

3.5. Financial Inclusion through SHGs

In spite of several effort made by government in direction of improving socio-economic status and bringing the poor into the gamut of formal financial system has somehow failed. Therefore understanding the situation and keeping the Grameen bank revolution of Bangladesh in mind,

Fig. 3.4. Stages of SHGs Evolution and Growth



Policy makers tries to introduce the need based programme not only for catering the needs of poor but also in bringing them into the gamut of formal financial system. This leads the emergence of Self Help Groups (SHGs). Self Help is regarded as one of the most fascinating as well as frustrating aspect of development. The concept itself explains the dimensions i.e. self reliance, self sustained and self growth. The SHGs pools resources amongst the members and thus meets the credit needs of poor. The Self Help Groups passes through several stages of evolution (As shown in fig. 3.4.)

3.5.1 Why SHGs as a tool for Financial Inclusion:

The SHGs have been regarded as a best tool for financial inclusion of poor due to following reasons:

- Working at grassroots level
- Easiest and convenient way of reaching poor.
- No collateral security
- Joint liability.
- High recovery due to peer pressure.
- Maintenance of single account for all members.
- Inclusion of women.
- Lower transaction cost for both lender as well as borrower.
- A sophisticated tool for providing adequate and sustained access to financial services.

3.6. Growth of SHGs – Bank Linkage: An Indian Perspective

The SHG – Bank linkage programme was initiated in 1992 by National Bank for

Agriculture and Rural Development (NABARD) as a pilot project with Linking 500 SHGs on experimental basis almost after 10 years of establishment of Grameen Bank of Bangladesh. The movement has added a very significant dimension in development of poor. The SHG – Bank linkage programme has already passed 21 years and the progress was very much satisfactory with due effort of various Banks, NGOs and MFIs.

The SHG – Bank linkage facility includes both

- Saving Linkage, and
- Credit linkage.

Table 3.6. All India growth of SHG – Savings Linkage

Year	Number of SHGs (in '000')	Saving Amount (In crore)	(Amount in Rupees)
			Saving per SHG
2006 – 07	4160.5	3512.71	8,442.59
	-	-	-
2007 – 08	5009.7	3785.38	7,556.10
	(20.41)	(7.76)	(-10.50)
2008 – 09	6121.1	5545.61	9,059.82
	(22.18)	(46.50)	(19.90)
2009 – 10	6953.2	6198.70	8,914.88
	(13.59)	(11.77)	(-1.59)
2010 – 11	7461.9	7016.30	9,402.83
	(7.31)	(13.18)	(5.47)

2011 – 12	7960.3 (6.67)	6551.41 (-6.62)	8,230.10 (-12.47)
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Source: Status of Microfinance in India 2006-07, 08, 09,10,11,12 (NABARD)
(Fig. in bracket represents percentage growth compared to previous year)

The year-wise growth of number of SHGs availing saving linkage facility along with saving amount is stated in table 3.6. There has been continuous increase in the number of SHGs availing saving linkage facility through various formal institutions. During 2006-07, the number of SHGs having saving account was 41.60 lakh which has increased by 20.41 percent in 2007-08 and 22.18 percent in 2008-09. Further, over the years there has been less growth in number of SHGs availing saving linkage facility compared to 2008-09. During 2011-12, the number of SHGs availing saving linkage facility was 79.60 lakh registering 6.67 percent growth.

As the growth of saving amount concern, during 2006-07 the saving with the formal financial institutions was Rs. 3512.71 crore with average saving per SHG of Rs. 8442.59. In 2007-08, the saving amount of the SHGs has been increased by 7.76 percent whereas the average saving per SHG has declined by 10.50 percent compared to previous year. During 2008-09, both the saving amount as well as saving per SHG has shown noticeable increase registering growth of 46.50 percent and 19.90 percent respectively. In the year 2011-12, there has been decline in growth rate in both saving amount as well average saving per SHG but the decline was highest in saving per SHG (i.e. -12.47).

3.7. All India Growth of SHG-Bank linkage (Credit)

The growth of SHG-Bank linkage (credit) in India has shown noticeable improvement over for success of SHG-Bank linkage programme i.e. at the SHG level, at the bank level

and at the operational level. At the SHG level, the collective wisdom and the constant peer pressure in the group minimize the risk of failure. At the bank level, grading of SHGs on the basis of recovery and at the operational level the programme relies on complementary role among the partners. The performance of SHG- Bank linkage programme is very encouraging due to constant effort of all three approaches. Table 3.7. shows the growth and performance of SHG-Bank linkage programme over different year. Till 2011-12, the number of SHGs provided bank linkage (credit) facility was 11,47 thousand

Table 3.7. All India Growth of SHG-Credit Linkage Programme, (2001 – 02 to 2011 – 12)

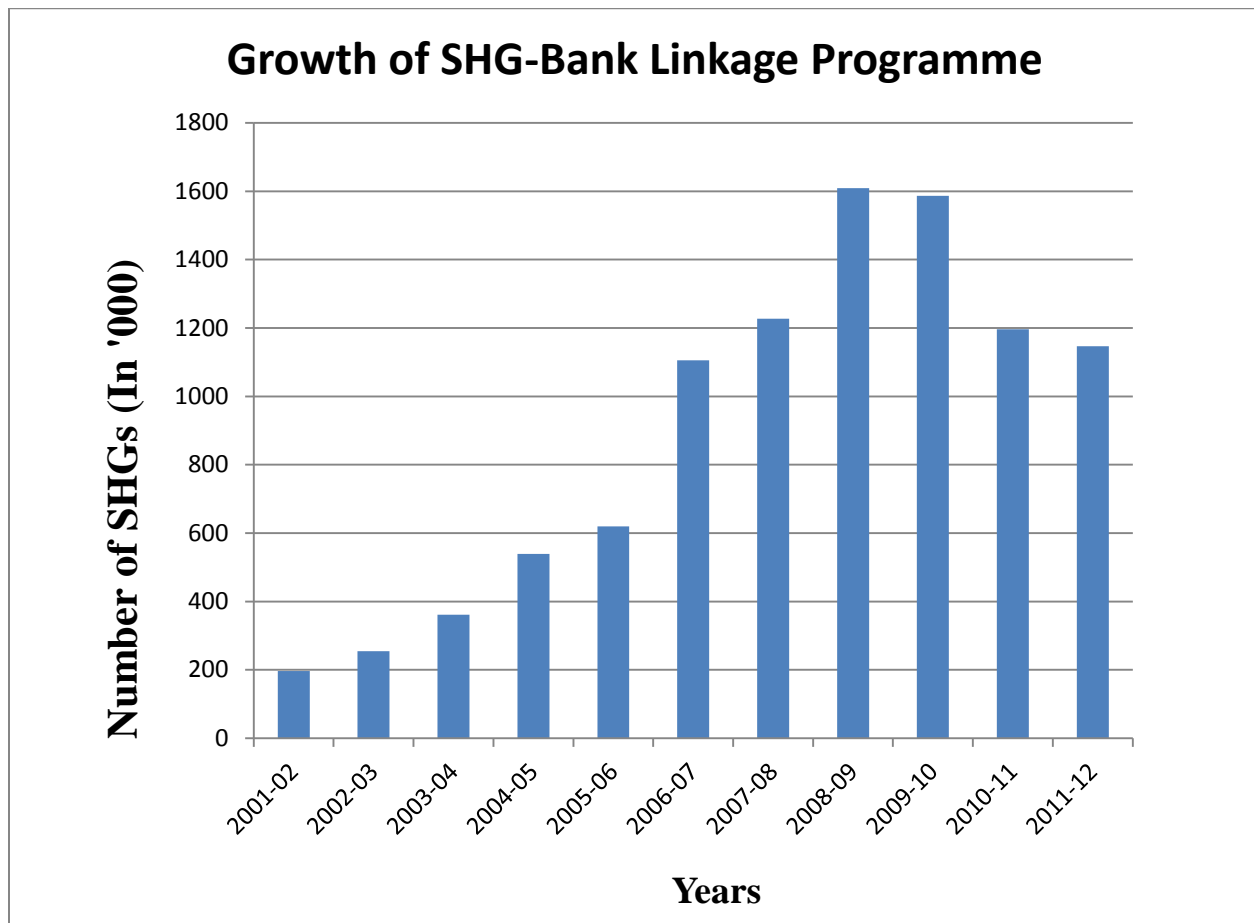
(Figures in '000')

Year	No. of SHGs	Annual growth (In %)
2001-02	197	-
2002-03	255	29.46
2003-04	361	41.36
2004-05	539	49.11
2005-06	620	14.96
2006-07	1,105	78.31
2007-08	1,227	11.03
2008-09	1,609	31.09
2009-10	1,586	-0.01
2010-11	1,196	-0.24
2011-12	1,147	-4.09

Source: NABARD

as against 197 thousand in the year 2001-02. It has been also observed from the table that the number of SHGs provided bank linkage facility increasing every year but the annual growth rate has shown no proper trend. During 2002-03, the annual growth rate was 29.46 percent which has

Figure 3.5. Growth of SHG-Credit linkage programme



declined to - 4.09 percent during 2011-12. Further, it has been observed from the figure 3.5 that there is continuous growth in number of SHGs availing linkage facility till 2008-09 after that the growth has declined every year.

3.8. All India Growth of SHG-Credit Linkage (Amount):

Table 3.8. represents the year wise growth of credit amount to SHGs. During the year 2001-02, the amount of credit disbursed to SHGs was 545 crores. In the year 2002-03, the

disbursal of credit amount has recorded 1022 crore registering highest annual growth of 87.5 percent. Further, due to sincere effort of NABARD, various banks and promoting agencies the

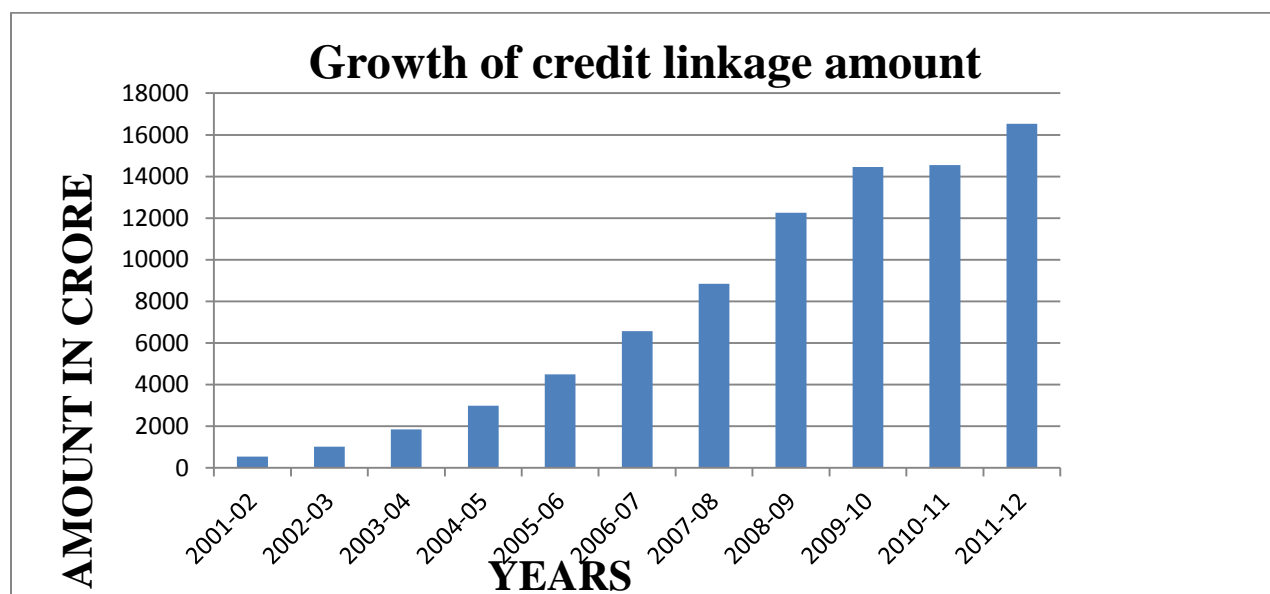
Table 3.8. Growth of SHG-Credit Linkage Amount (All India)

(Amount in Crore)

Year	Amount of Credit	Annual Growth (In %)
2001-02	545	-
2002-03	1,022	87.5
2003-04	1,856	81.6
2004-05	2,994	61.3
2005-06	4,499	50.2
2006-07	6,570	46.0
2007-08	8,849	34.6
2008-09	12,253	38.4
2009-10	14,453	17.9
2010-11	14,547	00.6
2011-12	16,534	13.6

Source: NABARD

Figure 3.6. Year-wise Growth of Credit Amount



amount of credit disbursal to SHGs has increased continuously. One interesting fact about the SHG-Credit linkage was that every year there has been continuous increase in credit amount but at the same time the annual growth has continuously declined till 2010-11 (as shown in fig 3.6).

3.9. Region- wise distribution of SHGs in India:

In spite of creating history through huge massive coverage of SHGs, the spread of microfinance is not uniform in India. There is an uneven growth of SHGs in different region over different period of time. The NABARD in consultation with RBI and Government of India has divided the whole country into six regions depending upon their location i.e. Northern, North-Eastern, Eastern, Central, Western and Southern. During the last decade NABARD has intensified the implementation of SHG movement in 13 identified priority states of India constituting Uttar Pradesh, Odisha, West Bengal, Madhya Pradesh, Maharashtra, Gujarat, Rajasthan, Chhattisgarh, Jharkhand, Bihar, Assam, Himachal Pradesh and Uttaranchal. Further again in 2011, NABARD has intensified the implementation of SHG programme in 10 identified priority states of India some of which account for rural poor, viz., Chhattisgarh, Jharkhand, Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Odisha, West Bengal, Maharashtra, Uttarakhand.

This has lead to gradual growth of SHG-bank linkage programme in the above states, as a result of which there was reduction of regional disparity to certain extent. Table 3.9. shows, the region wise growth of SHG-Bank linkage programme in India. Till March 2001 out of existing 2,63,825 SHGs, the Southern region constitute major share i.e. 71.20 percent followed by Central (10.93 percent), Eastern (8.44 percent), Western (5.89 percent), Northern (5.41 percent) and North-Eastern (0.18 percent). During March 2012, the number of SHGs providing Bank linkage facility has increased to 95,84,012 registering 294.39 average annual growth. With the moving time the share of different region in SHG-Bank linkage programme has also changed. The share

of Southern and Central region has declined to 49.95 percent and 9.44 percent respectively whereas the share of rest of the region has increased. The North-Eastern region has visualized highest

Table 3.9. Share of SHGs in Different Regions of the Country

Regions	SHGs till March 2001		SHGs till March 2012		Average Annual growth (In %)
	Number	Share (in %)	Number	Share (in %)	
Northern	9,012	3.41	4,39,588	4.59	398.15
North – Eastern	477	0.18	3,94,390	4.12	6881.77
Eastern	22,252	8.44	18,79,449	19.61	695.52
Central	28,851	10.93	9,05,042	9.44	253.07
Western	15,543	5.89	11,77,638	12.29	623.05
Southern	1,87,690	71.20	47,87,905	49.95	204.24
All India	2,63,825	100.0	95,84,012	100.0	294.39

Source: NABARD

Northern Region: Chandigarh, Haryana, Himachal Pradesh, Punjab, Rajasthan, New Delhi, Jammu & Kashmir.

North-Eastern Region: Assam, Meghalaya, Tripura, Nagaland, Manipur, Mizoram, Arunachal Pradesh and Sikkim.

Eastern Region: Bihar, West Bengal, Union territories of Andaman & Nicobar Islands, Odisha, Jharkhand.

Central region: Chhattisgarh, Madhya Pradesh, Uttar Pradesh, , Uttarakhand.

Western Region: Goa, Gujarat, Maharashtra.

Southern Region: Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Lakshadweep, Puducherry.

Figure 3.7. Share of Different Regions (2000 – 01)

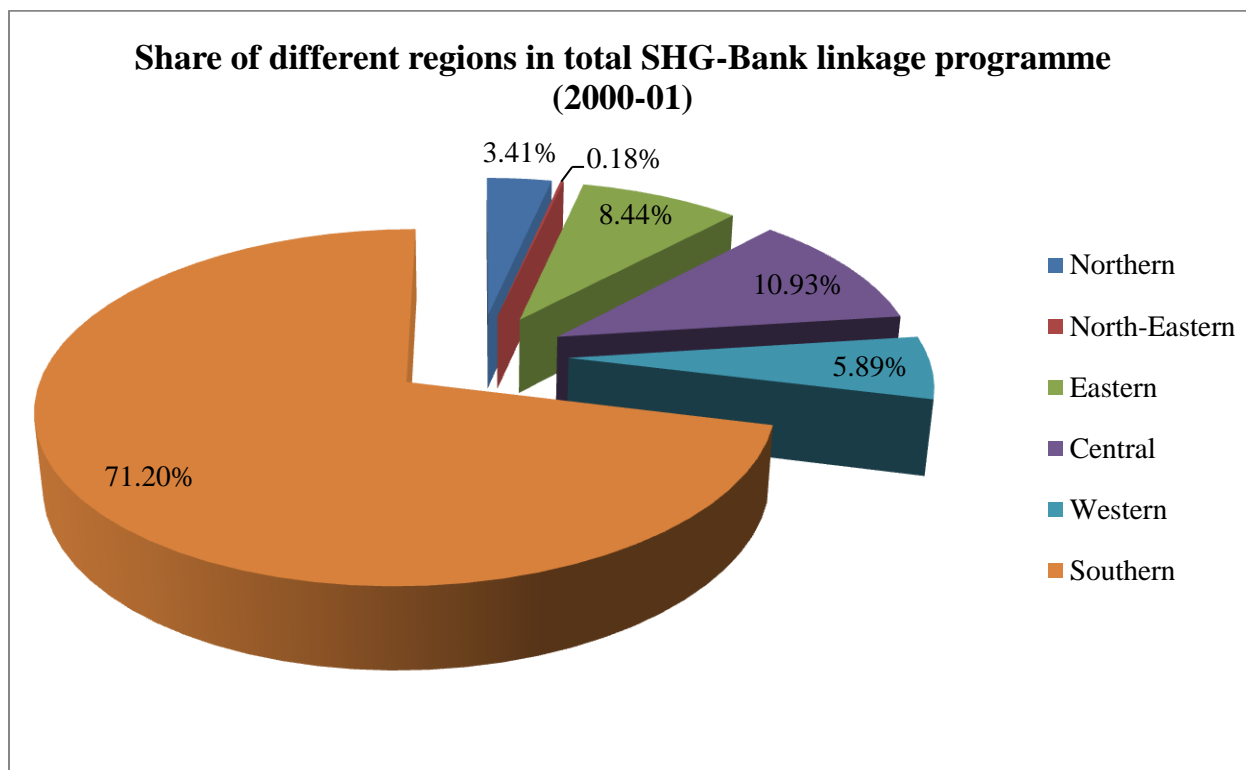
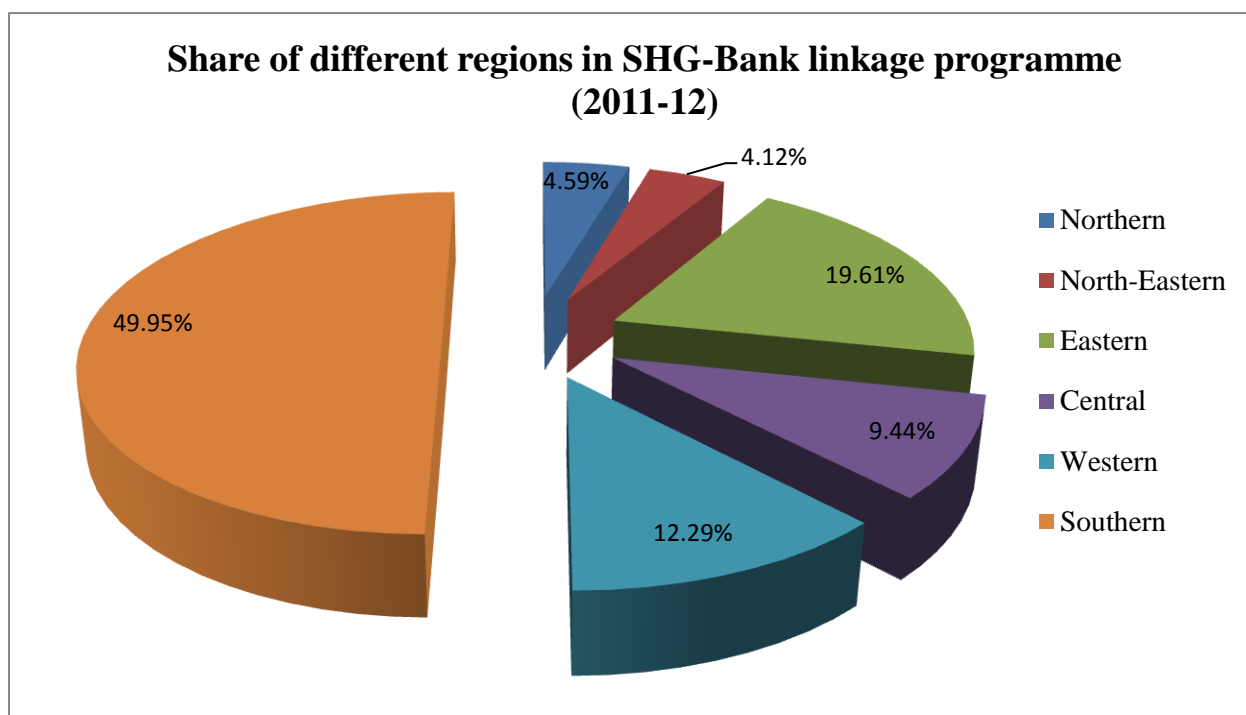


Figure 3.8. Share of Different Regions (2011 – 12)



average annual growth rate of 6881.77 percent while the Southern region has shown least average annual growth rate of 204.24 percent. Even after 21 years of implementation, the regional disparity still prevails in SHG-Bank linkage programme. The Southern region share still stands highest with 49.95 percent and the North-Eastern at lowest with 4.12 percent share of total Bank-linkage programme.

3.10. Agency wise SHG-Bank Linkage position:

In India, the SHG-Bank linkage programme is mostly carried out by the formal financial sectors. The nationalization of commercial banks, establishment of RRBs and Cooperative banks and initiation of SIDBI in SHG financing have laid down foundation stone for development of SHG-Bank linkage programme in India. The low transaction cost and almost zeros Non-Performing Assets (NPAs) level in the SHG portfolio of the banks have made the SHG-Bank linkage programme a useful commercial proposition for the banks. Since inception the Commercial Banks play a major role in providing linkage facility to SHGs. Table 3.10 and figure 3.8, shows the share Of Commercial Banks has increased by 0.9 percent during 2011 but during 2012, its share has declined by 0.6 percent. Still the Commercial Banks acts as a major player in SHG-Bank linkage programme. The share of Regional Rural Banks has continuously shown declining trend except in the year 2007 and 2012. Further the Cooperative Banks have also shown increasing trend.

3.10.1. Agency wise SHG-Bank linkage Credit position:

Table 3.10 and 3.11, figure 3.8 and 3.9 shows the agency wise SHG-Bank linkage position in term of credit disbursement. The Commercial Banks here also play a major role in term of

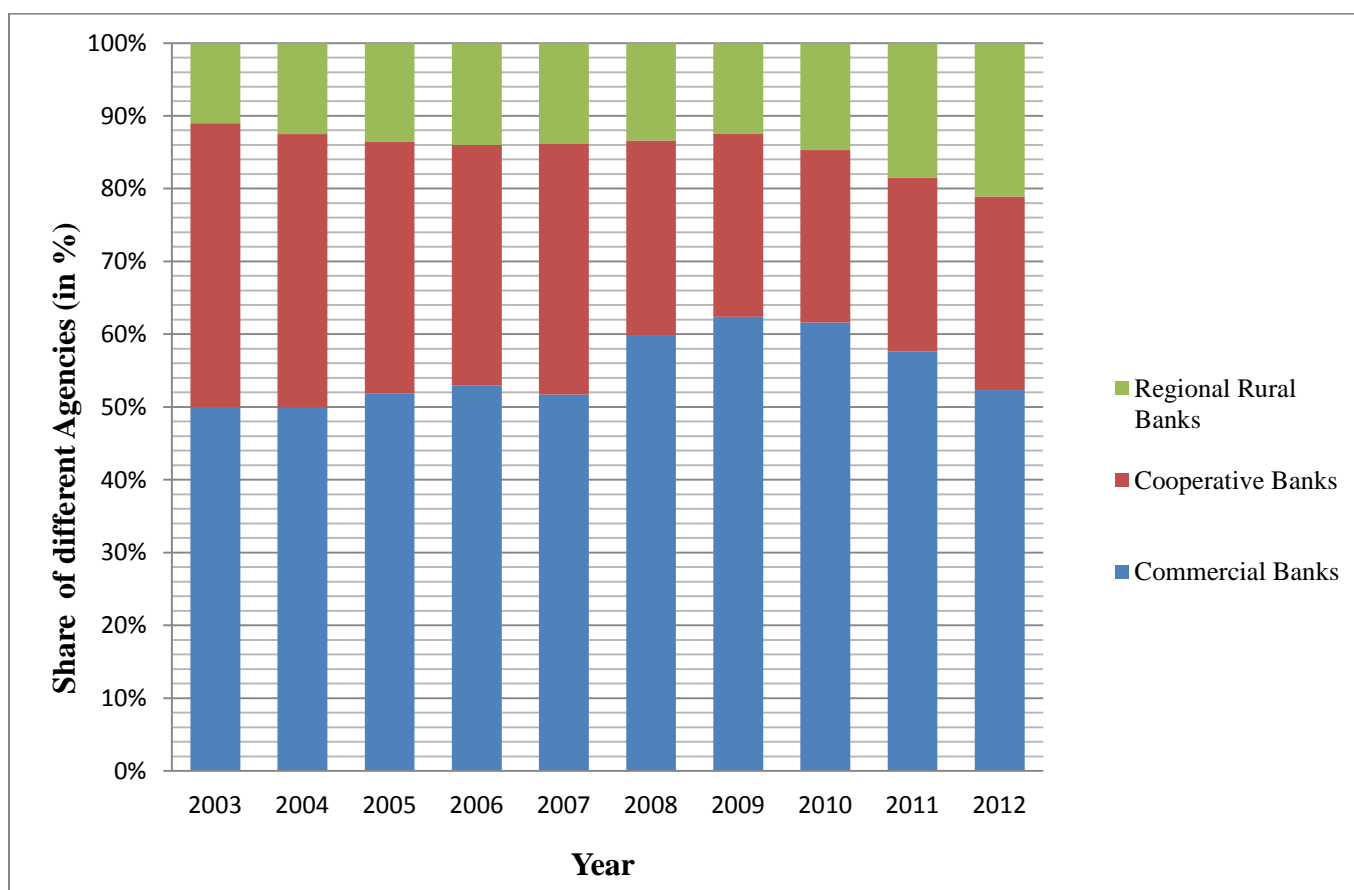
Table 3.10. Agency wise Bank Linkage Position of SHGs

(Figures in %)

Year →	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agency										
Commercial Banks	50.0	49.9	52.1	53.0	51.7	59.9	62.4	61.6	59.9	52.3
Regional Rural Banks	39.0	37.6	34.8	33.0	34.5	26.7	25.2	23.7	24.8	26.6
Cooperative Banks	11.0	12.5	13.6	14.0	13.8	13.4	12.4	14.7	19.2	21.1
Total	100	100	100	100	100	100	100	100	100	100

Source: NABARD

Figure 3.8. Agency wise Bank-Linkage position of SHGs



amount of credit advances to SHGs. During 2003, out of the total credit disbursement to SHGs the share of Commercial Banks was 56 percent which has increased to 66.8 percent during 2011 but shown

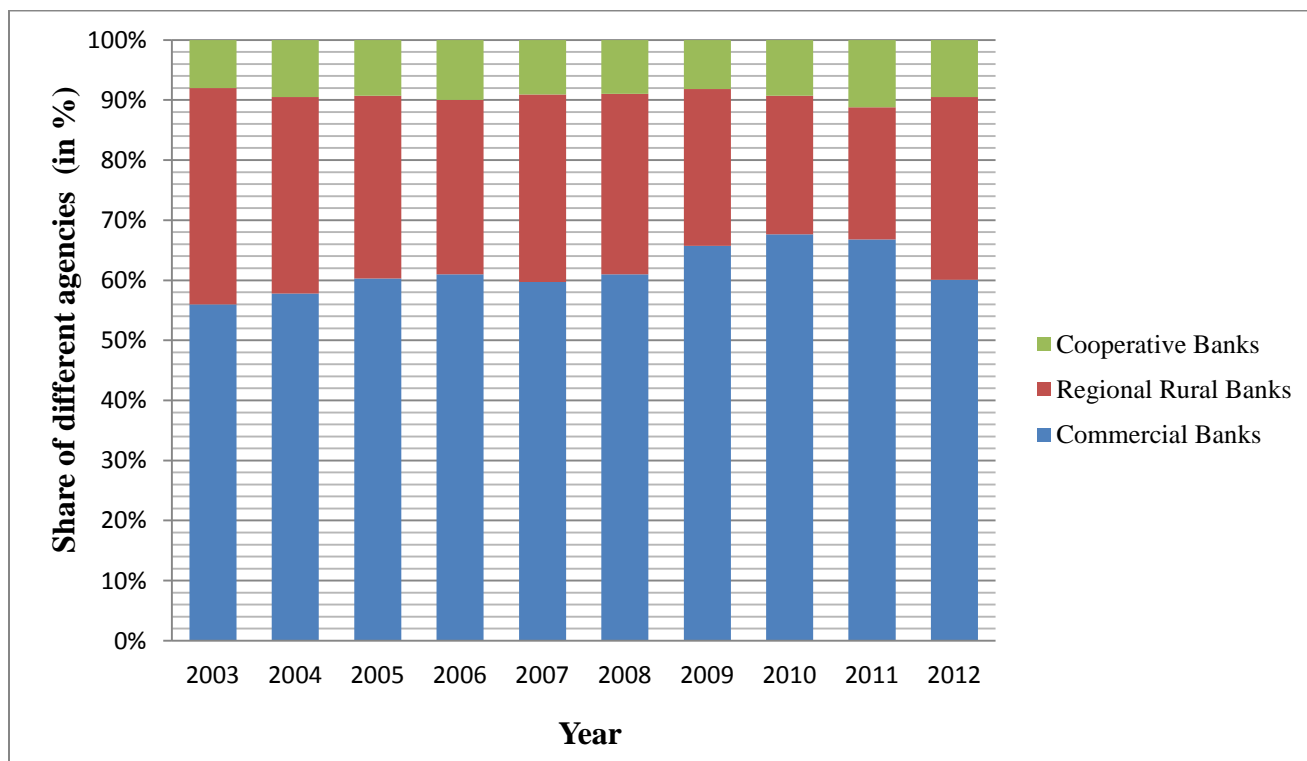
Table 3.11. Agency wise Bank Linkage Credit position of SHGs

(Figures in %)

Year →	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agency										
Commercial Banks	56.0	57.8	60.3	61.0	59.7	61.0	65.8	67.7	66.8	60.1
Regional Rural Banks	36.0	32.7	30.4	29.0	31.2	30.0	26.1	23.1	22.0	30.4
Cooperative Banks	8.0	9.5	9.3	10.0	9.1	9.0	8.2	9.3	11.2	9.5
Total	100	100	100	100	100	100	100	100	100	100

Source: NABARD

Figure 3.9. Agency wise Bank Linkage Credit position of SHGs



decline in 2012 by 0.7 percent. In comparison to 2003 the share of Regional Rural Banks has declined during 2012 by 5.6 percent whereas the share of Cooperative Banks has increased.

3.10.2. Agency wise Average Loan Per SHG:

The Agency wise average loan amount per SHG over different regions of India is shown in table 12. Data reveals that the during 2007-08, the average loan per SHG was highest in Regional Rural Banks (Rs. 80935.18) followed by Commercial Banks (Rs. 73510.59) but in the year 2011-12, the Commercial Banks holds initial position in disbursement of average loan per SHG (Rs. 165478.18) followed by RRBs (Rs. 164891.83). The average loan provided by

Table. 3.12. Agency wise Average Loan amount Per SHG

(Figures in Rupees)

Agencies →	Commercial Banks			Regional Rural Banks			Cooperative Banks		
	2007-08	2011-12	% growth	2007-08	2011-12	% growth	2007-08	2011-12	% growth
Northern	64979.10	150145.08	131.06	69992.67	88529.87	26.48	42254.79	93198.08	120.56
North-Eastern	52783.36	88559.73	67.77	44899.60	86293.10	92.19	124707.09	107080.52	-14.13
Eastern	41305.84	96248.69	133.01	52096.90	103315.93	98.37	62200.02	26871.84	-56.79
Central	87772.25	139076.45	58.45	66538.20	121165.71	82.09	20685.95	43272.94	109.19
Western	48582.97	93818.47	93.10	79518.77	100635.79	26.55	27382.38	41013.77	49.78
Southern	85398.90	192553.99	125.47	94395.08	224928.45	138.28	54586.37	84005.85	53.89
All India	73510.59	165478.18	125.10	80935.18	164891.83	103.73	48091.67	64668.51	34.46

Source: NABARD

Figure: 3.10. Agency wise Average Loan Amount Per SHG (2007-08)

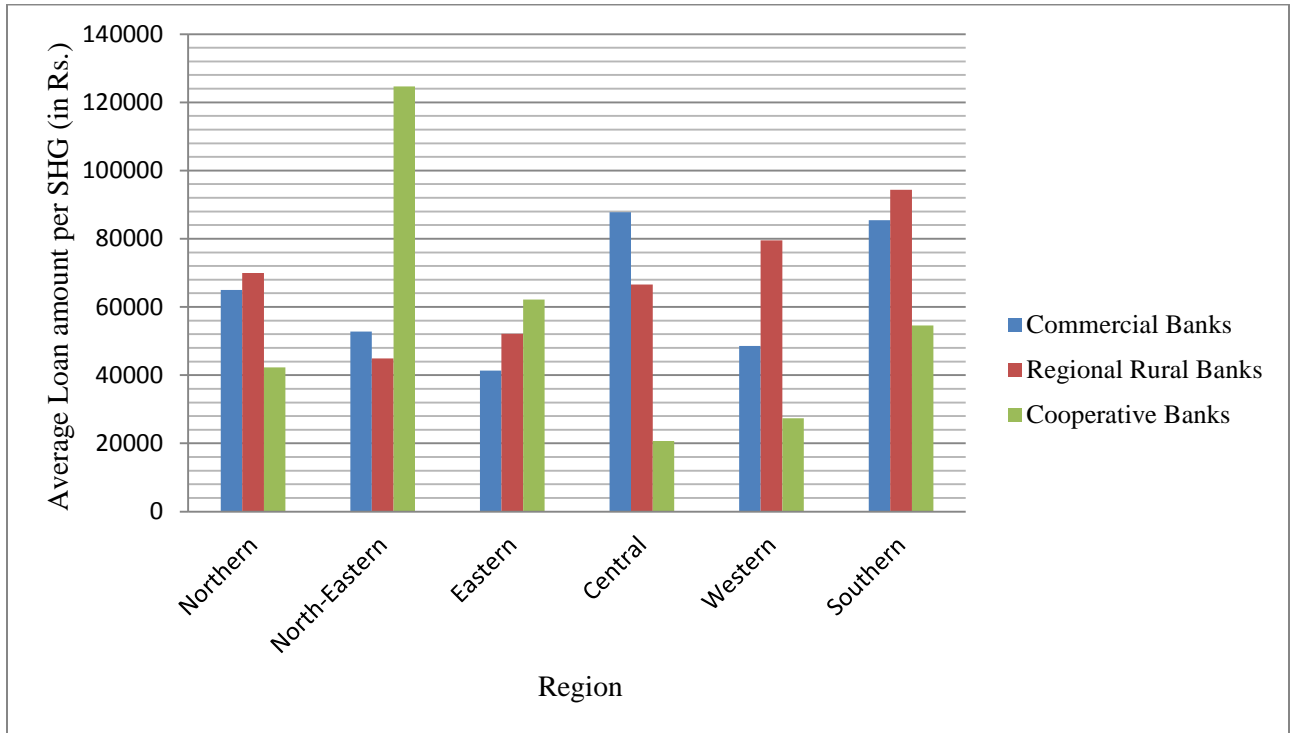
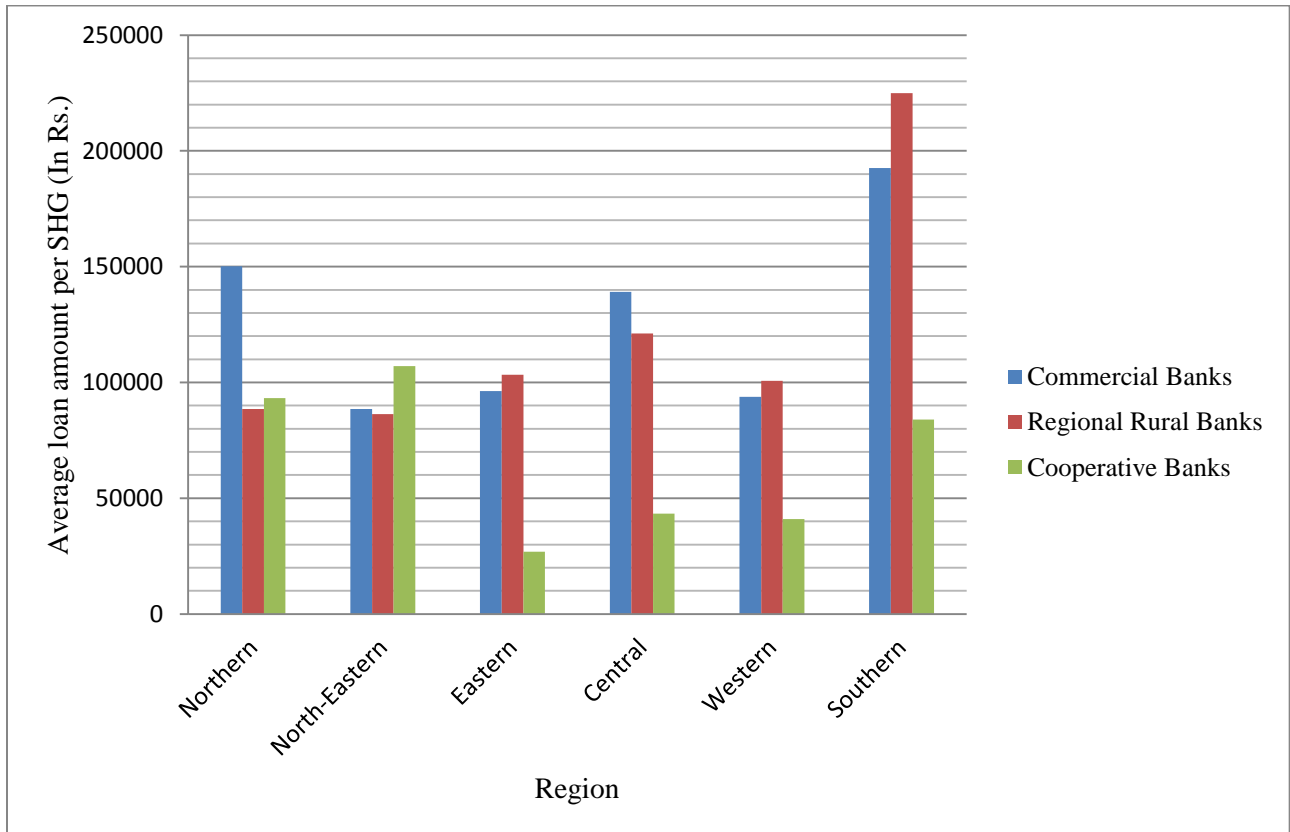


Figure 3.11. Agency wise Average Loan Amount Per SHG (2011-12)



Commercial Banks to each SHG in the year 2007-08 was Rs. 73510.59, among which the Southern region holds highest average loan per SHG (Rs. 85398.90) and the Eastern region shows least average loan per SHG (Rs. 41305.84) among all regions. During 2011-12, the average loan per SHG at all India level has increased to Rs. 165478.18 registering 125.10 percent growth whereas the RRBs and Cooperative Banks show growth of 103.73 percent and 33.46 percent respectively. During 2011-12, the average per SHG was highest in Southern region (Rs. 224928.45) provided by Regional Rural Banks and lowest in Eastern region provided by Cooperative Banks (Rs. 26871.84). This can also be verified from figure 3.10 and 3.11.

3.11. Conclusion:

Microfinance is generally about providing financial services to the poor people who lack access to the financial credit prevailing formal financial institutions and Self Help Groups (SHGs) serves as a medium of reaching this uncovered section of society. The continuous effort of NABARD, SIDBI, Commercial Banks, RRBs and Co-operative Banks has provided foundation for successful implementation of SHG-Bank linkage programme in India. There has been a phenomenal increase in the number of SHGs that has provided Bank linkage facility (both saving and credit) during the period 2002 to 2009. After that the linkage facility to SHGs has declined. The region wise spread of SHGs revealed that the Southern region occupies prominent place with highest linkage facility while the North-Eastern region still lacks behind since inception. Further, since inception the Commercial Banks play an important role not only in providing linkage facilities to SHGs but also in disbursement of loan.

Chapter Four

Growth of WSHGs in India and Odisha

4.1. Introduction:

In India, Self Help Group (SHGs) basically constitutes women participation and membership. In order to achieve several economic and social objectives and improving the lives of deprived section of society especially women, the microfinance and Self Help Groups have served as a successful tool. The basic problem of rural women is unemployment which gives birth to other major issues like poverty, illiteracy among children, child labour, malnutrition and poor living standard. The creation of SHGs helped the women to break vicious circle of poverty through creating self employment opportunities. The WSHGs are usually informal groups whose members i.e. women have a common perception of the requirement and importance towards collective action. The WSHGs hold same characteristics as of SHGs but the difference is of membership. The WSHG passes through several stages of development which are by and large common to all groups, though their manifestation may be different.

4.1.1. Working manual of WSHGs in India

There are no uniform rules and regulations of WSHGs and they may vary from group to group in India. The promoter of the group formulates the rules and regulation for the group. The general rules and regulation followed by majority of groups in India are summarized as:

- **Group formation and membership**

The formation and membership is preceded by village level household survey to gather

the base line data. The ideal size of each WSHG is 10 to 20 members with age limit ranging from 21 to 60 years. From one family only one person can be enrolled. The group registered themselves with a name suggested by all members. The group consists of either only men or only women or even both.

- **Meeting:**

The group members usually meet once in a week/fortnight or monthly for collection of saving, repayment of loan amount, discussion related to group and individual members problem.

- **Minute book**

The proceedings of the meetings, the rules of the group, members name with signature and visit of other agencies or authority to group etc. are recorded in the minute book.

- **Maintenance of Book and Register:**

The books and registers are maintained by each SHG to ensure proper accounts to show the saving made by the individual member separately and the group as a whole. Further details of loan disbursed to individual member, interest charged, amount repaid and balance amount etc. are recorded in the register separately as Attendance Register, Minutes Book, Savings Ledger, Loan Ledger, General Ledger, Cash Book, Individual Pass Book, Receipt Book and Payment Voucher.

- **Group common fund**

The amount such as saving of members, fine imposed on members, grant for government and non government agencies, bonuses for various programme and service charges on external

loans are carried out through common fund of the group. All common expenditure of the group are met from these common fund.

- **Rotation of group fund:**

All savings and excess of common fund is rotated as short-term loan amongst the members at the rate of interest decided by the group.

- **Training:**

The staffs of NGOs, Government agencies, banks etc impart training to the office bearer of SHGs and members of the group.

- **Annual auditing**

A qualified auditor should audit the account of the group annually. The group will meet the cost of hiring the auditor.

- **SHG – Bank linkage**

The bank loan is always sanctioned and issued in the name of group and not in the name of any individual member. The loan amount granted by the group to its member may be utilized for any purpose. The bank does not interfere in decision of Group regarding distribution of loan amount. The purpose of borrowing from group may be utilized for emergency needs like illness of family member, social occasions etc.

4.2. Growth of WSHGs – An Indian experience:

The all India growth of WSHGs has been explained in term of

- Saving linkage
- Credit linkage

4.2.1 Saving linkage:

The prior importance of SHG-bank linkage programme in India is to provide financial support to women. Table 4.1, shows the performance of Women Self Help Groups (WSHG) in term of saving benefits. During 2007-08, the number of WSHGs availing saving linkage facility was 39.86 lakh with total saving of Rs. 3108.65 crore. The average saving per WSHG during that year was Rs. 7798.92. During the year 2008-09, the number of SHGs provided saving linkage

Table 4.1. Growth of WSHG – Saving Linkage at All India Level

Year	No. of women SHGs (in '000)	Saving amount (In crore)	Saving per SHG (In Rs.)
2007 – 08	3986 -	3108.65 -	7,798.92 -
2008 – 09	4863 (22.02)	4434.03 (42.63)	9,116.20 (16.89)
2009 – 10	5310 (9.17)	4498.65 (1.45)	8,471.39 (-7.07)
2010 – 11	6098 (14.83)	5298.64 (17.78)	8,689.14 (2.57)
2011 – 12	6298 (3.28)	5104.32 (-3.66)	8,103.89 (-6.73)

Source: Status of microfinance in India 2006-07, 08, 09,10,11,12 (NABARD)
(Fig. in parentheses represents percentage growth compared to previous year)

facility has increased to 48.63 lakh registering 22.02 percent growth. During the same year, both the total saving amount as well as saving per WSHG has shown significant improvement having growth of 42.63 percent and 16.89 percent respectively. There has been continuous growth in number of WSHGs availing saving linkage facility during 2009 – 10 to 2011 – 12 but the growth rate was lower as compared to growth rate during 2008-09. Moreover, the saving amount of WSHG has shown some improvement during 2010-11 but again in the year 2011-12, it has declined by 3.66 percent. The average saving per WSHG has also not shown any significant improvement further and shows negative trend during 2009-10 and 2011-12.

4.2.2. Credit linkage:

Table 4.2 shows, the number of Women Self Help Group availing credit linkage facility along with credit amount and average loan per group over different year. During 2007-08, the number of WSHGs at all India level was 1040996 and credit amount of Rs. 7474.25 crores having an average loan per WSHG of Rs. 71799.02. With the moving years both the number of WSHGs availing credit facility and credit amount has declined but the average loan per WSHG have shown an increasing trend. The number of WSHG providing credit facility has been declined by 21.41 percent compared in 2010 – 11 to 2009-10 whereas the credit amount and average loan per WSHG has increased by 1.55 percent and 29.23 percent. During the year 2011-12 again there is decline in financing WSHGs by 9.24 percent while the credit amount to WSHGs have again increased by 11.96 percent and 23.35 percent respectively.

Table 4.2. WSHG-Bank Linkage (Credit)

Year	No. of women SHGs (in '000)	Credit amount (in Crore)	Average loan per group
2007 – 08	1041 -	7474.25 -	71799.02 -
2008 – 09	1374 (31.98)	10527.37 (40.84)	76586.14 (6.66)
2009 – 10	1294 (-5.82)	12429.36 (18.06)	96018.46 (25.37)
2010 – 11	1017 (-21.41)	12622.33 (1.55)	124086.77 (29.23)
2011 – 12	923 (-9.24)	14132.02 (11.96)	153071.16 (23.35)

Source: Status of Microfinance in India 2007-08, 09,10,11,12

Figures in bracket represent percentage growth

Data for WSHGs are available from 2007 onwards.

4.3. Growth of WSHGs in Odisha:

The SHG-Bank linkage in Odisha has been started with due effort of NABARD, Banks, NGOs and various government agencies like WCD, Mission Shakti, DRDA and ICDS. The SHG-Bank linkage programme in Odisha is explained in terms of

- Saving Linkage
- Credit linkage

4.3.1. Saving linkage:

Table 4.3. represents the number of WSHGs provided saving linkage facility along with

saving amount in Odisha. The study found that in 2001-02, the number of WSHGs provided

Table 4.3. Growth of WSHG-Saving Linkage in Odisha

Year	Number of WSHGs	Saving Amount (Amount in lakhs)	Average saving per WSHG (Amount in Rs.)
2001-02	42540	1390.37	3268.38
	-	-	-
2002-03	44663	2294.09	5136.44
	(4.99)	(64.99)	(57.15)
2003-04	32791	3417.66	10422.55
	(-26.58)	(48.97)	(102.91)
2004-05	35418	3382.03	9548.90
	(8.01)	(-1.04)	(-8.38)
2005-06	35373	6578.06	18596.27
	(-0.12)	(94.50)	(94.74)
2006-07	25792	7245.65	28092.62
	(-27.08)	(10.14)	(51.06)
2007-08	29774	8329.21	27974.77
	(15.43)	(14.95)	(-0.41)
2008-09	26961	11449.16	42465.63
	(-9.44)	(37.45)	(51.80)
2009-10	22821	10427.76	45693.70
	(-15.35)	(-8.92)	(7.60)
2010-11	9091	9856.06	108415.57
	(-60.16)	(-5.48)	(137.26)

Source: Mission Shakti reports of 2002, 03, 04, 05, 06, 07, 08, 09, 10, 11

Fig. in parentheses represents percentage growth over previous year

saving linkage facility was 42540 which has increased to 44663 in the year 2002-03 registering a growth of 4.99 percent. Since 2003-04, the number of WSHG provided saving linkage facility has shown negative trend as compared to previous year except the period of 2004-05 and 2007-08 showing a positive growth of 8.01 percent and 15.43 percent respectively.

The amount saved by WSHGs members was Rs. 1390.37 lakhs in 2001 – 02 which has increased to 2294.09 lakhs registering 64.99 percent growth. Further, It has been found in the 2005-06, the saving of WSHG has shown highest growth of 94.50 percent compared to previous year. One interesting fact regarding WSHG saving amount is that almost in every year the growth was positive till 2008-09 except for the year 2004-05, afterwards the saving amount has shown negative growth by 8.92 percent during 2009-10 and 5.48 percent during 2010-11 over the previous years respectively. Moreover the average saving per WSHG was Rs. 3268.38 during the year 2001-02 which has increased to Rs. 108415.57 in the year 2010-11. The study found that the average saving per WSHG in Odisha has increased every year except for the year 2004-05 and 2007-08 which has shown negative growth of 8.38 percent and 0.41 percent respectively.

4.3.2. Credit linkage:

Table 4.4 shows the number of WSHGs provided credit linkage facility and credit amount over the period of 2001 – 02 to 2010 – 11. The number of WSHG provided credit facility was 7075 in the year 2001 – 02 with the average loan per WSHG of Rs. 15918.86. Further the study found that there is an uneven growth over different years in terms of both number of WSHGs provided credit facility as well as credit amount. In the year 2010-11, 9470 WSHGs has provided credit facility to the members with an average loan per WSHG of Rs. 200683.42 registering the growth of - 66.29 percent over the previous year.

Table 4.4. Growth of WSHGs in Odisha

Year	No. of WSHG	Loan amount (Amount in Lakhs)	Average loan per WSHG
2001-02	7075 -	1126.26 -	15918.86 -
2002-03	18751 (165.03)	3272.82 (190.59)	17454.10 (9.64)
2003-04	25826 (37.73)	8260.41 (152.39)	31984.86 (83.25)
2004-05	37006 (43.28)	15018.88 (81.81)	40584.98 (26.88)
2005-06	24705 (-33.24)	15278.43 (1.72)	61843.47 (52.38)
2006-07	23273 (-5.79)	13630.62 (-10.78)	58568.38 (-5.29)
2007-08	46578 (100.13)	22839.50 (67.56)	49034.95 (-16.27)
2008-09	21871 (-53.04)	23466.39 (2.74)	107294.54 (118.81)
2009-10	28094 (28.45)	26966.39 (14.91)	95986.29 (-10.53)
2010-11	9470 (-66.29)	19004.72 (-29.52)	200683.42 (109.07)

Source: Mission Shakti reports of 2002, 03, 04, 05, 06, 07, 08, 09, 10, 11
Fig. in parentheses represents percentage growth over previous year

4.4. District wise distribution of WSHG-Bank linkage programme in Odisha:

The growth of WSHGs in terms of saving linkage and credit linkage in different districts of Odisha over different years has been analyzed in this section. Initially table 4.5 shows the growth of WSHG-Saving linkage in different districts of Odisha. During the year 2001-02, the

number of WSHGs provided saving linkage facility was high in Puri district (3691) and lowest in Phulbani/Khandmal (162). Further in the year 2010-11, the district showing higher saving

Table 4.5. Growth of WSHG-Saving linkage in different districts of Odisha

Sl.no.	Name of District	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Anugul	681	1503	1680	2001	2185	1452	1490	1503	1079	723
2.	Balasore	1844	1783	2240	1909	1765	1959	2772	595	633	278
3.	Bargarh	1488	1606	536	1792	806	556	203	583	155	18
4.	Bhadrak	1412	3104	-920	1454	3249	-2083	616	1679	1001	0
5.	Bolangir	1593	590	1788	2341	977	739	487	1431	228	51
6.	Boudh	755	1556	-577	313	-3	398	6	27	158	43
7.	Cuttack	1584	2758	1178	848	1528	1943	1726	3836	2307	683
8.	Deogarh	408	184	301	118	445	167	242	291	140	119
9.	Dhenkanal	2494	167	745	2380	2284	1009	462	377	1573	143
10.	Gajapati	637	577	586	865	271	293	1144	469	160	115
11.	Ganjam	2585	3587	3129	1319	1458	1166	868	1010	5659	758
12.	Jagatsinghpur	1239	1872	640	377	466	288	201	520	234	742
13.	Jajpur	2505	1129	1164	772	709	427	524	811	1295	497
14.	Jharsuguda	485	301	584	540	487	644	284	566	223	144
15.	Kalahandi	2200	2490	2895	2208	-2060	1978	382	750	205	76
16.	Phulbani/ khandmal	162	1227	848	272	1538	699	316	430	322	127
17.	Kendrapara	1437	749	808	1254	1108	1837	1106	808	530	280

18.	Keonjhar	1583	1933	533	737	1239	1099	482	1105	1276	742
19.	Khurda	978	1851	1227	1595	938	863	5916	431	220	13
20.	Koraput	983	2189	896	318	3443	980	648	208	300	1250
21.	Malkangiri	394	294	2549	251	1750	1468	606	170	19	130
22.	Mayurbhanj	2564	3442	3222	2589	1736	1688	2145	1632	1664	391
23.	Nawarangpur	1895	1264	2884	2182	-1147	597	1250	65	169	39
24.	Nayagarh	1754	411	226	312	560	1005	1065	393	341	66
25.	Nuapada	203	2524	121	535	1205	104	138	628	739	224
26.	Puri	3691	949	20	1749	2124	879	343	2107	582	403
27.	Rayagada	1195	1085	1958	174	1015	172	396	657	194	200
28.	Sambalpur	1083	884	429	707	2624	915	1063	683	275	119
29.	Sonepur	1045	1445	-500	426	1030	735	675	480	38	61
30.	Sundergarh	1663	1209	1601	2680	1643	1815	2218	2896	1102	656

Source: Mission Shakti reports of 2002, 03, 04, 05, 06, 07, 08, 09, 10, 11

linkage facility to WSHGs was Koraput (1250) while the districts showing lowest saving linkage facility to WSHGs is Bhadrak (no single WSHGs provided saving linkage facility). Moreover, the study found in every district a good number of WSHG has been formed since inception and there has been positive trend of growth in distribution of WSHGs in almost all districts of the state except Bhadrak, Boudh, Kalahandi, Nawarangpur and Sonepur which has shown negative trend. This negative impact in term of growth may be due to misprints made by concern

authority or abolition of WSHGs by its members. As the fact is not clear therefore no generalization can be made regarding these districts.

Table 4.6 shows the year-wise growth of WSHG-Saving linkage (amount). The study found a noticeable amount of saving made by WSHG over the years in different districts of Odisha. The study found that the amount of saving made by the WSHGs was highest in

Table 4.6. Growth of WSHG-Saving linkage (Amount) in different Districts of Odisha

(Amount in Crores)											
Sl.no.	Name of District	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Anugul	0.07	0.43	1.07	1.70	3.93	4.30	5.33	6.70	8.56	7.35
2.	Balasore	0.73	0.13	2.04	1.52	3.90	4.58	6.38	4.11	10.28	9.00
3.	Bargarh	0.24	0.62	1.09	1.81	2.18	2.19	1.58	2.34	9.65	0.14
4.	Bhadrak	0.32	1.12	0.24	0.40	0.23	0.28	0.41	-0.39	0.00	0.00
5.	Bolangir	0.28	0.24	0.91	1.66	2.01	2.14	1.79	2.23	2.62	2.77
6.	Boudh	0.59	0.54	-0.29	0.29	0.53	-0.51	0.61	11.27	-10.05	0.40
7.	Cuttack	0.41	1.68	2.17	1.12	2.79	2.85	3.36	4.04	2.70	22.45
8.	Deogarh	0.16	0.006	2.61	-2.21	0.18	0.23	0.67	1.11	2.01	0.86
9.	Dhenkanal	0.80	0.86	1.26	0.91	2.69	2.36	2.36	2.48	1.99	1.34
10.	Gajapati	0.11	0.38	0.53	0.73	0.56	0.52	1.07	0.79	0.83	0.41
11.	Ganjam	2.44	3.50	5.24	5.75	6.35	6.76	7.15	8.05	9.76	6.39
12.	Jagatsinghpur	0.95	0.78	1.37	1.25	1.46	1.24	1.78	19.39	0.00	3.14
13.	Jajpur	0.23	0.90	0.46	0.87	1.27	1.67	1.65	2.04	1.61	1.20
14.	Jharsuguda	0.06	0.13	0.23	0.40	0.50	0.90	0.69	1.11	1.12	0.91

15.	Kalahandi	0.31	0.27	0.60	-0.07	4.30	3.88	2.79	3.82	2.90	2.26
16.	Phulbani/ khandmal	0.01	0.35	0.40	0.87	2.59	-1.77	1.51	1.39	-0.43	0.69
17.	Kendrapara	0.61	0.25	0.56	1.38	1.43	3.34	4.53	4.85	4.42	2.25
18.	Keonjhar	0.09	0.35	0.49	0.66	2.14	-0.31	0.51	6.06	4.72	0.00
19.	Khurda	0.36	0.92	2.17	4.56	6.44	7.97	13.01	8.12	13.58	1.87
20.	Koraput	0.33	1.10	0.58	1.72	1.33	11.24	-9.88	3.89	4.02	0.67
21.	Malkangiri	0.06	0.15	1.08	-1.05	3.12	1.37	1.22	1.06	0.25	1.11
22.	Mayurbhanj	0.34	2.89	1.90	1.82	2.10	2.14	2.95	2.88	5.20	8.71
23.	Nawarangpur	1.03	0.71	2.54	0.98	-0.07	1.72	4.71	0.60	0.16	0.59
24.	Nayagarh	0.80	0.65	0.58	0.40	0.32	3.14	-3.16	1.59	6.02	1.72
25.	Nuapada	0.07	0.89	0.52	0.61	2.37	-1.03	6.27	15.24	0.00	0.00
26.	Puri	1.71	1.08	1.00	1.94	3.59	4.32	15.20	-5.21	8.29	5.59
27.	Rayagada	0.24	1.02	1.35	1.32	2.45	0.84	0.88	1.92	4.69	-5.26
28.	Sambalpur	0.12	0.23	0.30	0.62	1.97	1.72	1.44	1.84	2.24	1.19
29.	Sonepur	0.08	0.26	0.27	0.81	1.08	1.59	3.90	-2.63	-0.39	0.52
30.	Sundergarh	0.21	0.38	0.93	1.03	2.06	2.76	2.61	3.79	7.49	20.3

Source: Mission Shakti reports of 2002, 03, 04, 05, 06, 07, 08, 09, 10, 11

Ganjam district (Rs. 2.44 crores) whereas it was lowest in Phulbani/Khandmal district (0.01 crores only) in 2001 - 02. Further in the year 2010-11, the district showing highest amount of saving made by the WSHGs is Cuttack (Rs. 22.45 Crores) while the district having lowest saving is Nuapada and Bhadrak (Rs. 0.00 Crores). In many districts the growth of WSHG saving amount has shown negative trend such as Bhadrak, Boudh, Phulbani/Khandmal, Kalahandi, Keonjhar, Koraput, Malkangiri, Nawarangpur, Nayagarh, Nuapada, Puri, Rayagada and Sonepur.

This decline is either due to withdrawal of saving amount or discontinuation of regular saving made by the WSHG members. The growth of WSHGs provided credit linkage facility in different districts over different years has been explained in table 4.7. The study found that there

Table 4.7. District wise Growth of WSHGs-Credit linkage (In Numbers)

Sl.no.	Name of District	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Anugul	112	712	1511	1573	1468	1336	1197	1224	1053	643
2.	Balasore	352	1170	1893	3294	-77	1575	1631	1114	1302	741
3.	Bargarh	21	372	766	1765	945	596	212	192	149	13
4.	Bhadrak	30	621	608	1218	1309	430	326	695	964	0
5.	Bolangir	68	316	1425	1112	985	1012	375	1360	959	475
6.	Boudh	234	794	-82	233	44	256	40	443	39	54
7.	Cuttack	30	87	940	748	1031	1040	1406	1360	2109	1130
8.	Deogarh	1	142	193	209	260	113	307	131	84	56
9.	Dhenkanal	61	801	-673	3316	2621	1289	744	451	967	147
10.	Gajapati	36	235	887	482	182	831	199	206	225	127
11.	Ganjam	1144	854	5236	1816	1762	1555	1142	1132	2463	621
12.	Jagatsinghpur	753	673	810	710	534	430	228	312	360	375
13.	Jajpur	33	565	548	820	703	207	177	237	675	18
14.	Jharsuguda	12	205	234	391	8497	660	363	320	341	223
15.	Kalahandi	1522	2429	2668	4412	-5473	2206	857	679	383	90
16.	Phulbani/ khandmal	48	204	243	441	772	513	385	317	318	421
17.	Kendrapara	130	79	887	1125	1247	1266	1055	249	1173	0

18.	Keonjhar	11	419	860	833	602	653	567	1037	974	783
19.	Khurda	-	288	876	1153	1018	1092	2652	1595	502	186
20.	Koraput	195	883	763	460	1932	375	609	499	7481	149
21.	Malkangiri	25	223	908	768	668	460	571	413	13	354
22.	Mayurbhanj	16	1276	2817	4083	1965	1747	1475	1014	1805	866
23.	Nawarangpur	520	308	-467	180	2916	211	658	31	1339	115
24.	Nayagarh	201	754	470	355	253	392	675	795	415	111
25.	Nuapada	35	866	61	384	681	-53	239	956	0	183
26.	Puri	102	1318	1721	2418	1366	73	1048	2517	-453	496
27.	Rayagada	-	213	2432	550	1000	388	319	254	380	298
28.	Sambalpur	41	243	392	568	1562	848	670	655	749	168
29.	Sonepur	677	882	-36	257	655	592	299	211	609	165
30.	Sundergarh	665	819	556	1332	1277	1270	1062	1472	796	462

Source: Mission Shakti reports of 2002, 03, 04, 05, 06, 07, 08, 09, 10, 11

has been significant growth of WSHG- Credit linkage facility in all districts of Odisha. During the year 2001-02, the credit linkage facility has been provided to WSHGs of all districts of Odisha except Khurda and Rayagada. In the year 2010-11, the district in which the number of WSHGs providing highest credit linkage facility is Cuttack (1130) while the district in which the number of WSHGs has been provided lowest linkage facility were in Bhadrak and Kendrapara (no linkage). There has been negative growth of credit linkage of WSHGs over different years in several districts of Odisha such as Balasore, Boudh, Kalahandi, Dhenkanal,

Nawarangpur, Nuapada, Puri and Sonepur. Therefore no generalization can be made about these districts as data are more fluctuating.

Table 4.8. shows the growth of WSHGs –Credit linkage (Amount) during different years in different districts of Odisha. The study found that the growth in credit amount disbursement

4.8. District wise growth of WSHG- Credit linkage (Amount)

(Amount in Crores)

Sl. No.	Name of District	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Anugul	0.41	1.72	3.5	8.69	8.83	9.86	9.95	11.26	12.42	8.22
2.	Balasore	0.24	1.19	3.26	6.77	9.33	13.75	11.86	13.7	27.35	4.81
3.	Bargarh	0.07	1.11	6.74	9.58	13.44	15.15	14.93	15.93	62.71	0.05
4.	Bhadrak	0.02	0.24	1.17	2.53	3.58	2.29	0.87	1.96	0.00	0.00
5.	Bolangir	0.08	0.36	0.84	3.53	3.59	3.23	2.06	9.69	6.19	3.16
6.	Boudh	0.09	0.62	0.48	0.78	3.26	1.49	-0.42	0.23	0.32	0.53
7.	Cuttack	0.46	1.03	6.10	5.72	7.77	5.85	11.17	10.13	12.31	39.61
8.	Deogarh	0.04	0.45	0.92	0.80	0.82	-0.28	4.47	3.51	1.98	0.34
9.	Dhenkanal	0.11	2.12	3.73	9.23	10.31	8.46	7.64	5.20	3.40	1.64
10	Gajapati	0.09	0.32	5.37	2.82	-4.76	2.28	0.46	0.53	0.62	0.29
11	Ganjam	2.70	2.10	14.81	9.38	16.46	20.45	23.53	28.26	37.03	25.02
12	Jagatsinghpur	2.12	4.85	2.30	2.73	2.32	0.81	1.02	13.16	0.00	2.42
13	Jajpur	0.01	0.49	0.86	1.29	33.44	-30.86	0.70	0.92	3.59	0.52
14	Jharsuguda	0.00	0.35	0.27	1.22	2.07	4.78	2.91	3.68	4.36	4.50
15	Kalahandi	1.16	3.03	3.30	7.50	4.50	12.88	6.71	4.66	13.00	4.13

16	Phulbani/ khandmal	0.01	0.19	0.83	0.48	3.66	0.97	2.75	2.61	1.52	1.09
17	Kendrapara	0.29	0.12	4.32	5.54	7.84	8.12	7.71	3.86	10.71	0.00
18	Keonjhar	0.06	1.03	2.13	2.22	6.41	-0.27	1.90	6.15	3.49	1.36
19	Khurda	N.A	0.38	2.39	4.94	5.69	15.95	14.18	15.78	7.75	3.22
20	Koraput	0.56	3.90	2.71	3.50	5.60	4.54	11.82	11.41	3.93	38.74
21	Malkangiri	0.06	0.55	1.30	36.19	-32.84	1.92	1.67	3.16	0.04	1.60
22	Mayurbhanj	0.01	1.67	3.87	7.14	10.75	10.82	12.27	11.74	17.23	15.20
23	Nawarangpur	1.22	0.92	2.17	2.52	-0.24	-2.37	6.74	39.44	-6.73	0.00
24	Nayagarh	0.59	0.65	0.98	1.81	1.83	0.54	9.44	1.98	2.98	0.69
25	Nuapada	0.06	0.48	0.64	2.00	2.65	0.84	20.4	0.48	0.00	0.00
26	Puri	0.08	1.46	2.26	4.84	3.51	7.31	11.21	1.47	6.29	5.28
27	Rayagada	N.A	0.11	4.49	2.29	7.48	7.68	1.85	3.67	9.85	5.52
28	Sambalpur	0.08	0.49	0.34	1.68	12.47	6.08	8.05	8.16	10.50	3.54
29	Sonepur	0.27	0.28	0.15	1.15	1.73	3.64	1.56	0.87	0.58	1.34
30	Sundergarh	0.24	0.39	0.33	1.38	1.24	0.95	19.01	1.06	15.52	17.23

Source: Mission Shakti reports of 2002, 03, 04, 05, 06, 07, 08, 09, 10, 11

to WSHGs is highest in Ganjam district (Rs. 2.70 crores) while lowest in Jharsuguda during the year 2001-02. Further in the year 2010-11, the highest credit linkage (amount) has been observed in Cuttack district (Rs. 39.61 Crores) while lowest credit linkage was in Bhadrak and Nawarangpur district (Rs. 0.00 Crores). The average credit amount per year to WSHGs was highest in Ganjam district (Rs. 17.97 Crore) during the period of 2001 – 02 to 2010 – 11, while lowest in Boudh district (Rs. 0.73 Crore) which shows a wide variation in credit disbursement to WSHGs in different districts. Further, in many districts like Boudh, Deogarh, Jajpur, Keonjhar,

Malkangiri and Nawarangpur the credit linkage amount have shown negative trend in different years of the study period of 2001 – 02 to 2010 - 11.

4.5. WSHG Federations – Concept, Values and Role:

The WSHG federations is a network and structure evolved by WSHG members consisting of representatives from different geographical settings with a motive of supporting members to attain the goal of economic and social empowerment of women members and their capacity building. These federations work with the vision to build self help communities of love, concern and solidarity among poor women irrespective of caste, creed and colour, to empower themselves economically and socially whereby they can live with dignity.

The definition of SHG federation given by different authors are:

*Sa-Dhan*¹ (2003) defines Federation as a network, association and coalition of primary organizations to collectively achieve what they cannot do alone.

According to *APMAS*² (2005), “a SHG federation is a democratic body formed with certain numbers of SHGs functioning in a specific geographical area with the objective of uniting such SHGs for common cause and for achieving these causes which the individual SHG would not be able to do so.”

4.5.1. Objectives of WSHG federations:

- To facilitate linkage between WSHGs and banks/government agencies/local institutions.

¹ Reddy C.S., Rao G., Ramalashmi S., Samantha V., Vanaja S....., Kanchwala R (2007), “SHG Federations in India” APMAS Publications Hyderabad, pp- 7

² Reddy C.S., Rao G., Ramalashmi S., Samantha V., Vanaja S....., Kanchwala R (2007), “SHG Federations in India” APMAS Publications Hyderabad, pp- 7

- To have better access to development information and marketing linkages.
- To help in achieving sustainability of WSHGs.
- To strengthened (through training, information dimensions, on-site support etc.) the capacity of members of WSHGs in one or more of a variety of fields like book-keeping, accounting, financial management, marketing, advocacy, bank-linkage, accessing government schemes etc.
- To provide credit especially multiple credit lines.
- To provide saving facility especially voluntary saving.
- To undertake marketing of the produce of the members of WSHGs.
- To provide life/loan insurance services.
- To create the political/social space that woman needs to live their lives as fully as they desire to.

4.5.2. Classification of WSHG Federations in India:

The WSHG federations are promoted as an effective instrument to address the major sector development as well as wider social issues. The WSHG federation in India is recognized by RBI, NABARD, IRDA, Govt. of India, State Governments, NGOs and the corporate world. APMAS (2007) has classified the WSHG federations as follows:

Geographical coverage:

Federations are commonly known by its geographical units. Initially WSHG get federated as primary level federation (PLF) which in turn gets federated as secondary level federation (SLF) and finally these get federated as apex level federation (ALF).

Functional coverage:

Function of different WSHG federations is an important basis of classification of women federations. The basic differences in functional coverage of federations are

- i. Financial and,
- ii. Non-financial.

The non-financial functions include social functions which is further classified as

- i. Social development function and,
- ii. General development function.

Legal status:

The federations differ in terms of legal status as registered and non registered WSHG federations. For e.g. the federations in Kerala and Odisha are registered under respective States Society Registration Law, whereas the federations in states like Karnataka, Rajasthan and West Bengal are not registered at all.

Structure:

The federation works on different structures which are classified as

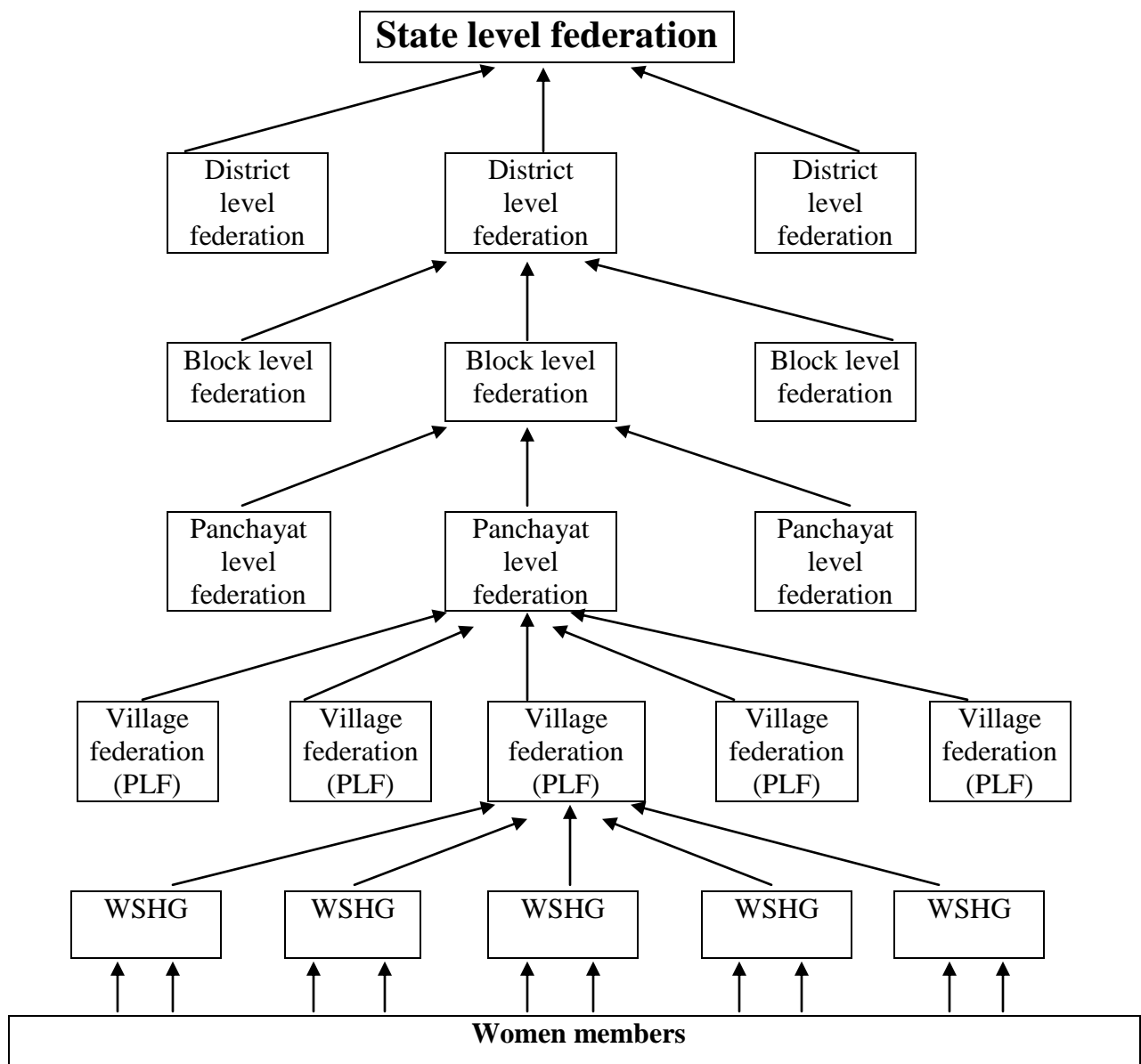
- i. Linear,
- ii. Two triangular model,
- iii. PRADHAN model,
- iv. SERPs Indira kranthi patham model,
- v. Kudumbashree, Tamil Nadu women's development corporation model,

vi. Odisha government model

Size:

The size of federation varies significantly across the country. The variation ranges from 10 to over 1000 WSHGs based on the model adopted by the promoting agencies.

Figure 4.1. Structure of WSHG Federations in Odisha



Source of fund:

Source of funds plays an important role in evolution and classification of federation. The federation avail funds mainly through three sources

- i. Membership and service fees,
- ii. Interest income on the corpus, which includes saving from their constituents, grants and bulk loans from financial intermediaries,
- iii. Personal support and recurring grants from promoters.

Promoters:

The federations are initiated and managed by promoters of WSHGs which is classified as

- i. Government agencies,
- ii. Non government agencies.

4.5.3. Growth of WSHG Federation in Odisha:

The federations in Odisha are mostly registered under Society Law of the State. These federation works mostly on seven tier system. The growth of WSHG federations in Odisha is explained in table 4.9. The study found that there were 936 WSHG federations were registered in 2003 – 04 while in the year 2004-05, 2003 new WSHG federation emerges and got registered. The trend of formation of WSHG federation has declined since 2006-07 onwards registering negative growth except for the year 2008-09. During the year 2010-11, total of 121 WSHG federations were formed registering a negative growth of - 46.46 percent compared to previous year.

Table 4.9. WSHG federation in Odisha

Year	Number of federations	Percentage growth (compared to previous year)
2001-02	N.A.	N.A.
2002-03	N.A.	N.A.
2003-04	936	-----
2004-05	2003	113.99
2005-06	2585	29.05
2006-07	1079	-58.25
2007-08	455	-57.83
2008-09	535	17.58
2009-10	226	-57.75
2010-11	121	-46.46

Source: Mission Shakti reports of 2002, 03, 04, 05, 06, 07, 08, 09, 10, 11

4.5.4. District wise growth of WSHG Federation in Odisha:

Table 4.10. represents the district wise growth of WSHG federation in Odisha. The study found impressive growth in formation of WSHG federation in the year 2005-06. The district having highest number of WSHG federation was Balasore (378) while the district having lowest WSHG federation was Nuapada (0). Further in the year 2010-11, the growth of WSHG federations was limited to only few districts of Odisha like Anugul, Bargarh, Dhenkanal,

Jagatsinghpur, Jajpur, Jharsuguda, Mayurbhanj, Nuapada, Puri and Rayagada only while rest of the districts have shown zero federation formation.

Table 4.10. District wise growth of WSHG federations in Odisha

Sl. No.	Name of District	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Anugul	247	162	23	134	52	80
2.	Balasore	378	24	7	0	0	0
3.	Bargarh	222	21	14	23	1	5
4.	Bhadrak	184	9	0	7	0	0
5.	Bolangir	27	272	0	0	0	0
6.	Boudh	58	8	-2	2	0	0
7.	Cuttack	255	54	15	73	-22	0
8.	Deogarh	60	0	3	4	0	0
9.	Dhenkanal	282	74	68	19	57	33
10.	Gajapati	133	229	-226	0	0	0
11.	Ganjam	26	472	1	0	0	0
12.	Jagatsinghpur	201	16	-7	-3	16	6
13.	Jajpur	242	-2	38	13	8	1
14.	Jharsuguda	78	11	0	27	8	1
15.	Kalahandi	246	3	12	18	3	0
16.	Phulbani/khandmal	143	18	4	0	0	0
17.	Kendrapara	215	7	35	-17	0	0
18.	Keonjhar	81	117	91	10	3	0
19.	Khurda	166	-7	5	13	1	0
20.	Koraput	233	14	-8	2	0	0
21.	Malkangiri	69	-1	212	0	0	0
22.	Mayurbhanj	408	28	-25	1	2	1
23.	Nawarangpur	95	0	1	84	0	0
24.	Nayagarh	7	7	47	96	31	0
25.	Nuapada	0	100	1	21	14	13
26.	Puri	208	10	39	-14	3	33
27.	Rayagada	181	0	1	0	0	2

28.	Sambalpur	152	40	-30	2	23	0
29.	Sonepur	101	7	-6	0	1	0
30.	Sundergarh	261	7	3	33	13	0

Source: Mission Shakti reports of 2005-06, 07, 08, 09, 10, 11

4.6. Conclusion

In India, WSHGs are formed on large scale with the uninterrupted effort of NABARD, banks, NGOs and various government agencies. There is a phenomenal increase in both WSHG availing saving linkage facility as well as saving amount generated except for the year 2010-11. As a matter of fact the WSHG-Credit linkage growth has declined since 2009-10 and onwards while WSHG-credit linkage amount has shown improvement but less than previous years. The growth of WSHG-Bank linkage (both saving and credit) in Odisha has shown a fluctuating trend. Moreover, the district wise data also shows higher fluctuation in certain districts which restricts the outcome of study. Further as the formation of WSHG federation is concerned the study found the existence of WSHG federation in every district of Odisha. During 2010-11, the district having highest number of federation was Anugul (698) while it is lowest in Boudh (66).

CHAPTER FIVE

Growth of Women Self Help Groups in Odisha and Mayurbhanj District

After analyzing the growth of SHGs in India and Odisha, an attempt has been made to highlight the socio-economic profile of the study area. In order to have the clear understanding of working of WSHG in Mayurbhanj district, the block wise growth and performance in terms of saving and credit facility along with the amount has been highlighted. The chapter also focus on the agencies engaged in promotion of WSHGs in the study area. This chapter is divided into two sections. Section I presents the brief profile of the study area and growth of WSHGs in terms of saving and credit linkage facility and section II highlights the sampling design.

Section -I

5.1.1. District Profile:

Introduction:

Mayurbhanj district is a landlocked district with total geographical area of 10418 sq. kms and is situated in the northern boundary of state headquarter at Baripada. The district is surrounded by Keonjhar district in east, Balasore district in west, Midnapore district of West Bengal in north and Singhbhum district of Jharkhand in the south (see fig. 5.1)

Location:

Mayurbhanj district is one of the centrally located districts in Odisha. It lies between 85⁰ 40' to 87⁰ 11' East longitude and between 21⁰ 16' to 22⁰ 34' North latitude. The district is 559.31 mt. above sea level (refer to fig. 5.2).

Climate:

The climate of the district is generally hot with high humidity during the month of April and May and cold during November and December. The monsoon generally breaks during the month of June. The average rainfall of the district was 1213.5 mm in 2009 which is lower than the normal rainfall (1600.6 mm) in the district.

Area and Population:

The District has an area of 10418 sq.kms which accounts 6.69 percent of total state territory. It has population of 22 lakhs as per census 2001 and shares 6.04 percent of the state population. The density of population of the district is 213 persons per sq. km. it has 3950 villages (including 202 un-inhabited villages) covering 26 Blocks, 9 Tahasils and 4 Sub-Divisions. As per census 2001, the schedule caste (SC) population was 170835 (7.68 percent) and scheduled tribes population 1258459 (56.60 percent). The literacy percentage of the district covers 51.91 against 63.08 of the state. A Brief profile of Mayurbhanj district is shown in table 5.1.

Agriculture:

The net sown area was 345 thousand hectares against 4796 thousand hectares in the state in 2008 – 09 while the production of paddy was 8098418 quintals, 7415 quintals wheat, 7637 quintals maize, 2951 quintals moong, 5751 quintals biri, 3251 quintals kulthi, 1949 quintals till, 30218 quintals groundnuts, 791 quintals mustard, 4399 quintals potatoes and 1248 quintals sugarcane. During 2008-09, the use of fertilizers in Mayurbhanj District was 21.97 thousand MT with a breakup of 11.93 thousand MT nitrogen, 6.44 thousand MT phosphates and 3.60 thousand MT potash. The consumption of fertilizer per hectare is 43 Kg.

Irrigation:

It is reported by the Deputy Director Agriculture Mayurbhanj that the irrigated potential created in the district is 108 thousand hectares and 46 thousand during Kharif and Rabi respectively in the year 2008 – 09.

Literacy:

There are 2571 nos. of primary schools, 1114 nos. of middle schools and 82 nos. of colleges in the year 2008 - 09 in the District. Besides, there was only one engineering school (ITI) and 1 nos. of engineering college in the District to impart technical education.

Health:

The medical facilities are provided by different agencies like government, private individuals and voluntary organizations in the district. There were 116 nos. of Allopathic medical institutions with 880 beds facility, 43 nos. of homeopathic dispensaries and 44 nos. of Ayurvedic dispensaries in the district during the year 2008-09.

Veterinary services:

During the year 2008-09, 42 nos. of hospitals and dispensaries, 166 nos. of livestock Aid centers were functioning in Mayurbhanj to provide veterinary services to people.

Industry and Mining:

During the year 2008-09, 251 nos. of small scale industries have been established with the total capital investment of about Rs. 724.04 lakhs with 866 nos. of employment opportunities

generated in the Mayurbhanj district. Besides 2664 cottage industries and 294 nos. of handlooms industries are functioning in the district.

Power:

Consumption of electricity in Mayurbhanj District during the year was 103 million units and villages so far electrified as on 31.03.2009 was 2050 constituting 55 percent of total villages of district.

Tourist:

There are 16 tourist centre such as Similipal, Khiching, Haripur, Jashipur, Kuliana, Baripada, Kuchei, Deokund, Bangiriposi, Jamsola, Bhimkunda, Bisoi, Manitri, Rairangpur, Samibrukhya and Suleiput identified by the department of Tourism and Culture, Odisha. During the year 2009, the numbers of domestic tourist were 787123 and foreign tourists were 191 who visited the tourist spots of the District.

Transport and Communication:

There are 193 kms. of National Highways, 283 kms. of State Highways, 200 kms. of major District Roads, 449 kms. of other districts roads, 1383 kms. of PS Roads, 6641 kms. of Gram Panchayats Roads and 959 kms. of Forest Roads in the district. Besides, 113.55 kms. of railway lines with 7 nos. of railway stations and 6 nos. of passenger halts are continuing in the district.

Banking:

As on March 2009, there were 162 nos. of Schedule Commercial Banks having deposits worth Rs. 2557 Crores and Rs. 1272 crores credit in the District.

5.1.2. Microfinance status in the District:

The Microfinance programme was started in the district during 1999 – 2000 with the initiative of

Brief Profile of Mayurbhanj District

Total Number of Blocks in the District	26
Number of Grampanchayats	382
Number of Subdivisions	4
Number of Tahasils	26
Number of N.A.Cs.	3
Number of Towns	4
Number of Villages in the District	3950
Number of Blocks where SHGs Operates	26
Number of Blocks where SHGs are Credit linked	26
Total Number of Bank Branches in the District	188
Number of NGOs participating in SHG promotion	68
Total Deposits	2997.48 Crores
Total Advances	1613.81 Crores
Credit-Deposit Ratio	58.83 %
Number of Government Agency Participating in SHGs Promotion	DRDA,WCD,DSW,PANCHAYAT INSTUTIONS, WATERSHED DEPARTMENT

NABARD. The backwardness of the district and worst Socio-economic condition of the tribal population has led to higher attention in formation and implementation of SHG programme in the district. The initial mindset was to float governmental assistance to SHGs. In addition to Mission Shakti and NABARD the other governmental and Non-governmental agencies like DRDA, Watershed Department, DSW, WCD, Panchayatraj Institutions, Various Banks and NGOs have supported the programme to make it successful to change the life style of the deprived class.

5.1.3. Initiative for SHGs expansion:

The major stake holders and the role played by them in this process of social engineering are summarized below. The expansion and progress of micro-credit movement depends on larger involvement of all the partners.

i. Mission Shakti and ICDS

The Self Help Group programme was launched by the Government of Odisha in the year 2001 with the formation of Mission Shakti for holistic empowerment of women. Under the umbrella of Women and Child Development Department this programme works and the responsibility of formation, nurturing, working, and maintenance of records of SHGs rests with the Aaganbadi or ICDS workers as they are found in almost every village. At the district level, the progress of SHGs are monitored by the programme officer and DSWO.

ii. District Rural Development Agency (DRDA)

Another prominent player in SHGs formation and promotion is DRDA. The agency has declared few NGOs as SHPI for formation of the groups, provides revolving fund grants to

SHGs which is also known as seed money and sponsor applications for assistance under SGSY. Further the DRDA also conducts monthly meeting to review progress of meeting and all government sponsored programmes.

iii. DSMS

District Supply and Marketing Society is registered under Society Registration Act of 1980. It is a district unit of Odisha Rural Development and Marketing Society (ORMAS) Bhubaneswar which is an apex state level marketing organization under administrative control of Panchayat Raj Department, Government of Odisha. It organizes exhibitions, Mela, preparation of model projects, training and network with the traders for marketing of SHG products.

iv. Bankers

All rural branches of Commercial Banks, Baitarini Gramya Bank, Baripada urban Co-operative Bank and Mayurbhanj Central Cooperative Bank in the district are participating in SHGs formation and linkage programme. The Bank of India serves itself as lead bank of the district. The bankers guide SHGs for smooth functioning, participate in grading exercise and extend loans directly under government sponsored schemes.

v. Line Department

All Block Development Officers are involved in promotion of groups. Preference is accorded to women SHGs in various schemes of the government. They are visiting to groups in village areas and review their functioning. The ITDA, DIC, DWO and other government departments have revised policies to make SHGs eligible under their schemes.

vi. NGOs

The NGOs are also participating in formation and promotion of SHGs in Mayurbhanj. Around 68 NGOs are associated with the programme providing linkage to 2485 WSHGs consisting 29076 members (DSW Report 2012). Their workings and operations are mostly confined to the cluster of villages or blocks. The NGO workers visits rural households, mobilize the vulnerable peoples of society into groups, provide training and arrange linkage facility with Banks. Further the NGOs tries to provide marketing facility to the products of SHGs members in order to have better socio-economic status.

vii. Panchayat Raj Institutions

The Panchayat Raj Institutions have been playing a prominent role in formation and linkage of SHGs with an advantage of monitoring working and performance at doorstep. Their direct participation has somehow reduced the exclusion of poor from participation in programme.

viii. Other Agencies:

There are several other agencies like Soil conservation, Lodha Development Agency, Water resources, NABARD, LAMPS, Andhari Weaving Society, Forestry, etc. are working consistently working in promotion, working and monitoring of SHGs.

ix. SHG Federation

The SHGs in the District have been federated through village level, panchayat level, block level and district level federations. There is 1 District level federation, 26 block level federation and 382 Grampanchayat level federations. The enrollment of SHGs with federation is optional. As per the existing norms, SHGs are required to pay membership fee of Rs. 1 per SHG

members. The federation is assisting SHGs in linkage, training, economic pursuits and marketing of products. It is assumed that the federation will assume a greater role in future days for upscaling the activities of SHGs in the district of Mayurbhanj.

5.1.4. Working of WSHG-Bank linkage in Mayurbhanj District:

The working of WSHG-Bank linkage in Mayurbhanj district has been explained in terms of

- i. WSHG-Saving linkage and
- ii. WSHG- Credit Linkage

5.1.4.1. WSHG-Saving Linkage :

With the formation of Mission Shakti and initiative of NABARD the SHG movement has started in 2001. Table 5.1.1, states the growth of Saving-linkage facility provided to the Women Self Help Groups in Mayurbhanj district. The study found that the SHG Works in almost every Block of Mayurbhanj District. During the year 2005-06, the Blocks in which the SHGs-Saving facility was highest in Betnoti (2553) followed by Kaptipada (1807), Thakurmunda (1434), Badsahi (1168), Kuliana (1093) and Kusumi (1021) whereas the Blocks where the concentration of SHG-Saving linkage facility was lowest were Baripada (120) followed by Shamakhunta (331), Jamda (343), Suliapada (356), Bisoi (392) and Raruan (434). During the year 2011-12, the Blocks which has been provided higher linkage facility were Jashipur (1297) followed by Kaptipada (1248), Kuliana (1098) while in some of the Block the growth of SHG-Saving linkage facility was negative e.g. Khunta (-2441), Morada (-1680), Bisoi (-1461), Udala (-1291), Badsahi

(-1144), Bangiriposi (-352), Jamda (-256), Baripada (-188) and Ragobindpur (- 18). This negative trend in growth of WSHG-Saving linkage facility may be basically

Table 5.1.1.

Block Wise Growth of WSHG-Saving Linkage in Mayurbhanj District

(2005 – 06 to 2011 – 12)

Sl. No.	Name of the Blocks	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1	Jashipur	844	992	1372	2348	199	51	1297
2	Shamakhunta	331	190	749	474	161	10	51
3	Morada	658	828	782	1028	387	65	-1680
4	Khunta	678	866	1402	409	317	33	-2441
5	Bijatola	436	427	377	410	359	60	60
6	Jamda	343	442	415	176	147	27	-256
7	Thakurmunda	1434	2057	1767	394	25	47	163
8	Tiring	440	371	262	-779	1094	0	0
9	Baripada	120	20	-1998	168	373	0	-188
10	Bisoi	392	429	318	492	213	20	-1461
11	Udala	644	565	325	410	332	204	-1291
12	Bangiriposi	847	947	1308	1034	140	12	-352
13	Kuliana	1093	733	763	448	484	86	1098
14	Kusumi	1021	943	438	495	220	60	55
15	Karanjia	516	1047	2397	781	37	0	10
16	Suliapada	356	246	506	30	105	33	915
17	Badsahi	1168	993	890	303	90	70	-1144
18	Rasgobindpur	313	686	885	865	114	164	-18
19	Betnoti	2553	1404	1093	-326	95	0	0
20	Saraskana	761	776	1783	300	148	71	21
21	Bahalda	845	330	393	265	217	53	528
22	Rairangpur	436	924	524	223	323	241	155
23	Raruan	434	662	1518	886	314	45	289

24	Sukruli	654	1263	1249	355	206	30	100
25	Gopabandhunagar	852	474	746	514	241	10	32
26	Kaptipada	1807	2184	1451	1284	400	42	1248

Source: DSWO, Mayurbhanj

due to discontinuation of SHG. Table 5.1.2. highlights the status of WSHG-Saving linkage amount in Mayurbhanj district. The study found that the saving made by WSHG members was highest in Betnoti (Rs. 33.79 lakhs) in 2005 - 06 followed by Badsahi (15.85 lakhs), Kuliana (15.75 lakhs), Baripada (15.13 lakhs) and Kaptipada (Rs. 12.53 lakhs) while lowest in Bijatola (Rs. 1.77 lakhs) followed by Khunta (Rs. 1.96 lakhs), Raruan (Rs. 2.56 lakhs), Tiring (Rs. 3.18 lakhs) and Thakurmunda (Rs. 3.98 lakhs). With the moving years the WSHG-Saving linkage amount has shown several drastic changes. In the year 2011-12, the year-wise growth of WSHG-Saving linkage amount was highest in Bangiriposi (Rs. 568.20 lakhs) followed by Morada (Rs. 227.89 lakhs), Jashipur (Rs. 224.92 lakhs), Kaptipada (Rs. 214.83 lakhs), Baripada (Rs. 132.49 lakhs) and Rasgobindpur (Rs. 118.84 lakhs) while lowest in Badsahi (Rs. 1.5 lakhs) followed by Gopabandhunagar (Rs. 2.29 lakhs), Thakurmunda (Rs. 2.45 lakhs), Suliapada (Rs. 2.99 lakhs) and Kusumi (Rs. 5.95 lakhs). Moreover, some blocks have shown negative trend in terms of year wise growth of WSHG-Saving linkage amount e.g. Sukruli (Rs. -93.73 lakhs) and Morada (Rs. -41.44 lakhs) in the year 2011-12, while Baripada (Rs. -12.8 lakhs) in 2007-08.

Table 5.1.2.

Block wise Growth of SHG-Saving Linkage Amount in Mayurbhanj District

(2005 – 06 to 2011 – 12)

(Amount in Lakhs)

Sl. No.	Name of the Blocks	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1	Jashipur	11.48	7.7	8.13	11.53	12.51	9.12	224.92

2	Shamakhunta	9.83	9.89	8.24	8.99	26.8	7.45	114.47
3	Morada	5.69	5.23	5.51	14.36	20.78	8.45	227.89
4	Khunta	1.96	3.79	5.14	5.28	7.17	5.7	-41.44
5	Bijatola	1.77	1.96	3.33	5.95	5.31	5.72	71.97
6	Jamda	4.59	7.42	9.2	8.49	5.08	2.64	21.74
7	Thakurmunda	3.98	12.25	6.24	4.65	15.9	5.97	75.04
8	Tiring	3.18	2.52	3.64	4.23	4.82	1.54	2.45
9	Baripada	15.13	9.33	-12.8	16.83	13.1	5.06	132.49
10	Bisoi	4.42	5.75	6.15	7.84	50.26	6.76	72.02
11	Udala	9.98	9.63	8.45	13.67	11.87	7.71	54.22
12	Bangiriposi	8.63	12.12	18.98	28.15	24.82	10.69	9.24
13	Kuliana	15.75	25.53	18.11	21.12	21.84	11.26	568.2
14	Kusumi	4.18	7.95	11.84	12.32	10.48	4.86	5.95
15	Karanja	4.97	4.46	4.17	7.79	10.53	5.33	7.6
16	Suliapada	5.75	6.93	5.25	6.2	2.66	1.44	2.99
17	Badsahi	15.85	21.33	38.59	10.25	5.73	2.7	1.5
18	Rasgobindpur	4.03	7.1	10.56	13.56	19.67	14.42	118.84
19	Betnoti	33.79	39.35	30.48	58.36	56.62	34.01	81.79
20	Saraskana	5.55	8.64	15.23	37.07	553.24	17.16	26.55
21	Bahalda	8.57	10.97	13.82	16.99	11.66	7.85	76.11
22	Rairangpur	5.29	8.5	12.21	13.31	12.5	8.14	50.78
23	Raruan	2.56	2.4	9.02	21.33	26.54	11.38	26.24
24	Sukruli	4.29	16.45	22	13.21	38.43	4.89	-93.73
25	Gopabandhunagar	5.85	5.94	9.97	6.26	15.56	8.13	2.29
26	Kaptipada	12.53	14.01	14.53	19.18	22.17	12.05	214.83

Source: DSWO, Mayurbhanj

This negative trend is basically due to withdrawn of saving amount either by the group or discontinuation of regular SHG saving deposit amount. Table 5.1.3. show year-wise growth of Average savings made by each SHG over the years in Mayurbhanj District. The study found during the year 2005-06, the average saving per SHG was highest in Betnoti (Rs. 14057.48)

followed by the SHGs of Rairangpur (Rs. 9895.34), Suliapada (Rs. 9614.62), Jashipur (Rs. 9070.93), Koliana (Rs. 8918.72) and Badsahi (Rs. 8776.47) while it was lowest in Tiring (Rs. 3899.28) followed by Saraskana (Rs. 3949.09), Bisoi (Rs. 4397.11), Kusumi (Rs. 4640.66), Bijatola (Rs. 4829.86) and Rasgobindpur (Rs, 4845.23). During the year 2011-12, the year wise growth of average saving per SHG was highest in Koliana (Rs. 91166.66) followed by SHGs of Saraskana (Rs. 80048.29), Betnoti (Rs. 38918.99), Jashipur (Rs. 34230.34), Bisoi (Rs.31567.71) and Morada (Rs. 31026.46) while lowest in Khunta (Rs. 2785.34) followed by Sukruli (Rs. 3994.16), Karanjia (Rs.7837.01), Tiring (Rs. 8534.09), Gopabandhunagar (Rs. 10649.93) and Suliapada (Rs. 10845.71).

Table 5.1.3.

Block Wise Growth of Average Saving Per SHG

(2005 – 06 to 2011 – 12)

(Amount in Rs.)

Sl. No.	Name of the Blocks	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1	Jashipur	9070	8881	8391	7745	9014	9992	34230
2	Shamakhunta	6796	7916	8205	8864	11766	12581	26662
3	Morada	5387	5518.	5689	6717	8356	10237	31026
4	Khunta	6480	6298	5942	6326	6987	7658	2785
5	Bijatola	4829	4823	5245	6240	6986	8185	23980
6	Jamda	7873	9024	10460	12068	12871	13414	18078
7	Thakurmunda	8193	8023	7326	7595	9487	10156	20170
8	Tiring	3899	4241	4985	5832	6855	7260	8534

9	Baripada	7054	7955	8237	10052	11120	11697	29546
10	Bisoi	4397	5165	6005	6909	14666	15700	31567
11	Udala	6656	7459	8182	9447	10452	11092	16520
12	Bangiriposi	4959	5969	7348	9543	11946	13023	13935
13	Kuliana	8918	11520	12784	14624	16305	17391	91166
14	Kusumi	4640	5334	7039	8385	9737	10400	11779
15	Karanjia	6404	6120	4963	5392	6484	7045	7837
16	Suliapada	9614	10127	10208	10841	11011	11122	10845
17	Badsahi	8776	10086	12837	13400	3795	13946	14904
18	Rasgobindpur	4845	24224	6383	7501	9848	11425	26546
19	Betnoti	14057	16394	17931	22864	28136	31303	38918
20	Saraskana	3949	4849	5713	10007	75602	77193	80048
21	Bahalda	7194	9374	11737	14741	16507	17977	30206
22	Rairangpur	9895	9722	11560	14178	15975	16953	26838
23	Raruan	7049	6626	6478	8988	12637	14297	17604
24	Sukruli	7531	10064	12550	14717	22050	22897	3994
25	Gopabandhunagar	5379	6006	6965	7375	9286	10381	10649
26	Kaptipada	6691	6841	7474	8504	10273	10747	30666

Source: DSWO, Mayurbhanj

5.1.4.2. WSHG-Credit Linkage:

Mayurbhanj district stands among one of the backward districts of Odisha. The dependence of major proportion of population on agriculture and forest resources reflects their backward status as compared to other districts of Odisha. The existence of higher incidence of

poverty, unemployment, illiteracy, lack of credit facility and backwardness among women has lead towards successful implementation of SHG programme. The growth of WSHG- Credit linkage programme in Mayurbhanj district is explained in table 5.1.4. The Credit linkage facility to WSHG members initiated in 2001 with an effort of NABARD, ICDS workers, lead bank manager. During 2000-01, 1965 WSHGs has been provided credit linkage facility among which the WSHGs of Betnoti block has shown highest credit linkage (197) followed by Morada (113), Koliana (111), Bangiriposi (103) and Baripada (101) while the blocks in which the concentration of WSHG –Credit linkage was lowest was Udala (15), Bijatola (42), Raruan (45), Rairangpur (46) and Jamda (47).

Table 5.1.4.

Block wise WSHG-Credit Linkage in Mayurbhanj District

(In Numbers)

Sl. No	Name of Blocks	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1	Jashipur	51	32	61	213	95	27	-172
2	Shamakhunta	65	52	20	48	26	4	-17
3	Morada	113	27	27	13	7	5	75
4	Khunta	74	45	55	54	37	21	-174
5	Bijatola	42	30	23	33	35	56	51
6	Jamda	47	29	10	13	14	7	3
7	Thakurmunda	83	98	55	88	115	23	-340
8	Tiring	68	40	23	40	21	2	0
9	Baripada	101	20	-168	29	14	4	-175
10	Bisoi	49	34	18	50	81	15	-238
11	Udala	15	102	42	32	28	20	88
12	Bangiriposi	103	95	54	131	83	14	1
13	Koliana	111	54	32	25	18	12	-2
14	Kusumi	61	68	23	9	93	5	1

15	Karanjia	79	99	132	235	-76	9	0
16	Suliapada	52	7	10	23	27	9	3
17	Badasahi	60	113	42	76	50	41	-257
18	Rasgobindpur	75	46	32	39	61	57	122
19	Betnoti	197	205	19	25	19	9	5
20	Saraskana	70	88	70	68	135	15	12
21	Bahalda	76	28	12	11	13	0	33
22	Rairangpur	46	36	33	30	21	7	39
23	Raruan	45	13	24	100	56	39	83
24	Sukruli	59	89	91	50	18	10	4
25	Gopabandhunagar	66	14	16	53	62	5	-1
26	Kaptipada	78	89	118	128	77	24	-47

Source: DSWO, Mayurbhanj

During the year 2008-09, 1014 WSHGs were providing credit linkage facility among which the concentration was highest in Karanjia Block (235) followed by Jashipur (213), Bangiriposi (131), Kaptipada (128) and Raruan (100) whereas the blocks in which the credit linkage was lowest include Kusumi block (9) followed by Bahalda (11), Morada (13), Jamda (13) and Suliapada (23). In 2011-12, the numbers of WSHGs were provided Credit linkage facility was 1003 among which Rasgobindpur is having highest credit linkage (122) followed by Udala (88), Raruan (83) and Morada (75) but the situation in this year was somehow worst as many blocks have shown negative trend in credit linkage like Thakurmunda (-340), Badsahi (-257), Bisoi (-238), Baripada (-175), Khunta (-174), Jashipur (-172), Kaptipada (-47), Shamakhunta (-17), Koliana (-2) and Gopabandhunagar (-1). This negative growth among WSHGs of various blocks is basically either may be discontinuation of WSHG with banks. Even the blocks like Tiring and Karanjia have shown no growth.

Table 5.1.5., shows the year-wise growth of WSHG- Credit linkage amount in

Mayurbhanj district. The study found that in Mayurbhanj district all the blocks have been provided credit linkage amount facility but there exist greater variability in linkage amount from one block to another. During 2005- 06, the block in which the WSHG- Credit linkage

Table 5.1.5.

Block wise WSHG-Credit Linkage in terms of Amount in Mayurbhanj District

(Amount in Lakhs)

Sl. No.	Name of the Blocks	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1	Jashipur	27.90	4.4	12.24	65.25	187.88	21.16	5.3
2	Shamakhunta	34.34	11.03	17.27	40.08	30.89	4.61	36.81
3	Morada	39.17	7.89	11.94	25.99	11.78	3.3	2.36
4	Khunta	42.96	10.34	18.6	15.77	15.58	13.59	-46.23
5	Bijatola	5.32	6.27	8.11	12.14	17.65	13.87	61.62
6	Jamda	27.02	12.55	14.48	8.49	6.57	6.83	127.35
7	Thakurmunda	12.76	21.58	10.9	23.81	36.75	7.95	117.36
8	Tiring	38.72	6.22	2.93	11.13	-4.05	0.20	0
9	Baripada	89.16	68.99	-45.95	33.53	16	3.06	-194.65
10	Bisoi	33.94	11.17	8.96	23.86	43.33	9.55	-126.14
11	Udala	37.04	49.32	144.68	79.33	125.44	48.01	281.08
12	Bangiriposi	75.40	43.95	117.71	84.12	91.65	36.9	1.15
13	Kuliana	77.37	134.76	106.02	-246.62	490.71	102.43	-307.75
14	Kusumi	44.11	34.55	86.63	16.19	86.5	44.73	46.75
15	Karanjia	60.31	84.31	92.59	275.28	124.38	23.43	8.35
16	Suliapada	108.55	129.24	14.06	10.34	18.22	2.86	5.85
17	Badsahi	70.69	116.57	33.72	-226.64	27.7	14.5	25.57
18	Rasgobindpur	15.24	38.03	73.09	147.79	125.67	19.45	-173.33
19	Betnoti	53.07	123.4	131.2	85.23	71.69	30.97	31.81
20	Saraskana	32.88	62.28	45.5	132.26	534.17	74.48	75.01
21	Bahalda	115.86	14.31	119.98	11.78	9.28	0.91	53.47

22	Rairangpur	27.68	46.37	50.22	36.96	109.32	98.65	267.88
23	Raruan	19.80	7.28	22.75	42.35	64.73	18.6	72.85
24	Sukruli	21.70	23.3	44.89	235.92	57.54	23.4	4097.02
25	Gopabandhunagar	16.81	4.99	10.27	21.15	37.47	7.26	0
26	Kaptipada	30.85	34.11	44.99	91.88	81.1	22.08	200.46

Source: DSWO, Mayurbhanj

amount was highest in Bahalda (Rs. 115.86 lakhs) followed by Suliapada (Rs. 108.55), Baripada (Rs. 89.16), Kuliana (Rs. 77.37), Bangiriposi (Rs. 75.4) and Badsahi (Rs. 70.69) while it was lowest in Bijatola (Rs. 5.32 lakhs) followed by Thakurmunda (Rs. 12.76), Rasgobindpur (Rs. 15.24), Gopabandhunagar (Rs. 16.81) and Raruan (Rs. 19.80). In the year 2008-09, the WSHG-Credit linkage amount was highest in Karanjia (Rs. 275.28 lakhs) followed by Sukruli (Rs. 235.92), Rasgobindpur (Rs. 147.79) and Saraskana (Rs. 132.26) while it was lowest in Jamda (Rs. 8.49 lakhs) followed by Suliapada (Rs. 10.34), Tiring (Rs. 11.13), Bahalda (Rs. 11.78) and Bijatola (Rs. 12.14). Moreover, the blocks like Kuliana and Badsahi have shown negative trend which either due to misprints in data or defaults made by WSHGs of that block.

In 2011-12, the status of WSHG-Credit linkage amount was different as compared to previous years. The study found that the WSHG-Credit linkage amount was highest in Sukruli (Rs. 4097.02 lakh) which is not only much higher as compared to other blocks but also highest among previous years. There was some blocks in which the WSHG-Credit linkage amount growth was negative such as Kuliana, Baripada, Rasgobindpur, Bisoi and Khunta.

Table 5.1.6, shows Year-wise growth of average loan available to each WSHG in Mayurbhanj District of Odisha. The study found during the year 2005-06, the average loan available to each WSHG was highest in Suliapada (Rs. 69727) followed by Koliana (Rs. 44195),

Table 5.1.6.**Block wise Growth of Average Loan per WSHG in Mayurbhanj District***(Amount in Rs.)*

Sl. No	Name of Blocks	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1	Jashipur	39840	37020	34123	32819	56383	57241	77194
2	Shamakhunta	27161	26555	28807	33341	37014	37528	44824
3	Morada	31543	31447	31954	35105	36437	36646	33425
4	Khunta	24925	24740	25684	26010	26970	28207	28817
5	Bijatola	19890	20007	21256	22888	25650	27943	39194
6	Jamda	20747	23000	27060	28648	29431	30859	68373
7	Thakurmunda	13390	15253	15746	17413	19762	20225	67346
8	Tiring	28016	26248	25229	25530	22959	22888	31429
9	Baripada	27088	33998	35484	38459	39794	39978	19996
10	Bisoi	21653	22603	23770	26324	30325	31210	15351
11	Udala	18514	22718	40360	50716	62219	66423	90259
12	Bangiriposi	32427	34618	49758	52170	57740	61007	61069
13	Koliana	44195	64962	80021	34906	114451	128734	79432
14	Kusumi	30120	33953	54164	57000	63806	72164	81407
15	Karanjia	39952	47350	51432	67318	86910	88635	89558
16	Suliapada	69727	55213	56279	55963	56329	56072	56555
17	Badasahi	17587	26536	39216	46591	52639	55142	57901
18	Rasgobindpur	32560	34198	69419	70638	70665	70923	78712
19	Betnoti	17587	26536	39216	46591	52639	55142	57901
20	Saraskana	26151	34470	38431	55813	117400	124882	132658
21	Bahalda	32560	37512	69419	70638	70665	70923	78712
22	Rairangpur	27264	40803	52933	58560	85662	111046	166633
23	Raruan	21304	22692	21492	25291	34145	34500	40581
24	Sukruli	18358	20493	26786	74436	83538	86577	906929
25	Gopabandunagar	16490	17212	19155	21654	26444	27613	27669

26	Kaptipada	19303	22498	25344	33003	39352	40968	67439
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Source: DSWO, Mayurbhanj

Karanjia (Rs. 39952), Jashipur (Rs. 39840), Betnoti (Rs.32560) and Bahalda (Rs. 32560) while it was lowest in Thakurmunda (Rs.13390) followed by Gopabandhunagar (Rs.16490), Betnoti (Rs. 17587), Badsahi (Rs. 17587), Sukruli (Rs.18358) and Udala (Rs. 18514). The average loan available to each WSHG during 2005-06 in Mayurbhanj district was Rs. 27628.92. The study found that out of the existing 26 blocks, in 16 blocks the average loan sanctioned to each WSHG is lower as compared to the district average loan sanctioned. This clearly indicates the higher concentration of loan amount in other 10 blocks. In the year 2011-12, the average loan sanctioned to each WSHG has increased almost in every block except Baripada, Bisoi and Suliapada which has shown negative trend. The block in which the average loan sanction per WSHG was highest is Sukruli (Rs. 906929) followed by Rairangpur (Rs. 166633), Sarskana (Rs. 132358), Udala (Rs. 90259) and Karanjia (Rs.89558) while it was lowest in Bisoi (Rs. 15351) followed by Baripada (Rs. 19996), Gopabandhunagar (Rs. 27669), Khunta (Rs. 28817), Tiring (Rs. 31429) and Morada (Rs. 33425). The average loan sanctioned to each WSHG in Mayurbhanj district during the year 2011-12 was Rs. 96129.38. There was higher concentration of average loan sanction to each WSHG mostly in Sukruli, Rairangpur and Saraskana while the WSHG of rest 23 blocks have being sanctioned the loan amount lower than the average District status.

5.2.1. Methodology and Sample Design

Mayurbhanj District has been purposively selected for the study. As compared to other districts of the state, this district is poor and backward in terms of literacy, infrastructure facility, people's involvement and participation in different government and institutional programmes.

Fig. 5.1. India Political Map

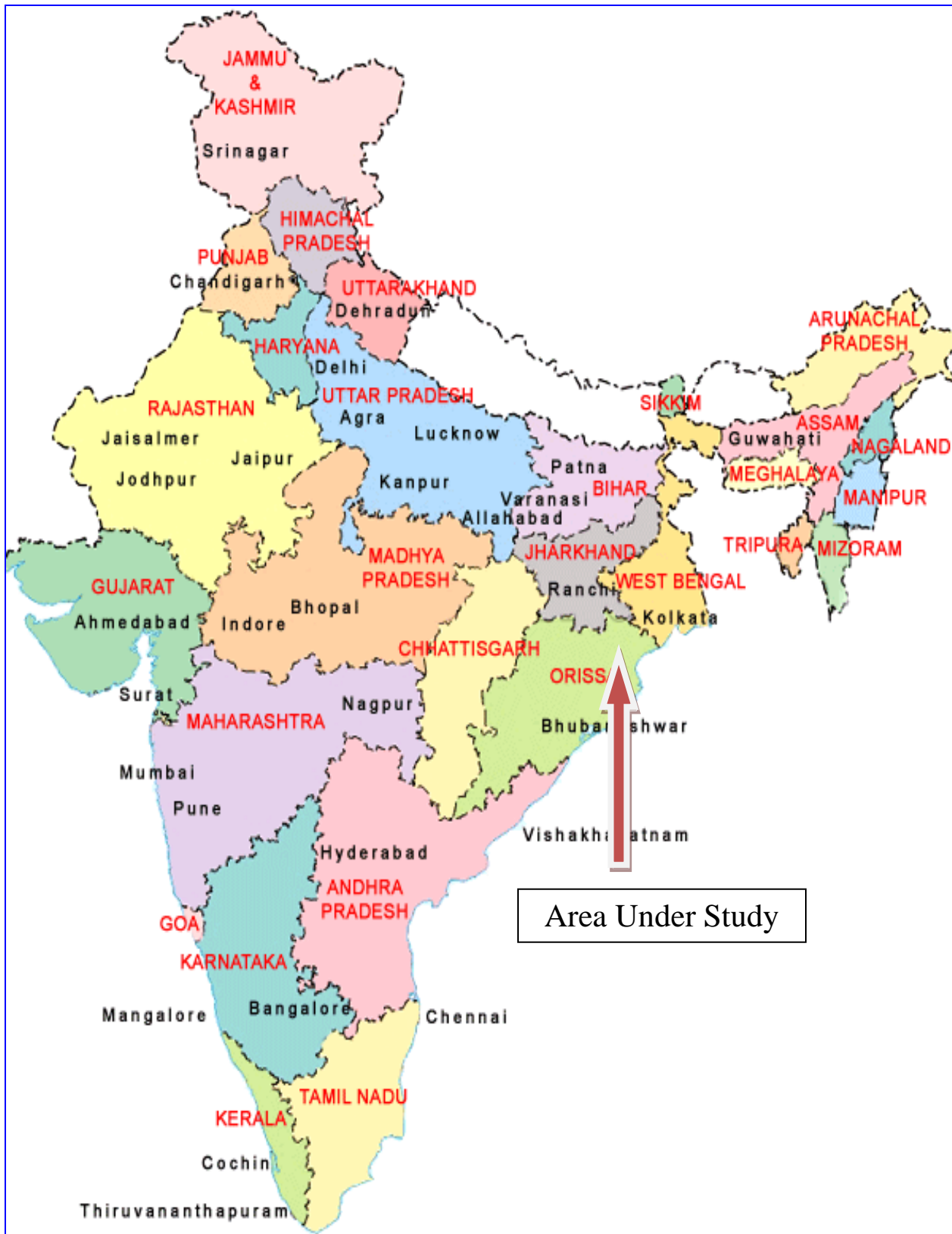


Table 5.2.1.

Selection of Respondents on the basis of Literacy, Number of Banks Branches and Number of WSHGs in Different Blocks of Mayurbhanj District (2011)

Sl. No	Name of Blocks	No. of WSHGs (2011)	Ranking	No. of Bank Branches (2011)	Ranking	Literacy Rate (2001) (In %)	Ranking
1	Jashipur**	887	11	8	7.5	45.23	22
2	Shamakhunta	900	10	5	18.5	47.96	15
3	Morada*	1106	3	6	14	52.83	7
4	Khunta*	819	16	5	18.5	46.48	18
5	Bijatola	442	24	3	24.5	42.27	24
6	Jamda	439	25	3	24.5	48.18	14
7	Thakurmunda	836	14	6	14	38.05	25
8	Tiring*	380	26	3	24.5	47.94	16
9	Baripada**	878	12	34	1	46.36	21
10	Bisoi**	625	20	7	10	47.29	17
11	Udala**	926	8	9	6	46.37	20
12	Bangiriposi**	982	6	6	14	46.45	19
13	Koliana**	916	9	6	14	49.72	13
14	Kusumi	645	19	5	18.5	49.74	12
15	Karanjia	950	7	11	4.5	50.06	11
16	Suliapada	997	5	5	18.5	53.36	5
17	Badasahi*	1152	2	7	10	53.34	6
18	Rasgobindpur	821	15	12	3	54.76	1
19	Betnoti*	1074	4	11	4.5	54.51	2
20	Saraskana*	846	13	8	7.5	52.18	8
21	Bahalda*	489	22	7	10	51.11	10
22	Rairangpur	473	23	13	2	53.40	4
23	Raruan	655	18	4	21.5	52.13	9
24	Sukruli	499	21	3	24.5	54.03	3
25	Gopabandunagar**	734	17	4	21.5	32.94	26
26	Kaptipada	1154	1	6	14	43.21	23

Source: Lead Bank Reports, District statistical report and DSWO

*Developed Blocks

**Less Developed Blocks

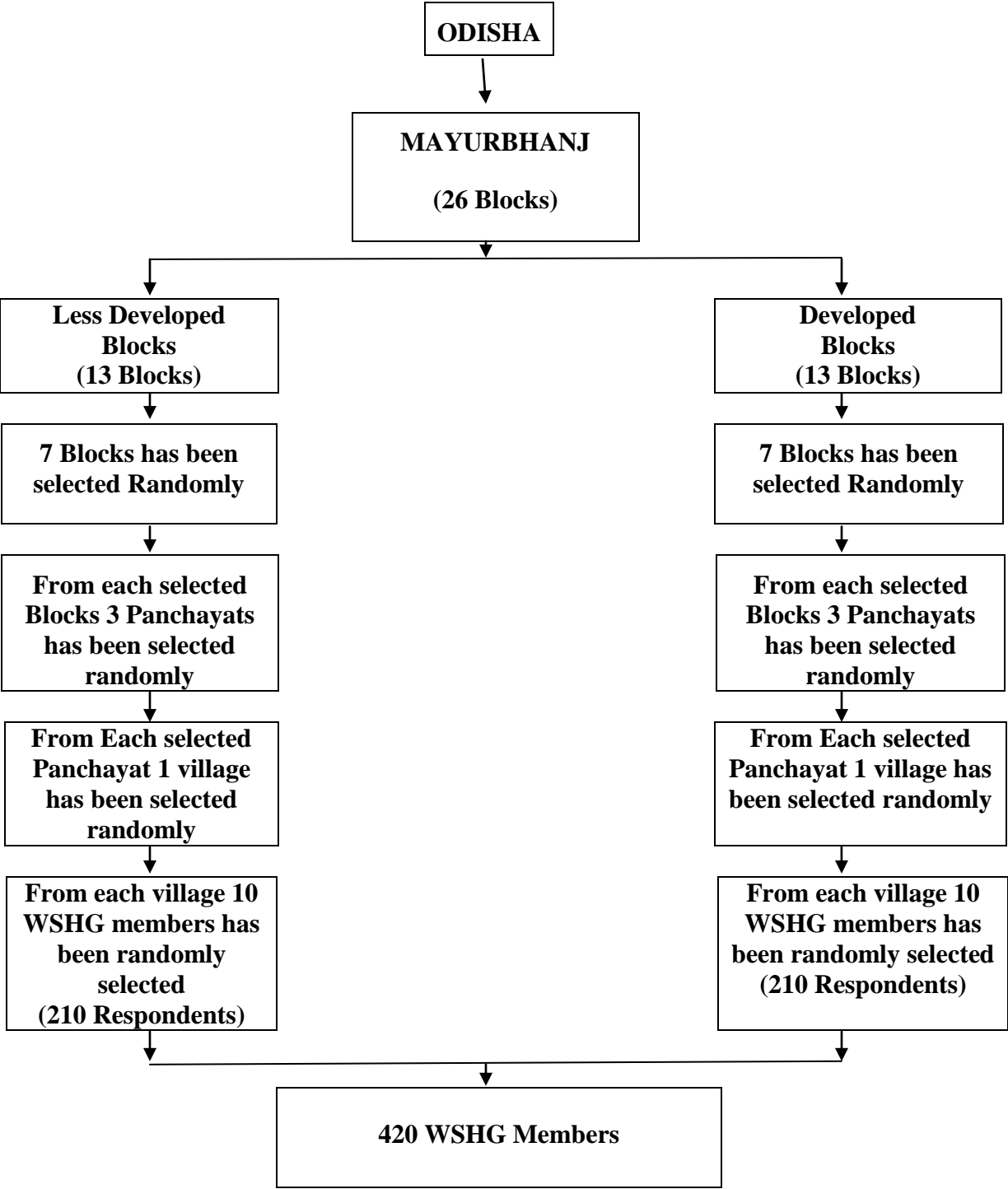
The district is among one of the most nexalites affected areas of Odisha as surrounded by Jharkhand and West Bengal in North and Keonjhar in west. The 93 percent of total population of the district lives in rural areas and their main occupation is farming and animal husbandry. It stands among one of the tribal dominated district of Odisha consisting 56.7 percent scheduled tribes of total population of the district. Though the district share only 6 percent of states total population, the tribal population shares comes to 15.5 percent of total population of scheduled tribes of the state. As per the 2001 census the district has literacy rate of 51.9 percent as compared to national and state average of 64.8 percent and 63.8 percent respectively. it is needless to state that the tribals in this district are poor and malnourished due to lack of education, sanitation, regular occurrence of flood and drought, poor connectivity etc. Accordingly the mayurbhanj district has been selected for intensive study. Respondents have been categorized on the basis of literacy, number of Bank branches and number of WSHGs in different blocks of the study area as shown in table 5.2.1.

5.2.2. Multi Stage Sampling

Stage 1

All the blocks of the Districts are ranked on the basis of number of WSHGs, number of bank branches and literacy rate in stage 1 as reflected in fig. 5.3. After assigning the ranks the aggregate scores has been calculated for each block and the average scores for the district has been derived by adding the blocks scores divided by total number of blocks. The blocks having low literacy, less number of bank branches and less number of WSHGs ranking above the district average are termed as less developed blocks and the blocks having higher literacy, highest number of branches and higher number of WSHG below the district average are termed as

Fig. 5.3. Sampling Design
(Multi-stage simple random sampling Method)

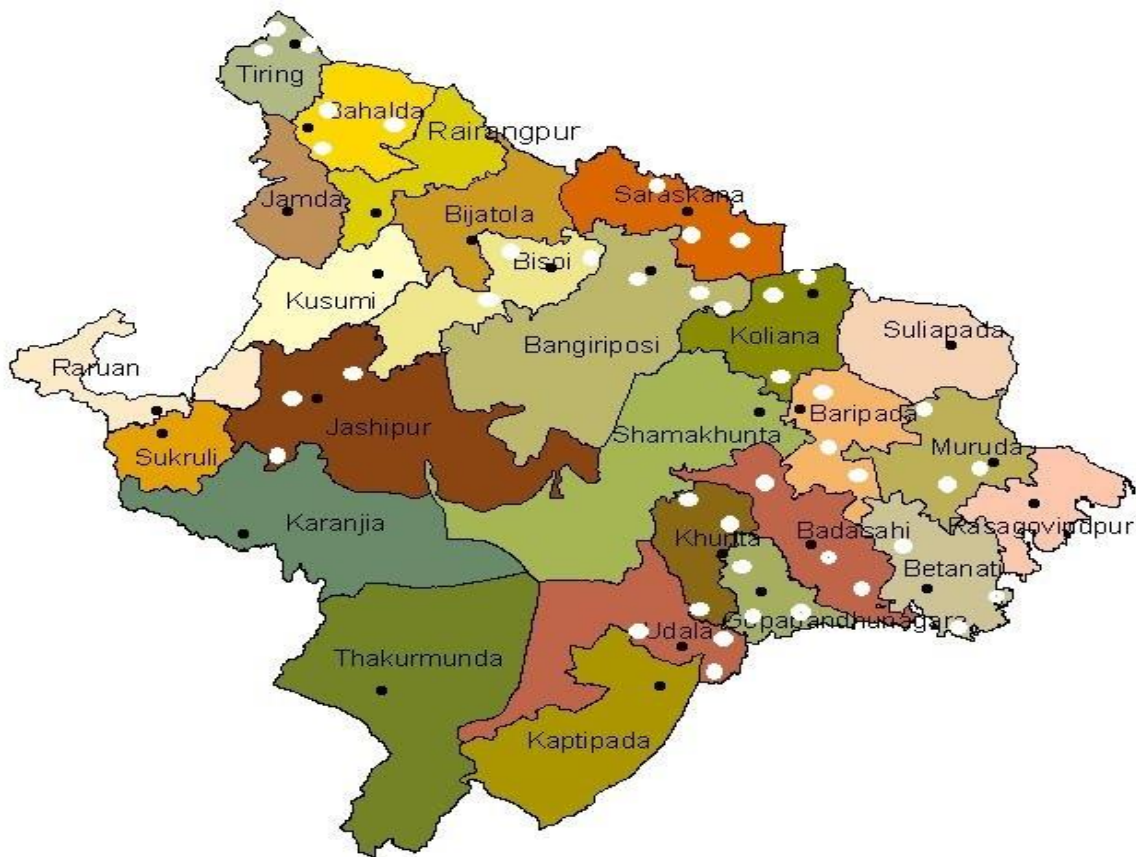


developed blocks (In terms of Ranking in ascending order). Accordingly all blocks have been divided into two sections consisting 13 blocks each.

Stage 2

In the second stage from each section 7 Blocks has been selected on random basis out of 13 Blocks. Therefore the total study is spread over 14 Blocks of the district.

**Fig. 5.4. Samples selected from different Blocks
(Panchayat's Selected)**



Stage 3

In the third stage from each selected block 3 Panchayats has been selected again through

simple random sampling. Accordingly 42 Panchayats has been selected (21 Panchayats from each section).

Stage 4

From each selected Panchayats 1 village has been selected randomly (as reflected in fig. 5.4). Accordingly 42 villages has been selected (21 villages from each section).

Stage 5

Lastly from each selected village 10 WSHG members has been selected on random basis. Therefore the total study comprises of 420 WSHG members (210 members from each section).

5.2.3. Collection of Data

The study is based on both secondary as well as primary data collected from the study area. The required secondary data is obtained from the Annual Reports of NABARD, status of Microfinance in India, Monthly Reports of DSWO of the District, Reports of DRDA, District Statistical Office and also from different Departments such as Mission Shakti, Planning and Coordination Department of Government of Odisha. For studying the working of WSHGs in the selected Blocks a specific schedule was prepared in order to collect primary data from the field.

5.2.4. Tools used for data collection

Keeping in view the objectives of the study, survey technique along with personal interview method has been employed for data collection. Two separate schedules has been used in order to collect the information to cover the objectives. Schedule – I is used for collecting data pertaining to WSHGs members individually while the Schedule – II has been used in order to

access details at group level. In addition to this, data are collected from ICDS workers, Banks and BDOs of the concerned Panchayats and blocks.

5.2.5. Reference Period

Primary data at Group and Individual level has been collected during the period of August 2011 to May 2012.

5.2.6. Analytical tools used

Keeping in view the objectives of the study both tabular as well as statistical tests has been used for data analysis. Tabular analysis has been made to distinguish the performance of less developed and developed blocks. Further Regression and ANOVA repeated measures has been used to access the significant differences between the beneficiaries of the two Blocks on the basis of personal income, household expenditure, personal savings and personal employment before and after joining the group.

CHAPTER SIX

WSHGs Composition and Membership

The WSHGs programme in Odisha has served as one of the important instrument not only in alleviation of poverty but also in covering other dimensions of development. This chapter tries to highlight the working and performance of WSHGs under study.

SECTION I.

This section gives an overview of WSHGs composition and its working in the study area and the socio-economic profile of respondents. The sample under study includes 420 respondents from 68 WSHGs (28 WSHGs from less developed blocks and 40 WSHGs from developed blocks) spread over 14 blocks of Mayurbhanj district of Odisha.

6.1.1. Designation of WSHG Members

Table 6.1.1., states the WSHGs members selected from different blocks and their position

Table - 6.1.1.

Designation of Sample WSHG Members

Sl.No.	Designations	Less developed blocks	Developed blocks	Total
1.	President	21 (10)	28 (13.3)	49 (11.7)
2.	Secretary	22 (10.5)	34 (16.2)	56 (13.3)
3.	Member	167 (79.5)	148 (70.5)	315 (75.0)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

in the Group. As the membership status of WSHGs members concern, the study found 75 percent of total respondents are members of group followed by the secretary (13.3 percent) and the president (11.7 percent). The study found that in less developed blocks there are 79.5 percent of respondents as members followed by secretary (10.5 percent) and president (10 percent) while in developed blocks 70.5 percent of the respondents are members followed by secretary (16.2 percent) and president (13.3 percent).

6.1.2. Distribution of WSHG Members by SHGPI

Table 6.1.2., represents data on distribution of selected WSHGs members nourished under different promoting agencies i.e. Government agencies like ICDS workers, DRDA staffs, DSWO, Watershed Department, ITDA, Panchayat Raj Institutions and BDO Officers and staffs etc.

Table 6.1.2.

WSHGs members and SHGPI Distribution

Sl. No.	Promoting Agencies	Less Developed blocks	Developed blocks	Total
1.	Government Agencies	170 (81.0)	200 (95.2)	370 (88.1)
2.	NGOs	40 (19.0)	10 (4.8)	50 (11.9)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

while the others include NGOs, MFIs and registered societies like UNANAYANI, PRADHAN, LAMPS etc. The study found 88.1 percent of the total WSHG members has been promoted by

various governmental agencies while 11.9 of total respondents has been promoted by various NGOs and registered societies. It has been found that 81.0 percent of WSHG members has been promoted by the government agencies while the members promoted by NGOs is 19 percent which is higher than total average under study at the block level i.e. Underdeveloped and Developed Blocks. This clearly indicates that the NGOs are working especially in development of WSHG members of less developed Blocks while in Developed blocks the situation is somehow different as 95.2 percent of WSHG members were promoted by various government agencies while there were only 4.8 percent of WSHG members has been promoted by various NGOs and registered societies.

6.1.3. Distribution of WSHG members on the basis of Duration and Membership

The age/duration of the SHGs is one of the important indicators of sustainability and working of the programme. There exist a positive correlation between duration of SHGs and its impact on various dimensions of development among members. The age of WSHG is computed as the number of years completed after the formation. Table 6.1.3 shows the duration of WSHG formation and their membership.

The study found 40.1 percent of total WSHG members under study have completed 7 to 9 years of formation and membership followed by the members completed 4 to 6 years of formation and membership (27.9 percent), completed 10 to 12 years (20.5 percent), completed 2 to 3 years (5.5 percent), less than 1 year (3.6 percent) and above 12 years of formation and membership (2.4 percent) as shown in table 6.1.3. This clearly shows that the majority of WSHG members (90.9 percent) of WSHG members having membership of more than 4 years. As the block-wise distribution is concerned, in less developed blocks 46.7 percent of total WSHG members have completed 7 to 9 years of formation and membership followed by members

completed 4 to years of formation (26.7 percent), completed 10 to 12 years (14.3 percent), completed 2 to 3 years (7.6 percent) and above 12 years (4.7 percent). While in Developed blocks the situation is however different, as 33.8 percent of WSHG members have completed 7 to 9 years of formation

Table6.1.3.

Duration of WSHGs Formation and Membership

Sl. No.	Duration of formation	Less Developed Blocks	Developed Blocks	Total
1.	Less than 1 year of formation	0 (0)	15 (7.1)	15 (3.6)
2.	Completed 2 – 3 years of formation	16 (7.6)	7 (3.3)	23 (5.5)
3.	Completed 4 – 6 years of formation	56 (26.7)	61 (29.1)	117 (27.9)
4.	Completed 7 – 9 years of formation	98 (46.7)	71 (33.8)	169 (40.1)
5.	Completed 10 – 12 years of formation	30 (14.3)	56 (26.7)	86 (20.5)
6.	Above 12 years of formation	10 (4.7)	0 (0)	10 (2.4)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

followed by members completed 4 to 6 years (29.1 percent), 10 to 12 years of formation (26.7 percent). In terms of years of formation and membership significant difference is noticed. The majority of members in both the blocks belong to 7 to 9 years of completion while the WSHG members of LDB have shown superior position over Developed Blocks.

6.1.4. WSHGs Average membership

The block-wise distribution of WSHGs selected and average membership per group in the study area is presented in Table 6.1.4. The study found that total 68 WSHG has been selected for the study with an average number of members per WSHG is 11.4. It was further noticed that the average membership per WSHG is high in less developed blocks (11.7) as compared to developed blocks (11.2).

Table 6.1.4

WSHG Membership

Sl. No.	Group Details	Less developed Blocks	Developed Blocks	Total
1.	Number of WSHGs	35	33	68
2.	Average members per Group	11.7	11.2	11.4

Compiled from data collected

6.1.5. Socio – Economic characteristics of WSHG Members

This section tries to highlight the distribution of WSHG members on socio – economic characteristics like religion, caste, age, marital status, economic status, educational qualifications, head of households, size of households, age and sex wise distribution of WSHG family members, dependency ratio, level and composition of assets and standard of living in the study area.

6.1.5.1. Age-wise distribution of WSHG members

The performance of group and microenterprises depend upon the age and maturity of group members. In this regard, the study has been made to highlight the category wise distribution of WSHG members on the basis of age and maturity. For the sake of convenience, we have classified the categories into three groups viz., Young Age Group (Less than 35 years), Middle Age Group (35 – 60 years) and Old Age Group (60 and Above). Table 6.1.5., states the Age-wise distribution of WSHG members in the study area.

Table 6.1.5.

Age-wise Distribution of WSHG Members

Sl. No.	Age-wise distribution	Less Developed Blocks	Developed Blocks	Total
1.	Young Age Group (Below 35 years)	91 (43.3)	110 (52.4)	201 (47.9)
2.	Middle Age Group (35 – 60 years)	114 (54.3)	95 (45.2)	209 (49.8)
3.	Old Age Group (Above 60 years)	5 (2.4)	5 (2.4)	10 (2.4)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

The study found majority of the WSHG members in the study area belongs to Middle Age Group (35 – 60 years) followed by Young Age Group (47.9 percent) and Old Age Group (2.4 percent) which clearly indicates that the majority of WSHG members belongs to higher productivity age group. At the Block level distribution same pattern has been observed in both

the blocks i.e. Less Developed Blocks and Developed Blocks but the WSHG members belonging to Young Age Group was higher in Developed Blocks while in Less Developed Blocks there is higher concentration of Middle Age Group.

6.1.5.2. Religion –wise Distribution of WSHG Members

Table 6.1.6 shows the religion – wise distribution of WSHG members. Out of 420 WSHG Members, 93.1 percent of sample respondents were Hindu followed by Muslims (4.3

Table 6.1.6.

Religion – wise Distribution of WSHG members

Sl.No.	Religion	Less Developed Blocks	Developed Blocks	Total
1.	Hindu	193 (91.9)	198 (94.3)	391 (93.1)
2.	Muslim	16 (7.6)	2 (1.0)	18 (4.3)
3.	Christians	1 (0.5)	10 (4.8)	11 (2.6)
		210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

percent) and Christians (2.6 percent). Same situation has been observed in both the blocks i.e. majority of Hindu population. In terms of Muslims and Christians membership the situation is somehow different i.e. in less developed blocks Muslim membership in majority exists while in developed blocks there is dominance of Christian’s membership.

6.1.5.3. Caste-wise Distribution of WSHG members

The Self Help Group (SHG) is a homogeneous group of poor, women, users etc.

belonging to same community, caste and status. The attempt has been made to highlight the caste-wise distribution of WSHG members in both less developed and less developed blocks. Table 6.1.7. states four social groups were found in study area i.e. Scheduled Caste, Scheduled Tribes, Other Backward Caste and General. 38.8 percent of total WSHG members belong to Scheduled Tribe category followed by WSHG members belonging to OBC (26.7 percent), General (21.0 percent) and Scheduled Caste (13.6 percent).

Table 6.1.7.

Caste-wise Distribution of WSHG Members

Sl.No.	Caste	Less developed Blocks	Developed Blocks	Total
1.	Scheduled Castes	39 (18.6)	18 (8.6)	57 (13.6)
2.	Scheduled Tribes	92 (43.8)	71 (33.8)	163 (38.8)
3.	Other Backward Castes	48 (22.9)	64 (57.0)	112 (26.7)
4.	General	31 (14.8)	57 (27.1)	88 (21.0)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

As the Block-wise distribution concern, the study found in less developed blocks 43.8 percent of WSHG members are Scheduled Tribes followed by OBC (22.9 percent), Scheduled Tribes (18.6 percent) and General (14.8 percent) while in Developed Blocks same pattern has been observed i.e. majority of WSHG members are Scheduled Tribes category.

6.1.5.4. Marital status of WSHG Members

The sustainability and growth of SHGs somehow depends upon the marital status of members. The study found that the group having married/widow members functioning more efficiently than single or unmarried members. As after marriage these members move to other places which not only affect regular saving and meeting of group members but also hinder the development and growth pattern. In this regard study has been made to highlight the marital status of WSHG members in the study area. Table 6.1.8 states that 84.8 percent of total WSHG members are married followed by widow and unmarried. As the blocks wise distribution concern same pattern has been observed in both the blocks.

Table – 6.1.8

Marital Status of WSHG Members

Sl. No.	Marital status	Less Developed Blocks	Developed Blocks	Total
1.	Unmarried	11 (5.2)	11 (5.2)	22 (5.2)
2.	Married	173 (82.4)	183 (87.2)	356 (84.8)
3.	Widow	21 (10)	15 (7.1)	36 (8.6)
4.	Divorced/Separated	5 (2.4)	1 (0.5)	6 (1.4)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

6.1.5.5. Educational status of WSHG members

Today education plays a leading role not only in building character but also in improving socio-economic standard of life. The availability and usage of resources depends upon the level of understanding and available knowledge. Various rural development policies and programmes have failed due to insufficient knowledge and usage. The users can only able to take advantages of various programmes when they are well educated and having basic knowledge about the concept. Therefore attempt has been made to identify the educational status of WSHG members in the study area.

Table – 6.1.9.

Educational Status of WSHG Members

Sl. No.	Educational Qualification	Less Developed Blocks	Developed Blocks	Total
1.	Illiterate	99 (47.1)	63 (30.0)	162 (38.6)
2.	Upto 6 th Std.	38 (18.1)	50 (23.8)	88 (21.0)
3.	7 th – 10 th Std.	62 (29.5)	75 (35.7)	137 (32.6)
4.	11 th – 12 th Std.	8 (3.8)	16 (7.6)	24 (5.7)
5.	Graduation and Above	3 (1.4)	6 (2.9)	9 (2.1)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

Table 6.1.9. reveals that 38.6 percent of WSHG members under study are illiterate followed by WSHG members studied 7th – 10th standard (32.6 percent), upto 6th standard (21.0 percent), 11th – 12th standard (5.7 percent) and Graduation and above (2.1 percent). This clearly states the backwardness among women as majority of the member were illiterate. At block level distribution, the study found that in less developed blocks 47.1 percent of WSHG members are illiterate followed by members studied 7th – 10th standard (29.5 percent), upto 6th standard (18.1 percent), 11th – 12th standard (3.8 percent) and Graduation and above (1.4 percent) while in developed blocks the situation is however better over less developed blocks as 35.7 percent of WSHG members have studied 7th – 10th standard followed by members studied upto 6th standard (23.8 percent), 11th – 12th standard (5.7 percent) and Graduation and above (2.9 percent) while only 30 percent of WSHG members are illiterate. This clearly indicates the superiority among WSHG members of Developed blocks over Less Developed blocks.

6.1.5.6. Economic Status of Sample Households

The SHG programme is basically designed to meet the credit requirements of poor people

Table 6.1.10.

Economic Status of Sample Households

Sl. No.	Economic Status	Less Developed Blocks	Developed Blocks	Total
1.	Below Poverty Line	180 (85.7)	153 (72.9)	333 (79.3)
2.	Above Poverty Line	30 (14.3)	57 (27.1)	87 (20.7)

	Total	210 (100)	210 (100)	420 (100)
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Compiled from data collected

Figures in parentheses are percentage of total

who struggle for their livelihood, meeting necessities of life and upliftment of standard of living. The target of this programme in India is especially to cover the population or section staying below poverty line. In this regard effort has been made to highlight the economic status of sample households. Table 6.1.10. discusses the economic status of sample households under two dimensions, the initial one Below Poverty Line (BPL) and another Above Poverty Line (APL). The study found 79.3 percent of total sample households belong to below poverty line (BPL) category while only 20.7 percent sample households are from above poverty line (APL) which clearly indicates the inclusion of BPL families as target group. Even the economic conditions of some sample households included in APL category are worst. They have been not included in BPL category due to non issuance of BPL cards to them. As the blocks-wise distribution concern, the study found in less developed blocks 85.7 percent of sample households are from BPL category while only 14.3 percent are APL. In case of developed blocks same pattern has been observed i.e. majority of sample households are BPL but the achievement of target of inclusion of poor families has been successfully achieved by less developed blocks as compared to developed blocks.

6.1.5.7. Head of sample Households

In an Indian family set up, the head of the household plays a leading role not only in managing the household matters but also in taking various decisions relating to welfare and development of family members. For the purpose of study the head of households is defined as

the member who decides important matter of family like use of family resources, children's education, assets to be accrued marriage of children's etc. Table 6.1.11 reveals that the sample households selected for study are mainly headed by male members (76.0 percent) while only 24 percent of the total households under study are headed by female members (24.0 percent).

Table 6.1.11.

Head of the Households

Sl. No.	Head of Households	Less Developed Blocks	Developed Blocks	Total
1.	Male Headed	155 (73.8)	164 (78.1)	319 (76.0)
2.	Female Headed	55 (26.2)	46 (21.9)	101 (24.0)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

Among these female headed households the members have opted headship because either of death of male head members of family, male member working outside village, mentally or physically challenged male head member, male member in habit of drinking alcohol etc.

At the block level it has been noticed that in less developed blocks 26.2 percent of households are headed by female members while 73.8 percent households are headed by male members. Further in developed blocks only 21.9 percent of households are headed by female members while 78.1 percent households are headed by male members. This shows that in case of absence of male head member of family the female members takes on the charge and in some cases the female members are only the head of family.

6.1.5.8. Age-wise distribution of Sample Households

On the basis of age groups of the family members of the respondents has been classified into several groups. According to Behera A. (2010) one important feature of developing

Table 6.1.12.

Age – wise distribution of Sample Households

Sl. No.	Age – Group (In Years)	Less Developed Blocks	Developed Blocks	Total
1.	0 – 5	6.3	7.5	6.9
2.	6 – 15	21.0	16.5	18.8
3.	16 – 40	44.6	47.1	45.8
4.	41 – 60	19.3	20.6	19.9
5.	61 – 75	7.6	7.6	7.6
6.	Above 75	1.2	0.7	1.0
	Total	100	100	100

Compiled from data collected

countries with regard to age wise distribution of population is similar to pyramid shape which describes more concentration of population in the age group less than 15 years and this factor has great relevance on the income and level of livings of households. Taking this into account the age wise distribution of members of the respondents has been made in table 6.1.12 .

The study found that in the study area 45.8 percent of the family members of the respondents belong to the age group between (16 – 40 years) followed by the age group between

41 – 60 years (19.9 percent), 6 – 15 years (18.8 percent) which clearly shows the greater dominance of working population i.e. age between 16 – 60 (65.7 percent).

At the block level it is found that in less developed blocks 63.9 percent of respondents family members belong to the working age group between 16 – 60 years while in developed blocks 67.7 percent family members of the respondents belongs to the age group between 16 – 60 years (67.7 percent) which shows the higher concentration of working population in developed blocks as compared to less developed blocks.

6.1.5.9. Distribution of Sample Households on the Basis of Sex

After describing the age wise distribution of the family members of the respondents attempt has been made to highlight the male female status in the study area. There was the tendency mostly among the rural areas that the women are confined to four wall of house and the birth of girl child is regarded as sin to that family. In this regard attempt has been made to

Table 6.1.13.

Distribution of WSHG Family Members on the Basis of Sex

Sl. No.	Sex	Less Developed Blocks	Developed Blocks	Total
1.	Male	50.1	50.7	50.4
2.	Female	49.9	49.3	49.6
	Total	100	100	100

Compiled from data collected

highlight the male- female ratio in the tribal dominated district under study whether there is any improvement in the thinking of poor tribal people after 60 years of independence or not. Table

6.1.13. shows the male female ratios in the study area. The study found that in the study area there is somehow equal share of male female existence as 50.4 percent family members of the respondents are male members and 49.6 percent are female members. At the blocks level it is noticed that in both the blocks male and female almost share equally.

6.1.5.10. Working Population and Dependency Ratio

The rural people usually stand poor due to less number of working members and a high dependency ratio. The earning capacity of a family generally depends upon the number of workers in the family. Thus, in order to have broader understanding of socio-economic status of family members of respondents working population and dependency ratio serves as an important parameter to be calculated. The working population here is defined as the members who are

Table 6.1.14.

Working Population and Dependency Ratio

Sl. No.	Parameters	Less Developed Blocks	Developed Blocks	Total
1.	Working	48.9	52.1	50.5
2.	Non – Working	51.1	47.9	49.5
3.	Dependency Ratio	1 : 1.04	1 : 0.91	1 : 0.98

Compiled from data collected

physically and mentally fit for willing to work and seeking employment. Table 6.1.14. presents the distribution of workers and non – workers with dependency ratio in both the blocks. Data reveals that 50.5 percent of total family members of respondents are working and 49.5 percent of

family members are non working registering the dependency ratio of 1: 0.98. In the less developed blocks 48.9 percent of family members of the respondents are working while 51.1 percent of family members of respondents are non working registering the dependency ratio of 1:1.04 while in developed blocks the working population share is 52.1 percent and non working share of 47.9 percent registering the dependency ratio of 1:0.91. The study clearly shows that the situation of family members of developed blocks is better than family members less developed blocks.

6.1.5.11. Marital Status of Sample Households

Table 6.1.15. shows the marital status of family members of the respondents. The study

Table 6.1.15.

Marital Status of Sample Households

Sl. No.	Marital Status	Less Developed Blocks	Developed Blocks	Total
1.	Unmarried	44.9	43.2	44.1
2.	Married	48.7	52.6	50.5
3.	Widow	6.0	3.7	4.9
4.	Divorced/Separated	0.4	0.5	0.5
	Total	100	100	100

Compiled from data collected

found that 44.1 percent family members of the respondents are unmarried followed by married members (50.6 percent), widow (4.9 percent) and divorced/separated (0.5 percent). At the block level distribution the study found that in less developed blocks 48.7 percent family members of

the respondents are married followed by unmarried family members (44.9 percent), widow (6.0 percent) and divorced/separated (0.4 percent). While in developed blocks 52.6 percent family members of the respondents are married followed by single (43.2 percent), widow (3.7 percent) and divorced/separated (0.5 percent).

6.1.5.12. Educational Status of Family Members of Sample Households

After analyzing several important issues relating to socio economic status of family members of respondents an attempt has been made further to highlight the educational status of family members. As this will not only state the level of development in terms of social values but

Table 6.1.16.

Educational Status of Family Members of the Respondents

Sl. No.	Educational Status	Less Developed Blocks	Developed Blocks	Total
1.	Illiterate	25.4	26.2	25.8
2.	Upto 6 th	26.0	28.8	27.4
3.	7 – 10 th	37.4	34.8	36.1
4.	11 th – 12 th	7.2	6.0	6.6
5.	Graduation and Above	4.0	4.2	4.1
	Total	100	100	100

Compiled from data collected

also the status of rural poor people to access the education facility. The study found that 36.1 percent family members of the respondents availed education upto 7th – 10th standard followed by the family members availed education upto 6th standard (27.4 percent), illiterate 11th – 12th

standard (6.6 percent) and graduation and above (4.1 percent) as reflected in the table number 6.1.16.

At the block level distribution it has been found that in both the blocks same pattern of education among the family members has been observed i.e. majority of the family members has availed education 7 – 10 standard followed by family members availed education upto 6th standard, illiterate, 11th- 12th standard and graduation and above. The study clearly states the backward status of WSHG family members in the study area. Moreover, the members who have availed the benefits of availing education are due to Sarva Sikhsha Abhiyan Programme. Further the study found a greater share of illiterate family members in the study area.

6.1.5.13. Major Occupation of WSHG Members

Attempt has been made to highlight the major occupation of WSHG members in the study area. Table 6.1.17. shows the working opportunities available to WSHG members in both the blocks. The study found 61.2 percent of total WSHG members are engaged in Agriculture followed by landless labours (11.4 percent), daily labour (10 percent), others which includes Animal Husbandry, mid day meal, sabai grass rope making, puffed rice, money lender, NGO worker, ice-cream making and hotels (5.5 percent), service (5 percent), unemployed (4.3 percent) and self employed (2.6 percent). At the block level, the situation is somehow different. In less developed blocks the WSHG are involved in diversified activities as only 51.9 percent of members have undertaken farming (51.9 percent) as their main occupation as compared to district average of (61.2 percent) followed by daily labourer (15.2 percent), landless labourer (12.9 percent), service holders (6.2 percent), others (5.3 percent), unemployed(5.2 percent) and self employed (3.3 percent). In developed blocks 70.5 percent WSHG members are engaged in

agriculture followed by landless labourer (10 percent), others (5.7 percent), daily labourer (4.8 percent), service holders (3.8 percent), unemployed (3.3. percent) and self employed (1.9 percent).

Table 6.1.17.

Major Occupation of WSHG Members

Sl. No.	Main Occupation	Less Developed Blocks	Developed Blocks	Total
1.	Unemployed	11 (5.3)	7 (3.3)	18 (4.3)
2.	Daily Labour	32 (15.2)	10 (4.8)	42 (10)
3.	Farmers/Cultivation	109 (51.9)	148 (70.5)	257 (61.2)
4.	Landless Labour	27 (12.9)	21 (10)	48 (11.4)
5.	Service Holder	13 (6.2)	8 (3.8)	21 (5)
6.	Self – Employed	7 (3.3)	4 (1.9)	11 (2.6)
7.	Others*	11 (5.2)	12 (5.7)	23 (5.5)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

* Animal husbandry, MDM, Sabai grass rope making, Puffed rice business, money lender, NGO worker, Hotel and ice-cream making.

6.1.5.14. Subsidiary Occupation of WSHG Members

Table 6.1.18., shows the subsidiary occupation opted by WSHG members in the study area. The study found 47.1 percent of total WSHG members have not undertaken any subsidiary activities in addition to their main activity. Out of the total WSHG members who have undertaken subsidiary activities majority of them were engaged in animal husbandry (37.4 percent)

Table 6.1.18.

Subsidiary Occupation of WSHG Members

Sl. No.	Subsidiary Activities	Less Developed Blocks	Developed Blocks	Total
1.	Nil	121 (57.62)	77 (36.7)	198 (47.1)
2.	Animal Husbandry	64 (30.48)	93 (44.3)	157 (37.4)
3.	Farming (Leased+ Own)	7 (3.33)	3 (1.4)	10 (2.4)
4.	Sabai grass rope making and Sabai Grass Business	7 (3.33)	17 (8.09)	24 (5.72)
5.	Others*	11 (5.24)	20 (9.51)	31 (7.38)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

* puffed rice, tuition, MDM, leaf plates and cups making leaf stitching, shop, asha/school/aanganbadi worker, daily labour, dhobi

followed by others (7.38 percent), sabai grass rope making and sabai grass business (5.72 percent) and farming (2.4 percent). At the Blocks level same pattern has been observed in both the blocks i.e majority of the members have undertaken animal husbandry as subsidiary occupation. The study also found that in developed blocks majority of WSHG members have undertaken subsidiary activity as compared to less developed blocks.

6.1.5.15. Living Condition of WSHG Members

The living condition of the people depends upon the income of their family members. The more the dependency ratio the worst will be the living condition of family. There are several other factors other than income which affects the living condition such as educational status, type of locality, availability of basic services and even sometimes the nature of work undertaken. Keeping in view the several factors affecting the living conditions an attempt has been made to highlight the living conditions of WSHG members in the study area. The living conditions has been measured by taking into account several important factors such as house ownership, type of house, electricity, toilets, drinking water facility etc.

Table 6.1.19.

Living Condition of WSHG Members

Sl. No.	Parameters	Less developed Blocks	Developed Blocks	Total
	House			
1.	i. Owned	88.6	98.1	93.3
	ii. Rented	1.4	0.0	0.7
	iii. Relatives	0.5	0.5	0.5
	iv. Occupied	9.5	1.4	5.5
	If Owned			

2.	i. Ancestral	43.8	53.3	48.6
	ii. Constructed by Own Fund	31.5	34.8	33.1
	iii. Supported by Govt.	19.0	11.4	15.2
	iv. Company/Quarters	5.7	0.5	3.1
3.	Type of House			
	i. Mud Walls with Thatched Roof	32.4	39.5	36.0
	ii. Mud Walls with Tiles Roof	33.7	34.4	34.0
	iii. Mud Walls with Asbestos	4.3	8.1	6.2
	iv. Cement Walls with Tiles Roof	10.0	3.3	6.7
	v. Cement Walls with asbestos	8.6	5.2	6.9
	vi. Cement Walls with RCC Roofs	11.0	9.5	10.2
4.	Electricity			
	i. Electrified	69.5	61.4	65.5
	ii. No Electricity	30.5	38.6	34.5
5.	Toilets			
	i. Yes	26.7	38.1	32.4
	ii. No	73.3	61.9	67.6
6.	Drinking water			
	i. Bore Well	88.6	69.5	79.0
	ii. Open Well	11.4	30.5	21.0
7.	Ownership of drinking water			
	i. Own	4.8	14.7	9.8
	ii. Community/Government	95.2	85.3	90.2

Compiled from the data collected

Table 6.1.19 reveals that 93.3 percent of respondents have their own houses followed by occupied houses (5.5 percent) which basically belong to TATA Company or the government quarters/land. The blocks wise study reveals that less number of respondents have own houses in less developed blocks as compared to respondents of developed blocks reflecting to superior

condition of WSHG members of developed blocks.

The study relating to construction of house states that 48.6 percent of the houses were ancestral followed by constructed by own fund (33.1 percent), supported by government (15.2 percent) and company occupied houses (3.1 percent). At the Block level the study found that in less developed blocks only 43.8 percent of houses were built by their parents or grandparents whereas 33.1 percent of the respondents have built their home themselves followed by government supported houses through Indra Awas Yojana (IAY) i.e. 19.0 percent. Whereas in developed blocks 53.3 percent houses were build by respondents ancestors whereas 34.8 percent build their houses themselves followed by government support houses (11.4 percent) and Company houses/ Quarters.

After analyzing the house ownership status an attempt has further been made to highlight the type of house possessed by the respondents. The study found that 36 percent of total members under study are having mud house with thatched roof followed by the respondents having Mud walls with Tiles roof (34.0 percent), cement walls with RCC roof (10.2 percent), cement wall with asbestos (6.9 percent), cement wall with tiles roof (6.7 percent) and Mud walls with asbestos (6.2 percent). This clearly states that around 76 percent of total sample of respondents under study are having houses made of muds. Further in both the blocks same picture of higher concentration of houses made of mud has been observed but the situation is somehow better in case of less developed blocks as compared to developed blocks where only 18 percent of respondents are having cement walls houses as compared to 29.6 percent in less developed blocks.

It has been noticed that 65.5 percent of total respondents are having electricity at their home whereas 34.5 percent respondents have no electricity. The majority of the sample households are having electricity facility due to government programme such as Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), Biju Gram Jyoti Yojana (BGJY) and Biju Saharanchala Vidyutikaran Yojana (BSVY). As the blocks level the study found that in less developed blocks majority of the respondents are having electricity facility as compared to respondents of developed blocks. Majority of the respondents do not have any toilet facility in their houses. It is clear from the study that 67.6 percent respondents have reported no toilet facility at home and only 32.4 percent of respondents have reported availability of toilets at home with the support of government in rural areas as a part of Total Sanitation Campaign (TSC) and Nirmal Gram Puruskar (NGP). Same pattern has been observed at the block level but the respondents of developed blocks are somehow in better position than the respondents of less developed blocks.

The availability of drinking water in rural areas is one of the major objective of the government of India. In this regard an attempt has been made to highlight the source and ownership status of drinking water supply in the study area. It has been found that 79.0 percent of total respondent availed drinking water through bore hand pump and 21 percent from open well. The provision of safe drinking water supply in rural areas is due to the government promoted programme like Bharat Nirman Yojana. At the blocks level same picture has emerged i.e. majority of members are availing drinking water through bore hand pumps but the situation is better in less developed blocks as compared to developed blocks. It is further observed that majority of the drinking water sources belong to government or community.

6.1.6. Conclusion

This chapter has highlighted several issues related to socio – economic status of WSHG respondents and their family members. It has been observed through the study that majority of WSHGs (88.1 percent) are promoted by various Government agencies. 40.1 percent of total WSHG members have completed 7 – 9 years of formation and 27.9 percent of respondents have completed 4 – 6 years of formation which clearly indicates their experience and knowledge about SHGs vision and objectives. Further it highlights that majority of respondents belongs to middle and lower age group (49.8 percent and 47.9 percent respectively). The study also found that 38.8 percent of total WSHG members under study are from scheduled tribe community and their educational, social, economic status and living condition are very poor.

SECTION TWO

WSHGs and Financial Institutions

This section tries to highlight the bank linkage facility provided by various financial institutions to WSHGs members in the study area. Further, it tries to explain the source wise credit availability, sanctioning authority visit to SHGs and the number of visits made by the WSHG members to financial institutions before getting loan.

6.2.1. WSHG and Bank Linkage

The major cause of formation of SHGs is to link the poorest section of the society through formal financial institutions. The initiation of NABARD and the policy of government and RBI have served as a major factor for development of both credit and saving linkage programme in India. Usually, the SHGs in India are financed either directly through formal financial institutions or NBFCs which basically includes MFIs. In this regard attempt has been made to highlight the bank linkage facility provided by various financial institutions to SHGs in the study area. Table 6.2.1. shows that 52.4 percent of total WSHG members have been provided credit and saving linkage facility through Commercial Banks followed by RRBs i.e. Baitarini Gramya Bank (42.8 percent) and Cooperative Banks i.e. Mayurbhanj District Central Cooperative Bank (4.8 percent). Same pattern has been observed at national and state level during 2007-08 and 2011-12 (Saving Linkage, NABARD). At the block level, the study found that in less developed blocks same pattern has been observed i.e. the majority of the WSHG members have been provided linkage facility through Commercial Banks (57.1 percent) which is not only higher as compared to developed blocks but also the overall study, followed by

Table 6.2.1. WSHG and Bank Linkage

Sl.No.	Financial Institutions	Less Developed Blocks	Developed Blocks	Total
1.	Commercial Banks	120 (57.1)	100 (47.6)	220 (52.4)
2.	Cooperative Banks	20 (9.6)	0 (0)	20 (4.8)
3.	Regional Rural Banks	70 (33.3)	110 (52.4)	180 (42.8)
	Total	210 (100)	210 (100)	420 (100)

Compiled from the data collected

Figures in parentheses represents percentage of total

RRBs (33.3 percent) and Cooperative Banks (9.6 percent). While in developed Blocks the situation is very much different as 52.4 percent of WSHG members have been provided linkage facility through RRBs followed by Commercial Banks (47.6 percent). Further, no WSHG members has availed linkage facility through Co-operative Banks. This clearly indicates the higher concentration of Commercial banks in less developed blocks and RRBs in developed blocks in providing linkage facility to WSHGs.

6.2.2. WSHGs and Agency wise Loan

The analysis of the secondary data states that the commercial banks play a major role in Credit (Amount) disbursement to SHGs in India as well as in Odisha(NABARD 2013).

Further in order to get insight of WSHGs performance it was necessary to first identify the average loan amount disbursed to each WSHG. Table 6.2.2. shows that the average loan sanctioned to each WSHG since inception of group by various financial institutions is Rs. 166253.55 in the study area. As the contribution of different financial institutions concern, the study found the Regional Rural Banks (RRBs) plays a leading role in disbursement of loan amount (Rs. 229888.88) followed by Commercial Banks (Rs. 165871.79) and Cooperative Banks (Rs. 103000.00). As the blocks wise distribution concern, same pattern has been observed i.e. Regional Rural Banks (RRBs) plays a leading role followed by commercial banks and cooperative banks. Moreover, no significant difference has been observed in average loan disbursement to both the blocks.

Table 6.2.2. Agency-wise Average Loan disbursed

(Amount in Rs.)

Sl.No.	Financial Institutions	Less Developed Blocks		Developed Blocks		Total	
		No. of WSHGs	Amount	No. of WSHGs	Amount	No. of WSHGs	Amount
1.	Commercial Banks	20	148050	19	184631.57	39	165871.79
2.	Cooperative Banks	2	103000	0	0	2	103000.00
3.	Regional Rural Banks	13	193769.23	14	263428.57	27	229888.88
	Total	35	148273.07	33	149353.38	68	166253.55

Compiled from the data collected

6.2.3. WSHG - Credit Source

The general idea of formation of SHGs is to create a tendency on part of the poorer to save some amount of money on regular basis and to access the availability of credit facility

Table 6.2.3. WSHG - Credit Source

Sl. No.	Credit Source	Less Developed Blocks	Developed Blocks	Total
1.	No Credit	37 (17.6)	28 (13.3)	65 (15.5)
2.	Various Banks	163 (77.6)	182 (86.7)	345 (82.1)
3.	Other Agencies	10 (4.8)	0 (0)	10 (2.4)
	Total	210 (100)	210 (100)	420 (100)

Compiled from the data collected

Figures in parentheses represents percentage of total

through formal financial institutions. The policy of the government supports toward financing the SHGs which urged the formal financial institutions basically banks to prioritize their lending process in favour of SHGs as their regular business activity. In the study area every Thursday of a week is observed as SHG day in which all SHG related activities are carried out. An important feature of SHG-Bank linkage is that loans are generally advanced in the name of SHG and the group savings is viewed as collateral against the loan. Table 6.2.3 to shows that 82.1 percent of total WSHG members have availed loan through different financial institutions whereas 15.5

percent of WSHG members have been not provided any loan. Moreover, 2.4 percent of the total WSHG members have availed loan through other agencies. The Other agencies includes Watershed Department and Panchayat Raj Institutions which usually provides interest free loan to the WSHG members until the bank advances credit. At the block level the study found that in less developed blocks 77.6 percent of WSHG members have availed loan through various banks while 17.6 percent have not been provided any credit facility whereas in developed blocks the situation is however better than less developed blocks as 86.7 percent of the WSHG members have availed credit through various banks which is higher than the District average.

6.2.4. Number of Visits made by WSHG Members

The number of visits made by WSHG members to Banks before getting loan usually expresses the co-operation and assistance on behalf of financial institutions in promoting SHG programme. Table 6.2.4 highlights the visits made by WSHG members to financial institutions before getting loan. The study found 67.1 percent of the total WSHG members in the study area have visited only 2 to 3 times to banks before getting loan followed by 4 to 5 times (19.8 percent), 6 to 7 times (6.2 percent), Above 7 times (4.5 percent) and the WSHG members who have visited only once (2.4 percent). As the blocks-wise distribution concern, the study found in less developed blocks the situation is somehow better over the total study as 74.8 percent of WSHG members have visited only 2 to 3 times to financial institutions before getting loan followed by members visited before 7 times (9 percent), 6 to 7 times (7.6 percent), only once (4.8 percent) and 4 to 5 times (3.8 percent). In developed blocks the situation is however different as 59.5 percent of WSHG members have visited only 2 to 3 times which is much lower than both the total samples under study as well as compared to WSHG members under study of

less developed blocks. Further, 35.7 percent of WSHG members have visited 4 to 5 times before getting loan followed by 6 to 7 visits (4.8 percent).

Table 6.2.4. Number of Visits of WSHG members to Banks before Loan

Sl. No.	Number of Visits	Less Developed Blocks	Developed Blocks	Total
1.	Only Once	10 (4.8)	0 (0)	10 (2.4)
2.	2 – 3	157 (74.8)	125 (59.5)	282 (67.1)
3.	4 – 5	8 (3.8)	75 (35.7)	83 (19.8)
4.	6 – 7	16 (7.6)	10 (4.8)	26 (6.2)
5.	Above 7 times	19 (9.0)	0 (0)	19 (4.5)
	Total	210 (100)	210 (100)	420 (100)

Compiled from the data collected

Figures in parentheses represents percentage of total

This is clear from the above analysis that the financial institutions situated in less developed blocks are paying greater attention towards the credit availability to WSHGs members as compared to financial institutions operating in developed blocks. Several WSHG members visited 6 to 7 times and above 7 times to financial institutions. The insight study found that the reason behind such higher visits was due to the defaulted bank loan on agriculture made by WSHG family members (i.e. males), irregular saving of WSHG members, no positive response from bank officials and bad behavior.

6.2.5. Sanctioning authority visits to WSHG

The regular visit of sanctioning authority is regarded as one of the important factor required for inspection, maintenance, sustainability and development of SHGs. Various study found that the regular visits or interference of sanctioning authority helps the SHGs members not only to overcome the various issues related to group development but also in repayments.

Table 6.2.5. Sanctioning authority visits to WSHGs

Sl. No.	Sanctioning Authority Visit	Less Developed Blocks	Developed Blocks	Total
1.	No Visit	61 (29.0)	86 (41.0)	147 (35.0)
2.	Before sanction of the Loan	86 (41.0)	39 (18.6)	125 (29.8)
3.	After sanction of Loan	30 (14.3)	42 (20.0)	72 (17.1)
4.	Before and after sanction of Loan	33 (15.7)	43 (20.5)	76 (18.1)
	Total	210 (100)	210 (100)	420 (100)

Compiled from the data collected

Figures in parentheses represents percentage of total

Further, it also helps the financial agencies to access the information relating to problems and needs of SHGs. Table 6.2.5. shows that 35 percent of total WSHG members in the study area have stated no visits has been made by the sanctioning authority since inception of group followed by sanctioning authority visited before sanction of the loan (29.8 percent), before and after sanction of the loan (18.1 percent) and after sanction of loan (17.1 percent). At the block level, the situation is somehow different as in less developed blocks as 41 percent of WSHG

members have stated that the sanctioning authority visited the group before sanction of the loan followed by no visits (29.0 percent), before and after sanction of loan (15.7 percent) and after sanction of loan (14.3 percent). Whereas in developed blocks 41 percent of have stated no sanctioning authority has visited the group even since inception followed by visit made before and after sanction of loan (20.5 percent), after sanction of loan (20.0 percent) and before sanction of loan (18.6 percent). This clearly states better picture of WSHG members of less developed blocks as compared to developed blocks on part of sanctioning authority visits. Further some WSHG members have stated that the sanctioning authority have taken bribe and travel fare in order to disburse loan and sanction of subsidy amount.

6.2.6. Conclusion

The Bank linkage (both credit and saving) to the poor people is the central theme of SHG programme. The section highlights that the Commercial Banks and RRBs plays a dominant role in providing bank linkage facility to WSHG members in the study area but as the matter of loan amount to WSHG concern the study found the RRBs plays a dominant role in both the blocks. Further it has been observed that 15.5 percent of total respondents under study have not provided loan since inception. Moreover as compared to developed blocks the Banks/Loan sanctioning authorities in less developed blocks are not cooperating with the WSHG members as 16.6 percent of WSHG members have visited more than 6 times before getting loan.

SECTION THREE

WSHGs – Organisation, Function and Training

The SHGs programme has been initiated in order to meet the credit requirements of poor people through formal sources and in this regard the promoting agencies both government and NGOs were actively engaged in implementation of Microfinance programme in the rural areas. The organization of group and the discharge of functions depend upon the knowledge and needs of the SHG members. Further its has been observed from the ground level work that some of the WSHG members have joined SHG programme on initiation of ICDS workers and even after having membership of several months they are unaware of the role, functions and importance of the programme. In this regard attempt has been made to highlight several issues relating to group formation and functions such as decision to join the programme, reason of joining, selection of group leader, benefits gained, meeting schedule and meeting timing and training.

6.3.1. Decision to Join SHG Programme

Table 6.3.1. shows the agencies/ individual helps the members in taking decision to join SHG programme. This indicates the involvement of agencies and individual in promotion of Self Help Group programme in rural areas. The study found 56.2 percent of total WSHG members have joined the programme on recommendation of Aanganvadi/ICDS workers followed by the members who have joined on their own (19.3 percent), on recommendation of relatives and friends (11.9 percent), Others which includes church father, NGO workers, other SHG members and Bank staffs (9.3 percent) and family members (3.3. percent). At the block level the study found in less developed blocks the Aanganvadi/ICDS workers even after playing a leading role in recommending the members to join SHG programme the share is low

Table 6.3.1. Decision of Joining SHG Programme

Sl. No.	Decisions of joining the programme	Less Developed Blocks	Developed Blocks	Total
1.	Own	42 (20.0)	39 (18.6)	81 (19.3)
2.	Family Members	9 (4.3)	5 (2.4)	14 (3.3)
3.	Aanganvadi/ ICDS Workers	105 (50.0)	131 (62.4)	236 (56.2)
4.	Relative/ Friends	24 (11.4)	26 (12.4)	50 (11.9)
5.	Others*	30 (14.3)	9 (4.3)	39 (9.3)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

** Church father, NGO workers, other SHG members and Bank staffs*

i.e. only 50.0 percent as compared to the total samples under study (56.2 percent). Further, 20 percent of WSHG members have joined the programme on their own followed by others (14.3 percent), relatives and friends (11.4 percent) and family members (4.3 percent). In developed blocks same pattern has been observed i.e. Aanganvadi workers plays a leading role (62.4 percent) followed by own (18.6 percent), relatives and friends (12.4 percent), others (4.3 percent) and family members (2.4 percent).

6.3.2. Reasons Behind Joining the SHG Programme

After analyzing the matter related to decision in joining the group, attempt has been

made to highlight the reason behind joining SHG programme. The study found 43.5 percent of total WSHG members states financial assistance as the reason behind joining SHG programme followed by co-operation (20.1 percent), support during need (19.3 percent), self empowerment/upliftment (6.5 percent), start new business (4.6 percent), regular saving (2.6 percent), extra income/earning (2.4 percent) and children's education/ future (1.0 percent). As the blocks-wise distribution concern same pattern has been observed in both the blocks i.e. majority of the WSHG members have joined the programme in order to get financial assistance

Table 6.3.2. Reason Behind Joining Group

Sl. No.	Reason of Joining	Less Developed Blocks	Developed Blocks	Total
1.	Children's Education/ Future	5 (1.7)	1 (0.3)	6 (1.0)
2.	Support during need	46 (15.5)	67 (23.3)	113 (19.3)
3.	Financial Assistance	132 (44.6)	122 (42.4)	254 (43.5)
4.	Regular Saving	8 (2.7)	7 (2.4)	15 (2.6)
5.	Starting new Business	13 (4.4)	14 (4.9)	27 (4.6)
6.	Extra Income/ Earning	6 (2.1)	8 (2.8)	14 (2.4)
7.	Co-operation	65 (21.9)	52 (18.0)	117 (20.1)
8.	Self Empowerment/ Upliftment	21 (7.1)	17 (5.9)	38 (6.5)
	Total (In Percentage)	(100)	(100)	(100)

Compiled from data collected

Figures in parentheses are percentage of total

followed by co-operation and support during need (Refer table 6.3.2).

6.3.3. Selection of Group Leader

The group performance and maintenance depends upon the leadership. As per the policy of various governmental agencies and NGOs there should be rotation of leadership among the members of group but practically discussion with the WSHG members in the study area it has been observed there exist several constraints in rotation of leadership among group members. The initial problem stated by the members that the bank staff does not allow the group to change the leader as there is the problem of banking transaction which requires signature and changing the leader disturbs the transaction procedure. Further several WSHG members have stated that the illiterate members and the members who basically work as daily labour don't want to be the

Table 6.3.3. Selection of Group Leader

Sl. No.	Selection Procedure	Less Developed Blocks	Developed Blocks	Total
1.	Voting without rotation	164 (78.1)	169 (80.5)	333 (79.3)
2.	Voting with rotation	16 (7.6)	19 (9.0)	35 (8.3)
3.	Educational Status of members	30 (14)	16 (7.6)	46 (11.0)
4.	Members who have time/ Banking Knowledge	0 (0)	6 (2.9)	6 (1.4)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

leader of group. So the basic policy of rotation of leadership among members usually not fits at ground level.

Table 6.3.3 shows the standard procedure used by WSHG members in selection of group leader in the study area. The study found 79.6 percent of total WSHG members have stated that the selection of group leader is done through voting without rotation followed by the members who select the leader through taking into consideration the educational status (11.0 percent), voting with rotation (8.3 percent) and members who have time/ banking knowledge (1.4 percent). At the block level the study found that in less developed blocks 78.1 percent of WSHG members stated that they choose group leader on the basis of voting without rotation followed by educational status of members (14 percent) and voting without rotation (7.6 percent). While in developed blocks the study again found that majority of WSHG members have stated that voting without rotation (80.5 percent) acts as a process of selection of group leader followed by voting with rotation (9.0 percent), educational status of members (7.6 percent) and members who have time and banking knowledge (2.9 percent).

6.3.4. Meeting Schedule of WSHG Members

The regular meeting of the group members acts as an essential requirement in smooth functioning of SHGs. Table 6.3.4 shows the meeting schedule of WSHG members in the study area. The study reveals that 81.0 percent of total WSHG members have stated that they holds their meeting once in month followed by the members holds meeting fortnightly (11.0 percent), weekly (7.9 percent) and quarterly (0.2 percent). As the blocks-wise distribution concern the study found in developed blocks the pattern is same but in less developed blocks majority of the members holds their meeting weekly next to monthly which shows their much concern about group development.

Table 6.3.4. Meeting Schedule of WSHGs

Sl.No.	Meeting Schedule	Less Developed Blocks	Developed Blocks	Total
1.	Weekly	30 (14.3)	3 (1.4)	33 (7.9)
2.	Fortnight	25 (11.9)	21 (10.0)	46 (11.0)
3.	Monthly	155 (73.8)	185 (88.1)	340 (81.0)
4.	Quarterly	0 (0)	1 (0.5)	1 (0.2)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

6.3.5. Meeting Timing of WSHG Members

After the analysis of meeting schedule of WSHG members attempt has been made to highlight timing of meeting as it is an important factor which shows the general pattern and structure of WSHGs working and performance in the study area. The timing of the meeting usually depends upon convenience and time availability of the members. Table 6.3.5 reveals that 55.2 percent of total WSHG members holds their meeting at evening (55.2 percent) as majority of the members carry out their major occupation in day time as daily labour and farming (leased and owned) followed by members holds meeting at afternoon (35.5 percent), morning (7.6 percent), night (1.2 percent) while 0.5 percent members have stated no fixed timing of the meeting. As the blocks-wise distribution concern, the study found similar pattern in almost both the blocks.

Table 6.3.5. WSHG - Meeting Timing

Sl. No.	Meeting Timing	Less Developed Blocks	Developed Blocks	Total
1.	Morning	22 (10.5)	10 (4.8)	32 (7.6)
2.	Afternoon	67 (31.9)	82 (39.0)	149 (35.5)
3.	Evening	121 (57.6)	111 (52.9)	232 (55.2)
4.	Night	0 (0)	5 (2.4)	5 (1.2)
5.	No Fixed Timing	0 (0)	2 (1.0)	2 (0.5)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

6.3.6. Classification of WSHG Members on the basis of Training Exposed

The sustainability and development of groups depends upon the type of activity undertaken by its members. The poor people usually lack on several ground and among which the exposure to new and diversified profit earning activities is a major one. The social capital formation which ensures sustainability and reduction of vulnerability of any group requires participation of group members not only for proper investment of available credit but also improving the other dimensions of development. The greater is the involvement of members in training programme, longer is the financial sustainability of the concerned group which generates confidence on part of the members. This exposure to various training programmes whether productive or non productive improves the standard of living of WSHG members through

increased saving and better quality of life. In the study area various governmental agencies like NABARD, BDO, WCD, ICDS, Watershed Department, DRDA, ITDA etc. and NGOs like Unanyani, PRADHAN, LAMPS etc. are actively engaged in providing training pertaining to productive and high profit

Table 6.3.6. WSHG Members availed Training

Sl. No.	Training	Less Developed Blocks	Developed Blocks	Total
1.	No Training Availed	112 (53.3)	102 (48.6)	214 (51.0)
2.	Availed Training	98 (46.7)	108 (51.4)	206 (49.0)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

oriented activities, health, environment, removing social disparity, new policies and programmes of government, management of group, maintenance of group ledger, etc. Table 6.3.6 shows the WSHG members who have been provided training facility since inception of group. The study found 51.4 percent of total WSHG members have obtained no formal training after joining group whereas only 48.6 percent of WSHG members have been provided training facility in the study area. As the blocks wise distribution concern, the study shows in less developed blocks the situation is more worst as 53.3 percent of WSHG members have not availed any training facility while in developed blocks only 48.6 percent of WSHG members have not availed any training which shows the superior position of WSHG members of developed blocks over less developed

blocks. Moreover, from the study it has also observed that the WSHG members who were promoted by NGOs are in better position as compared to government nourished WSHG members in terms of training. This clearly indicates that though the government agencies are actively involved in formation and bank linkage but regarding sustainability of WSHGs the NGOs are taking better measures.

6.3.7. Number of Training Availed by WSHG Members

Since it has been observed from the earlier table that majority of the WSHGs members have not been provided any training facility. In this regard attempt has been made to highlight

Table 6.3.7. WSHG Members and Number of Training

Sl. No.	Number of Training	Less Developed Blocks	Developed Blocks	Total
1.	Only 1	43 (43.9)	77 (71.2)	120 (58.2)
2.	2 – 3	38 (38.8)	29 (26.9)	67 (32.5)
3.	3 - 4	17 (17.3)	2 (1.9)	19 (9.3)
	Total	98 (100)	108 (100)	206 (100)

Compiled from data collected
Figures in parentheses are percentage of total

the insight truth by identifying the number of training availed by the WSHG members. Table 6.3.7 shows the blocks wise distribution of WSHGs members on the basis of number of training availed. Out of 420 WSHG members under study the study found only 206 WSHG members have been provided training facility. Out of the existing members who have attended training, 58.3 percent members have availed training only once followed by the members attended training 2 – 3 times (32.5 percent) and 3 – 4 times (9.3 percent). As the blocks-wise distribution concern the study found in less developed blocks out of the WSHG members who have been provided training, 43.9 percent have attended training only once followed by the members attended training 2 – 3 times (38.8 percent) and 3 – 4 times (17.3 percent) while in developed blocks 71.2 percent of members have attended training only once followed by the members attended training 2 – 3 times (26.9 percent) and 3 – 4 times (1.9 percent). This table clearly shows that though the WSHG members of developed blocks were in better position as the compared to less developed blocks in terms of proportion of the members attended training but the internal reality is that out of the members who have attended training the WSHG members of less developed blocks have attended training several times as compared to developed blocks.

6.3.8. Type of Training Exposed

The type of training imparted to WSHG members in the study area is shown in table 6.3.8 . The study shows multi response of WSHG members. Out of the existing training imparted to WSHGs members in the study area, 25.4 of total samples have attended training pertaining to Sabai grass rope and fancy items making followed by Mushroom farming (11.4 percent), others (9.6 percent), incense stick making (9.4 percent), group related training (8.8 percent), mat

Table 6.3.8. Distribution of WSHG Members on the basis of Type of Training Attended

SI No.	Type of Training	Less Developed Blocks	Developed Blocks	Total
1.	Sabai Grass Rope & Fancy items making	25 (9.4)	91 (48.1)	116 (25.4)
2.	Mushroom Farming	43 (16.1)	9 (4.8)	52 (11.4)
3.	Incense Stick making	20 (7.5)	23 (12.2)	43 (9.4)
4.	Mat making	15 (5.6)	18 (9.5)	33 (7.2)
5.	Detergent Soap making	20 (7.5)	10 (5.3)	30 (6.6)
6.	Animal Husbandry and Marketing of Animals	25 (9.4)	5 (2.6)	30 (6.6)
7.	Group related Training [^]	33 (12.4)	7 (3.7)	40 (8.8)
8.	Health related Training ^{^^}	11 (4.1)	7 (3.7)	18 (3.9)
9.	Papad Making	10 (3.7)	6 (3.2)	16 (3.5)
10.	Phyneal Making	12 (4.5)	0 (0)	12 (2.6)
11.	Poultry	10 (3.7)	2 (1.1)	12 (2.6)
12.	Sal Leaf Plates Stitching/ Cups & Plates making	10 (3.7)	0 (0)	10 (2.2)
13.	Others	33* (12.4)	11** (5.8)	44 (9.6)

[^] Includes SGSY Loan, Maintenance of records.

^{^^} Includes Sanitation, Cleanness and other health related issues.

*includes Tailoring, Jelly and Jam making, forest conservation and cloths fancy items making.

**MDM, flower pots making, bags making and Pisciculture.

Compiled from data collected

Figures in parentheses are percentage of total

(7.2 percent), detergent soap making (6.6 percent) and animal husbandry and marketing of animals (6.6 percent).As the blocks-wise distribution concern, the study found in less developed blocks majority of the members have attended the training programme pertaining to mushroom farming (16.1 percent) followed by group related training (12.4 percent) , others (12.4 percent), sabai grass rope and fancy items making (9.4 percent), animal husbandry and marketing of animals (9.4 percent), detergent soap making (7.5 percent) and incense stick making (7.5 percent). While in developed blocks the situation is somehow different as majority of WSHG members have availed training related to sabai grass rope and fancy item makings (48.1 percent) followed by incense stick making (12.2 percent) and mat making (9.5 percent). It has been observed from the above study that the WSHG members of less developed blocks have availed diversified training whereas in developed blocks majority of members have availed training pertaining to sabai grass rope and fancy items making.

6.3.9. Benefit Gained by WSHG Members after Joining Group

After analyzing several issues related to group formation and development, attempts has been made to highlight the effectiveness of SHG programme in terms of benefit gained by its members after joining group. Since the SHG programme started in India with a common goal of providing cheap credit facility to the poor peoples in need. But later on with its coverage has included other dimensions of development like social, political and economic empowerment of women, improvement in quality of life of poor people, banking knowledge and regular saving to meet unforeseen contingencies of life. Table 6.3.9 shows the benefits received by WSHG members after joining group. The study found multi responses in terms of benefit gained as 286 (i.e. 68.1 percent) WSHG members have stated that they got loan during need at lesser interest after joining group followed by the members who got benefit of training (49.0 percent), Co-

operation (45.8 percent), regular saving (28.6 percent), subsidy (23.6 percent), employment (4.3 percent) and increase in income/ earning (4.0 percent).

Table 6.3.9. Benefits Gained by WSHG members after Joining Group

Sl. No.	Benefits Gained	Less Developed Blocks	Developed Blocks	Total
1.	Loan during need/Lesser interest	133	153	286
2.	Subsidy	45	54	99
3.	Training	98	108	206
4.	Employment	7	11	18
5.	Increase in Income/ Earning	11	6	17
6.	Regular saving	61	59	120
7.	Co-operation	86	105	191

Compiled from data collected

Figures in parentheses are percentage of total

As the blocks – wise distribution concern same pattern of benefits has been observed in both the blocks i.e. majority of WSHG members have stated they gained benefit of loan during need/ lesser interest followed by training, cooperation, regular saving and subsidy. But according

to the table the WSHG members of developed blocks have gained more benefits than the members of less developed blocks.

6.3.10. Conclusion

This chapter tries to highlight the issues involved in group development i.e. the organization, functions and training provided to the group members. The study found that majority of the group selects their leader through voting which clearly indicates their freedom of expression and right of choice. Majority of the WSHG members usually meet once in a month at evening time in order to discuss the matter relating to group development and collection of saving amount. As the matter of training concern the study highlights that more than half of the WSHG members have not undertaken any formal training. Moreover, majority of the WSHG members have obtained training only pertaining to sabai grass rope and fancy items making whereas no effort has been to provide training related to other most demanded product of daily use which will not only provide a market for the produce but also a great deal of profit.

SECTION FOUR

Access to Credit and Repayment

The SHGs are formed with a common cause of development through making regular saving and credit accessibility. The poor people usually lack credit to meet unpredicted circumstances like recession, retrenchment, sickness and unemployment. Further several other factors like social occasions, death of family members etc. paralyze the economic status of poor peoples. In this regard attempt has been to highlight the status of internal saving mobilisation (Common pool), number of loans from group, loan amount, and repayment details of the WSHG members. Further special attention also been made to highlight the defaults made by WSHG members in the study area along with the defaulting amount and reason of defaulting.

6.4.1. Internal Saving (Common Pool)

The SHGs stands on the principle of the people, by the people and for the people. After the formation of the group, the members are required to contribute requisite amount of money (as decided by all the members jointly) on weekly, fortnightly or monthly basis. This contributed amount made by each member is deposited with the linked bank in name of the group. This serves as collateral against the loan provided by the banks. In this regard attempt has been made to highlight the monthly saving made WSHG members in the study area. Table 6.4.1. reveals that the monthly saving ranges between Rs. 20 to 500 in the study area. 46.9 percent of the total WSHG members in the study area make saving of Rs. 50 per month followed by members have made saving of Rs. 20 per month (17.1 percent), Rs. 30 per month (13.6 percent), Rs. 100 per month (12.9 percent), Rs. 25 per month (6 percent) and Rs. 500 per month (2.3 percent).

As the blocks-wise distribution concern the study found in less developed blocks majority of the

Table 6.4.1. Saving Made by WSHG Members (Monthly)

Sl. No.	Amount of Saving (In Rs.)	Less Developed blocks	Developed Blocks	Total
1.	20	24 (11.5)	48 (22.9)	72 (17.1)
2.	25	8 (3.8)	17 (8.1)	25 (6.0)
3.	30	40 (19.0)	17 (8.1)	57 (13.6)
4.	40	0 (0)	5 (2.4)	5 (1.2)
5.	50	98 (46.7)	99 (47.1)	197 (46.9)
6.	100	40 (19.0)	14 (6.7)	54 (12.9)
7.	500	0 (0)	10 (4.8)	10 (2.3)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

WSHG members makes monthly saving of Rs. 50 (46.7 percent) followed by the makes monthly saving of Rs. 30 per month (19.0 percent), Rs. 100 per month (19 .0 percent), and Rs. 25 per month (3.8 percent). While in developed blocks majority of WSHG members i.e. (47.1 percent) of WSHG members makes saving of Rs. 50 per month followed by the members makes saving of Rs. 20 per month (22.9 percent), Rs. 25 per month (8.1 percent), Rs. 30 per month (8.1 percent), Rs. 100 per month (6.7 percent), Rs. 500 per month (4.8 percent) and Rs. 40 per month

(2.4 percent).

6.4.2. Loan taken from Common Pool

As per the provision of SHG manual, members are given provision to avail loan from their own savings for meeting their usual expenses at the time of emergencies at reasonable rate of interest or sometimes interest free. Internal borrowing serves as an important source of borrowing to WSHG members as it acts an easiest way to avail credit quickly. One of the major causes of development of SHG programme in rural areas is due to expectation among poor peoples of gaining financial benefits through regular saving. The WSHG members in order of releasing loan amount from group saving conduct meeting and jointly decides the amount of loan to be sanctioned to the member as per the needs. Even sometimes the group lend money to other peoples who are not members of the group at stipulated rate of interest to gain benefits of

Table 6.4.2. WSHG-Members Aailed Loan from Common Pool

Sl. No.	Loan Details	Less Developed Blocks	Developed Blocks	Total
1.	Loan Aailed	107 (51.0)	71 (33.8)	178 (42.4)
2.	Not Aailed	103 (49.0)	139 (66.2)	242 (57.6)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

increasing group corpus. The SHGs promote unity among the members by giving preference to those who are in greater need of credit taking into consideration the nature of the problem and past history about the repayment of loan and regular saving status. In order to provide self sufficiency, increasing confidence and moral support sometimes the group waives off the interest charged on internal loan only among the group members. In this regard attempt has been made to highlight the WSHG members who availed loan from common pool in table 6.4.2 . The study found that 42.4 percent of total WSHG members have availed loan from common pool whereas 57.6 percent members have not availed any loan from common pool. As the blocks-wise distribution concern, the study found in less developed blocks 51 percent of WSHG members have taken loan from common pool whereas in developed blocks only 33.8 percent of WSHG members have availed loan from common pool. This difference clearly shows that the WSHG members of less developed blocks are in greater need of credit to cover their emergency needs as compared to members of developed blocks.

6.4.3. Number of Loan Availed by WSHG Members from Common Pool

The number of loans taken by the WSHG members from common pool is shown in table

Table 5.4.3. Number of Loan Availed from Common Pool

Sl. No.	Number of Loans	Less Developed Blocks	Developed Blocks	Total
1.	Only 1	84 (78.5)	51 (71.8)	135 (75.8)
2.	2	18 (16.8)	19 (26.8)	37 (20.8)
3.	3	5 (4.7)	1 (1.4)	6 (3.4)

	Total	107 (100)	71 (100)	178 (100)
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Compiled from data collected

Figures in parentheses are percentage of total

5.4.3. The study found that 75.8 percent of total WSHG members have availed loan only once from common pool followed by the members availed loan 2 times (20.8 percent) and members availed loan 3 times (3.4 percent). As the blocks – wise distribution concern no significant difference has been observed.

6.4.4. Reasons for taking Loan from Common Pool

In table 6.4.4 attempts has been made to highlight the reason for taking loan from common pool. The study found the WSHG members have taken loan from common pool three

Table 6.4.4. Amount and Reason of taking Loan from Common Pool

Sl. No.	Reasons of taking Loan	Less Developed Blocks			Developed Blocks			Total		
		1 st	2 nd	3 rd	1 st	2 nd	3 rd	1 st	2 nd	3 rd
1.	Productive	36 (33.6)	12 (52.3)	1 (20)	47 (66.2)	20 (100)	- (0)	83 (46.6)	32 (74.4)	1 (16.7)
2.	Consumptive	39 (36.5)	3 (13.0)	1 (20)	10 (14.1)	- (0)	1 (100)	49 (27.5)	3 (7.0)	2 (33.3)
3.	Social Occasions	9 (8.4)	2 (8.7)	- (0)	5 (7.0)	- (0)	- (0)	14 (7.9)	2 (4.7)	- (0)
4.	Medical/Health	11 (10.3)	1 (4.3)	2 (40)	6 (8.5)	- (0)	- (0)	17 (9.6)	1 (2.3)	2 (33.3)
5.	Others*	12 (11.2)	5 (21.7)	1 (20)	3 (4.2)	- (0)	- (0)	15 (8.4)	5 (11.6)	1 (16.7)

	Total	107 (100)	23 (100)	5 (100)	71 (100)	20 (100)	1 (100)	178 (100)	43 (100)	6 (100)
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Compiled from data collected

Figures in parentheses are percentage of total

*Includes financing IAY, MDM, clearing earlier loan taken from other agency, childrens education, government supported toilets, clearing earlier loan of banks

times since inception of group. During the 1st loan majority of the total WSHG members have taken loan for productive activities (46.6 percent) followed by the members obtained loan for consumptive purposes (27.5 percent) which usually consist of carrying out daily expenditure, medical /health (9.6 percent), others (8.4 percent) and social occasions (7.9 percent). The 2nd loan also shows the same situation that majority of the members taken loan for productive purposes (74.4 percent) followed by others (11.6 percent), consumptive (7.0 percent). While in case of 3rd loan majority of WSHG members have taken for consumptive (33.3 percent) and medical/ health (33.3 percent).

As the blocks-wise distribution concern the study found that in less developed blocks majority of the WSHG members have availed the 1st loan in order to meet their consumptive needs (36.5 percent) followed by productive (33.6 percent), others (11.2 percent), medical/health (10.3 percent) and social occasion (8.4 percent). While the 2nd and 3rd loan majority of WSHG members have availed in order to meet their productive (52.3 percent) and health/medical (40 percent). In case of developed blocks the situation is somehow different as majority of the members have taken 1st and 2nd loan for productive activities. Moreover it is cleared from the above analysis that the WSHG members of less developed blocks have utilized their saving amount in order to meet their needs more efficiently then members of developed blocks.

6.4.5. Activity-wise Loan Amount availed from Common Pool

Table 6.4.5 shows the details of activity wise loan amount disbursed from common pool to its members and average amount of loan availed by each member in the study area. The average interest charged for the 1st, 2nd and 3rd loan is 27 percent per annum, 20.5 percent per annum and 15.33 percent per annum.

6.4.5.1. Activity-wise Loan Amount Disbursed

As the activity – wise loan disbursement concern, the study found that in case of 1st loan the total amounts of Rs. 3,91,353 has been disbursed among which the highest need was for productive purposes (43.5 percent) followed by the loan amount needed for social occasions (21.7 percent),

Table 6.4.5. Activity-wise Loan Availed from Common Pool

{Amount in Rs.}

Sl. No.	Reasons of taking Loan	Less Developed Blocks			Developed Blocks			Total		
		No. of Loans →	1 st	2 nd	3 rd	1 st	2 nd	3 rd	1 st	2 nd
1.	Productive	60960 (27.6) {1693}	8000 (14.8) {666}	1000 (14.3) {1000}	109275 (64.0) {2325}	30000 (100) {1500}	0 (0) {0}	170235 (43.5) {2051}	38000 (45.2) {1187}	1000 (8.3) {1000}
2.	Consumptive	47010 (21.3) {1205}	11500 (21.3) {3833}	1000 (14.3) {1000}	24000 (14.0) {2400}	0 (0) {0}	5000 (100) {5000}	69610 (17.9) {1420}	11500 (13.7) {3833}	6000 (50.0) {3000}
3.	Social Occasions	61000 (27.7) {6777}	6000 (11.1) {3000}	0 (0) {0}	24000 (14.0) {4800}	0 (0) {0}	0 (0) {0}	85000 (21.7) {6071}	6000 (7.1) {3000}	0 (0) {0}

4.	Medical/Health	17830 (8.0) {1620}	500 (0.9) {500}	4000 (57.1) {2000}	9750 (5.7) {1625}	0 (0) {0}	0 (0) {0}	27580 (7.0) {1622}	500 (0.6) {500}	4000 (33.3) {2000}
5.	Others*	33678 (15.3) {2806}	28000 (51.9) {5600}	1000 (14.3) {1000}	5250 (3.1) {1750}	0 (0) {0}	0 (0) {0}	38928 (9.9) {2595}	28000 (33.3) {5600}	1000 (8.3) {1000}
	Total	220478 (100) {2060}	54000 (100) {2347}	7000 (100) {1400}	170875 (100) {2406}	30000 (100) {1500}	5000 (100) {5000}	391353 (100) {2198}	84000 (100) {1953}	12000 (100) {2000}

*Others includes Includes financing IAY, MDM, clearing earlier loan taken from other agency, childrens education, government supported toilets, clearing earlier loan of banks

Compiled from data collected

Figures in parentheses() are percentage of total loan borrowed

consumptive purpose (17.9 percent), others (9.9 percent) and medical/health (7.0 percent). In case of 2nd loan also same situation has been observed i.e. higher share of loan amount is availed for productive purpose (45.2 percent) followed by others (33.3 percent), consumptive (13.7 percent) and social occasion (7.1 percent) while in case of 3rd loan the higher share of loan amount is availed mostly for consumptive and health/medical purposes i.e. 50 percent and 33.3 percent respectively.

As the blocks – wise distribution concern, the study found that in less developed blocks as 1st loan a total amount of Rs.2,20,478 has been disbursed by WSHGs among which the share of social occasions is highest i.e. 27.7 percent followed by productive purpose (27.6 percent), consumptive (21.3 percent), others (15.3 percent) and medical/health (8.0 percent). While in case of 2nd and 3rd loan the highest loan amount is availed for other purposes (51.9 percent) and medical/health (57.1 percent). In case of developed blocks, the amount of loan disbursed to WSHG members during 1st loan was Rs. 1,70,875 out of which the loan amount share was highest for productive purposes (64.0 percent) followed by consumptive (14.0 percent), social

occasion (14.0 percent), medical/health (5.7 percent) and others (3.1 percent). While in case of 2nd and 3rd loan the WSHGs of developed blocks have undertaken loan for productive and consumptive purposes only.

6.4.5.2. Activity – wise Average Loan availed by WSHG members

As the matter related to average loan per WSHG member concern the study found that the average loan is highest in case of 1st loan (Rs. 2198) followed by 3rd loan (Rs. 2000) and 2nd loan (Rs. 1953). In terms of activity – wise average loan made available to WSHG members from common pool is highest with social occasion (Rs. 6071) in case of 1st loan, others (Rs. 5600) in case of 2nd loan and consumptive (Rs. 3000) in case in 3rd loan while lowest with consumptive (Rs. 1420), medical/health (Rs. 500) and productive and others (Rs. 1000 each) respectively.

As the blocks-wise distribution concern, the study found that in less developed blocks the highest average loan available to each WSHG members was highest during 2nd loan (Rs. 2347) followed by 1st loan (Rs. 2060) and 3rd loan (Rs. 1400). As the activity wise average loan amount availability concern, the study found in case of 1st loan the average loan is highest for social occasion (Rs. 6777), others (Rs. 5600) in case of 2nd loan and medical and health (Rs. 2000) in case of 3rd loan while lowest in medical/health in case of both 1st and 2nd loan i.e. Rs. 1620 and Rs. 500 respectively. In case of developed blocks it has been observed that the average loan amount was highest during 3rd loan (Rs.5000) followed by 1st (Rs. 2406) and 2nd (Rs. 1500). As the matter related to activity wise highest amount of average loan availed by WSHGs members is again highest for social occasion (Rs. 4800) in case of 1st loan, productive (Rs. 1500) in case of 2nd and consumptive (Rs. 5000) in case of 3rd loan.

6.4.6. Members Availed Bank Loan through WSHGs

The SHGs are basically formed to meet the credit requirements of poor people through formal financial institutions. The loan advanced by the banks to SHGs basically known as micro-credit. Since the groups are formed in terms of joint liability therefore the loans are made in the name of group instead of individual or president. Further the group jointly decided the pattern of loan disbursement among members whether the amount should be divided equally or as per needs. In the study area it has observed that majority of group divides the bank loan amount

Table 6.4.6. Number of Bank Loan Availed by the Members through WSHGs

Sl.No.	Number of Loans	Less Developed Blocks	Developed Blocks	Total
1.	No Loan	39 (18.6)	28 (13.3)	67 (16.0)
2.	Only 1	60 (28.6)	75 (35.7)	135 (32.2)
3.	2 – 3	92 (43.9)	70 (33.4)	162 (38.5)
4.	4 – 5	10 (4.8)	33 (15.7)	43 (10.2)
5.	6 – 7	3 (1.4)	4 (1.9)	7 (1.7)
6.	Above 7 times	6 (2.9)	0 (0)	6 (1.4)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

equally among each member. In this regard attempt has been made to highlight the number of

banks loan availed by the WSHG members through the group which in other terms reflects the numbers of loans the group has availed through linked bank. Table 6.4.6 shows the number of loans availed by the WSHG members in the study area since inception of the group.

The study found that 38.5 percent of total WSHG members have availed loan 2 – 3 times since inception of group followed by the members who have availed loan only once (32.2 percent), no loan (16 percent), 4 – 5 times (10.2 percent), 6 – 7 times (1.7 percent) and above 7 times (1.4 percent). As the blocks wise distribution concern the study found that in both the blocks i.e. less developed and most developed blocks same pattern has been observed. But regarding the number of persons availing bank loan through group is somehow better in developed blocks (86.7 percent) as compared to less developed blocks (81.4 percent). Further it has been observed that 4.3 percent of WSHG members of less developed blocks have availed bank loan more than 6 times whereas in developed blocks it is lowest i.e. 1.9 percent.

6.4.7. Loan and Repayment Details

Table 6.4.7 states the last loan details and repayment status of WSHG members in the study area. Further special emphasis has been made to highlight the average interest charged by the groups on the loans and the average subsidy availed by members. The study found that the average last loan available to each WSHG member in the study area is Rs. 123349.19 at the average rate of 14.4 percent interest per annum. The WSHGs in the study area have been provided subsidy through SGSY programme in which only the BPL members can avail the subsidy amount of Rs. 10000. In some of the WSHGs the subsidy amount is distributed among the BPL members only whereas in some group the subsidy amount is divided equally between BPL and non-BPL members. The average subsidy amount availed each WSHG member in the

Table 6.4.7. Loan and Repayment Details**(Amount in Rs.)**

Sl. No.	Blocks	Average last loan amount	Average Interest charged (In %)	Average subsidy Amount	Average amount paid	Repayment Ratio (In %)
1.	Less Developed Blocks	13098.42	14.6	9049.29	5416.88	41.35
2.	Developed Blocks	11681.92	14.1	8705.22	5320.53	45.54
	Total	12349.19	14.4	8876.18	5367.18	41.55

Compiled from the data collected

study area is Rs. 8876.18 with an average repayment of Rs. 5367.88 registering the repayment ratio of 41.55 percent.

As the blocks – wise distribution concern, the study found that in less developed blocks the last average loan amount availed by WSHG members is Rs. 13098.42 along with the average annual interest charged of Rs. 14.6 percent. These WSHG members have availed an average subsidy amount of Rs. 9049.29 which is higher than average district level. The WSHG members have made an average repayment of Rs. 5416.88 registering the repayment ratio of 41.35 percent. While in the developed blocks the average last loan availed by each WSHG member is Rs. 11681.92 which is lower than the average loan availed by WSHG members at district level as well as of less developed blocks. The interest charged by the group is low i.e. 14.1 percent per annum as compared to less developed blocks. Even the subsidy amount made to each WSHG members is also lower than the district as well as less developed blocks average subsidy. As the matter of repayment concern the study found that the average repayment made by each WSHG

members is Rs. 5320.53 which is lower than the average repayment made by WSHG members at district level as well as less developed blocks but in terms of repayment ratio the WSHG of developed blocks are in better position i.e. 45.54 percent as compared to the district repayment (41.55 percent) and less developed blocks (41.35 percent).

6.4.8. Loan Defaulters

The regular repayment determines the sustainability of the group. Timely repayment of loan not only created confidence not only on part of creditor but also debtors. As per the report of NABARD, over the years the SHG are having the repayment of above 90 percent. This is

Table 6.4.8. Number of Defaulter Members

Sl.No.	Parameters	Less Developed Blocks	Developed Blocks	Total
1.	Non – Defaulters	199 (94.8)	210 (100)	409 (97.4)
2.	Defaulters	11 (5.2)	0 (0)	11 (2.6)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

basically due to the rest effort of banking institutions and promoting agencies. Moreover, the women have a tendency of better utilization of resources as compared to men. In this regard attempt has been made to highlight the repayment of credit made WSHG members in the study area in table 6.4.8 . Data reveals that out of the total 420 WSHG members 97.4 percent are non defaulters as they have made they have made their payment regularly while 2.6 percent of total WSHG members have not made any repayment till the date of survey. As the blocks –wise

distribution concern, the study found that in less developed blocks 5.2 percent of WSHG members are defaulters while in case developed blocks cent percent repayment exist. This clearly states the better status of WSHG members of developed blocks as compared to less developed blocks in term of repayments.

6.4.9. Defaulted Loan Amount

After analyzing the numbers of WSHG members made defaults in repayment of loan, attempt has been made to highlight the average amount loan defaulted by each member along with defaulted interest amount in table 6.4.9 .

Table 6.4.9. Defaulted Average Loan Amount

(Amount in Rs.)

Sl. No.	Blocks	Average Amount of Loan Defaulted	Average amount of interest defaulted	Total amount defaulted (Including Loan and interest)
1.	Less Developed Blocks	14545.45	3649.54	18194.99
2.	Developed Blocks	0	0	0
	Total	14545.45	3649.54	18194.99

Compiled from the data collected

Data reveals that there are no defaulters in case of developed blocks whereas in less developed blocks total average of Rs. 18194.99 amount has been defaulted by each defaulted member which consist the average loan amount of Rs. 14545.45 along with the average interest of Rs. 3649.54 till the day of survey.

6.4.10. Reason for Defaulting the Loan Amount

Table 6.4.10 shows the reason for defaulting the loan amount made by WSHG members in the study area. Data reveals that 54.5 percent of WSHG members are willful defaulters followed by the members have not repaid the loan due to Family health problems (18.2 percent), death of animals (18.2 percent) and high children's educational expenditure (9.1 percent). In order to have the better understanding attempt has been made to get insight the reason behind non repayment of willful defaulters and the study found that since the other members (i.e. the members who have not repaid the loan due to factors other than willful as stated in table) have not repaid the loan because of that only the rest of the members are not made any repayment.

Table 6.4.10. Reasons for Defaulting Loan Amount

Sl. No.	Reasons for Defaulting	Less Developed Blocks	Developed Blocks	Total
1.	Willful Defaulters	6 (54.5)	0 (0)	6 (54.5)
2.	Family Health Problems	2 (18.2)	0 (0)	2 (18.2)
3.	High Children's Educational Expenditure	1 (9.1)	0 (0)	1 (9.1)
4.	Death of Animals	2 (18.2)	0 (0)	2 (18.2)
	Total	11 (100)	0 (0)	11 (100)

Compiled from data collected

Figures in parentheses are percentage of total

6.4.11. Loan availed by WSHG members through Agencies other than Group

The SHGs are formed in order to make the poor members self reliant through self saving

and to access this saving amount during need. Since the saving amount is too low and the amount dispersed to the members by the group does not meet the requirements. in this situation the WSHG members approach the other sources to avail credit facility to meet their needs. In this regard attempt has been made to highlight the activity wise loan availed by the WSHG members through other sources in table 6.4.11 .

6.4.11.1. WSHG members availed loan from Other Agencies

Table 6.4.11 reveals that 95 percent of total WSHG members have availed loan from any other agencies for any purposes whereas 2.1 percent of total WSHG members have availed loan for productive purpose followed by others (1.2 percent), social occasions (0.7 percent), consumptive (0.5 percent) and medical (0.5 percent). As the blocks – wise distribution concern, the study found that in less developed blocks only 2.9 percent of WSHG members have availed loan from other agencies in order to cover their need for productive, social occasions and other activities. Whereas in developed blocks 7.1 percent of WSHG members have availed loan through other agencies among which the productive purpose holds highest share followed by others, medical, consumptive and social occasions. This clearly states that the WSHG members

Table 6.4.11. Activity – wise Loan availed by WSHG members through Other Agencies

(During last 1yr.)

(Amount in Rs.)

Sl.No.	Activities	Less Developed Blocks	Developed Bocks	Total
1.	Nil	204 (0)	195 (0)	399 (0)
2.	Productive	2 (30000)	7 (64500)	9 (94500)

3.	Consumptive	- (0)	2 (20000)	2 (20000)
4.	Social Occasions	2 (35000)	1 (25000)	3 (60000)
5.	Medical	- (0)	2 (3000)	2 (3000)
6.	Others*	2 (17000)	3 (80000)	5 (97000)
	Total	210 (82000)	210 (192500)	420 (274500)

Compiled from the data collected

Fig. 1 parentheses represents Amount

*Others includes education of children, clearance of earlier loan, house construction

of less developed blocks after joining SHG programme doesn't want to approach other agencies for their credit needs.

6.4.11.2. Activity – wise Amount of Loan availed from other Agencies

As the matter of activity wise loan availed by WSHG members through different sources concern the study found that the total amount of Rs. 274500 has been availed by WSHG members in the study area since last 1 year. Out of which the major share of loan is demanded for other (35.3 percent) followed by productive purpose (34.4 percent), social occasions (21.9 percent), consumptive (7.3 percent) and medical (1.1 percent). As the blocks – wise distribution concern the study found that in less developed blocks the amount of Rs. 82,000 has been availed by WSHG members which shares only 29.9 percent of total loan availed by WSHG members at the district level. Moreover, the WSHG members have availed loan from other agencies only for productive, social occasions and other purposes among which the share of social occasions is highest. In case of developed blocks the amount of Rs. 1,92,500 has been availed by WSHG

members among which the highest share is availed by other purposes (41.7 percent) followed by productive (33.5 percent), social occasions (13.0 percent), consumptive (10.4 percent) and medical (1.6 percent).

6.4.12. Agency – wise Credit Disbursement

After analyzing the activity wise loan availed by WSHG members along with loan amount from other sources, Attempts has been made to highlight the agency wise loan taken by the WSHG members for meeting their different needs. In this regard the other agencies have been classified into two broad categories i.e. financial institutions and non-financial institutions. Table 6.4.12 reveals that out of the total amount of loan opted by WSHG members from other

Table 6.4.12. Agency – wise Credit Availed by WSHG members

(Amount in Rs.)

Sl. No.	Activities	Financial Institutions			Non-Financial Institutions		
		RRBs	Comm.	Co-op	Money Lenders	Friends/ Relatives	Others**
1.	Productive	9000	-	-	1500	40000	44000
2.	Consumptive	-	-	-	-	5000	10000
3.	Social Occasions	-	-	-	-	5000	25000
4.	Medical/Health	-	-	-	-	3000	-
5.	Others*	50000	-	25000	10000	12000	-
	Total	59000	-	25000	11500	60000	79000

*includes includes education of children, clearance of earlier loan, house construction

** Includes LAMB, Microfinance Ltd, SHG Federations, Other SHGs

Compiled from data collected

sources 54.8 percent are from non financial institutions. In the study area the poor people usually borrow money from their friends and relatives as it acts as an easiest and earliest way of getting loan (mostly interest free) during need. The study further found that the highest amount of loan is availed through others** sources of non-financial institutions followed by friends/relatives, RRBs, Cooperative banks and lastly the money lenders. As the activity wise loan disbursement concern, the data reveals that the higher loan amount is disbursed by RRBs for other* purposes (Rs. 50,000), others** for productive purposes (Rs. 44,000), Friends/relatives for productive purposes (Rs. 40,000) and Cooperative banks for other* purposes (Rs.25,000). The commercial banks have not given loan to WSHG members for any purposes during the last 1 year.

6.4.13. WSHG - Repayment Schedule differ from other Agencies

After analyzing several issues relating to access to credit, loan availed and repayment status, loan from the other sources attempt has been made to highlight the satisfaction level of WSHG members in terms of loan repayment schedule of SHGs is better or not over the other sources of loan. The study found that 80.7 percent of total WSHG members have stated that the repayment schedule of SHGs is better over the other sources of loan. The reasons behind their positive attitude is due to the factors such as loan at lesser interest (1 percent per month), installment payment, differed payment, loan adjustment through group saving etc. while only 2.6 percent of total WSHG members have stated no difference between schedule of repayment. Further, 16.7 percent of total WSHG members have stated that they don't know whether they have observed any difference. This is basically due to illiteracy and lack of credit knowledge among members. As the blocks – wise distribution concern, the study found that in less

Table 6.4.13. WSHG –Repayment Schedule Differ from Other Agencies

Sl. No	Parameters	Less Developed Blocks	Developed Blocks	Total
1.	Yes	156 (74.3)	183 (87.1)	339 (80.7)
2.	No	5 (2.4)	6 (2.9)	11 (2.6)
3.	Don't Know	49 (23.3)	21 (10.0)	70 (16.7)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

developed blocks 74.3 percent of WSHG members have stated that the repayment schedule of SHGs differ from other sources of repayment while 23.3 percent stated they don't know and 2.4 percent have stated no difference between repayment schedules. In developed blocks, 87.1 percent of total WSHG members have stated that the repayment schedule of SHGs differ from other agencies while 2.9 percent have given negative response.

6.4.14. Conclusion

This section has highlighted the detailed loan and repayment details of WSHG members in the study area. Majority of WSHG members contributes less than Rs.100 per month as individual saving with group. 42.4 percent of total WSHG members have availed loan from common pool in order to meet their requirements since the inception of the group. The average loan made available to each WSHG member in the study area is Rs. 12349.19 at district level at

the interest of 14.4 percent per annum. The section also highlights the defaulters status along with defaulting total amount (Principal + interest) and the agency wise credit availed by WSHG members for meeting their requirements other than Group.

SECTION FIVE

Activities Undertaken and Problems Encountered by the WSHG Members

The major cause of formation of SHGs is to avail credit facility in order to carry out some income generation activities to move out from the clutches of poverty and deprivation. The WSHG members after getting loan carry out either the family business or makes investment in diversified activities to avail greater benefit. This section tries to highlight the activities undertaken by WSHG members in the study area and the problem encountered by them in performing the activities.

6.5.1. Activities Undertaken by WSHG Members after Joining Group

The SHG programme has been initiated to provide a forum of co-operation to poor peoples in order to build the self owned micro enterprises. The women micro entrepreneurs usually pursue economic activities based on their traditional household's activities or in some cases indistinguishable. The women members lack on several ground and among which the training for new product and market demand of the product is the major one. Various studies show that the SHGs member does not able to repay the loan due to disaster sale of their produce. Table 6.5.1 shows the WSHG member's undertaken activities after joining group in the study area. The study found that 90.7 percent of total WSHG members have undertaken activities after joining group whereas 9.3 percent of members have not undertaken any activities. This is basically due to either the non availability of loan from linked banks or diversifying the loan in meeting other purposes.

6.5.1. WSHG members Undertaken Economic Activities after joining Group

Sl. No.	Activity Undertaken	Less Developed Blocks	Developed Blocks	Total
1.	Yes	190 (90.4)	191 (91.0)	381 (90.7)
2.	No	20 (9.6)	19 (9)	39 (9.3)
	Total	210 (100)	210 (100)	420 (100)

Compiled from data collected

Figures in parentheses are percentage of total

Table 6.5.2 shows the WSHG members engaged in different income generating activities and in this regard multi responses has obtained. However, for the sake of simplicity and convenience all economic activities have been grouped into seven sub heads.

Agriculture includes cultivation of Paddy, Vegetables, Groundnut and Mushroom.

Food Processing includes Puffed rice, Snacks, sweets and Ladoo making.

Live Stocks includes Dairy, goat and sheep rearing, and poultry.

Households industries includes Bamboo works, Potterer, turmeric powder making, incense stick making and tailoring.

Trade and commerce includes shops, hotels, rice business, seasonal business, fish selling and fruits business.

Forest based activities includes Sabai grass rope and fancy items making, leaf plates and cups making including leaf collection and stitching and Tal leaf fancy and daily use items making.

Others includes Public Distribution System, Mid Day Meal and Bore well.

Table 6.5.2. Activities undertaken by WSHG members after joining Group

Sl. No.	Activities Undertaken	Less Developed Blocks	Developed Blocks	Total
1.	Forest based activities	27.2	39.4	33.5
2.	Live Stocks	38.6	24.2	31.1
3.	Trade and Commerce	14.0	13.2	13.6
4.	Household Industries	12.3	1.6	6.8
5.	Agriculture	3.9	6.5	5.3
6.	Food Processing	2.6	5.3	4.0
7.	Others	1.4	9.8	5.7
	Total	100	100	100

*Compiled from the data collected
Figures in Percentage*

Table 6.5.2 reveals that 33.5 percent of total WSHG members in the study area are engaged in forest based activities followed by live stocks (31.1 percent), trade and commerce (13.6 percent), household industries (6.8 percent), others (5.7 percent), Agriculture (5.3 percent) and food processing (4.0 percent). As the blocks wise distribution concern, the study found that in less developed blocks 38.6 percent of WSHG members were engaged in rearing live stocks followed by forest based activities (27.2 percent), trade and commerce (14.0 percent), household industries (12.3 percent), agriculture (3.9 percent), food processing (2.6 percent) and others (1.4 percent). In developed blocks the situation is somehow different as majority of WSHG members have undertaken forest based activities as their major occupation (39.4 percent) followed by live stock rearing (24.2 percent), trade and commerce (13.2 percent), others (9.8 percent), agriculture (6.5 percent) and food processing (5.3 percent). The study clearly shows that diversified activities have been availed by WSHG members in both the blocks.

6.5.2. Problems and Constraints

The Microfinance programme has been initiated in order to promote women entrepreneurship in rural areas through formal credit facility. The sustainability of SHGs depends upon the profit gained by members after undertaking certain economic activities and the barriers in operation of the micro – enterprises serves as a major cause of failure and non repayment of the loan amount. Therefore it is important to know the major problems faced by WSHG members in the study area.

Table 6.5.3. Problems and Constraints of WSHG Members

(Figures in Percentage)

Sl. No.	Problems	Less Developed Blocks	Developed Blocks	Total
1.	Marketing	18.2	19.6	18.9
2.	Finance	32.0	36.6	34.4
3.	Product and Quality	0.4	4.3	2.4
4.	Infrastructure	6.1	12.7	9.4
5.	Inputs/Raw materials	12.6	3.4	7.9
6.	Others*	30.7	23.4	27.0
	Total	100	100	100

Compiled from the data collected

**includes Diseases, seasonal nature and political disturbances*

Table 6.5.3 states the multi responses made by WSHG members in respect to problems and constraint faced by them in running their micro enterprises. All problems related to

enterprise formation, operation and development has been classified into six broad categories. The study found that 34.4 percent of total WSHG members have stated regular finance as their major problem followed by others (27.0 percent) and marketing (18.9 percent).

As the blocks wise distribution concern the study found in less developed blocks finance again acts as a major problem (32.0 percent) followed by others (30.7 percent) and marketing (18.2 percent) while in developed blocks also same pattern has been observed.

6.5.2.1. Problems of Marketing

The marketing of the products acts as a major challenge before every enterprise. The big firms usually spend a major share of their investment/profit in marketing of the produce in order to catch the demand of the consumers. Moreover, these enterprises make several survey and studies to make the product desirable as per consumer needs. This acts as a major cause behind successful operation and earning huge profits on part of the big enterprises. Studies show that many good product fails in world due to lack of proper marketing. Following are the major problems of marketing stated by WSHG members in the study area.

- Lack of market knowledge,
- Insufficient demand,
- Disaster sales,
- Intermediaries,
- Lack of linkage with marketing agencies,
- Lack of permanent markets,
- Stiff competition from neighboring villages,
- Stiff competition from big players,

- Unattractive packing system.

Almost all WSHGs members are facing marketing problem in the study area in some different forms. The activities like vegetables, mushroom, ground nuts, snacks, sweets, dairy, turmeric powder making, incense stick making, bamboo works, fish selling, fruit business, sal leaf plates and cups making, tal leaf items, sabai grass rope and fancy items are facing lack of sales due to marketing deficiencies. The study further found that in some villages the local traders purchase the products of WSHGs at disaster price and sell the products in district headquarter or neighboring states traders at higher cost.

6.5.2.2. Problem of Finance

Finance acts as an essential element in formation and development of any enterprise. Its availability at cheaper rate always acts as a matter of concern not only before big industrialist but also to micro entrepreneurs. The study found that the WSHG members have stated finance as the major problem which involves both demand side as well as supply side problems. The average loan advanced to WSHG members in the study area is quite low which creates a problem not only in formation of micro enterprises but also in meeting the usual operational expenses.

- Lack of regular finance facility,
- Inadequate loan amount,
- Delay in disbursement of loan,
- Non-payment of subsidy amount,
- Restrictions in withdrawing amount from group saving,
- Demanding Bribes in disbursement of loan,
- No proper response regarding query

- Long processing period,
- No seriousness on part of financing SHGs.

6.5.2.3. Problems of Product and Quality

The products of WSHG members basically fail on ground of quality. Though the products are made through rigorous effort but in competition to the machine oriented products it somehow fails to catch the demand.

- Low quality of raw materials,
- Low lasting products,
- Traditional methods of production,
- High defective products,

6.5.2.4. Problems of Infrastructure

The infrastructure acts as one the major problems to WSHG entrepreneurs in the study area. The infrastructure includes storage, transportation, packaging, machineries and regulated markets etc. The study found that majority of the WSHG member's sale their produce at lower prices due to lack of proper storing facility. The products like paddy, vegetables, mushroom, ground nuts, puffed rice, snacks, sweets, incense stick, fish, fruits, sal leaf items, sabai grass items etc. needs proper storage facility. The absence of cheaper transportation and regulated local markets the producers sells their products at lower prices.

- No proper storage facilities,
- No SEZs,
- Lack of vending zones,

- Lack of railways and road ways,
- High cost of transportations,

6.5.2.5. Problems of Inputs/Raw materials

It has been observed from the study that in both the blocks a major number of WSHG members are engaged in nature based activities which are usually of seasonal nature. The sal leaf are not available during autumn seasons, moreover the sabai grasses grows during post rainy season only. There exist several other problems of inputs

- Non availability throughout the year,
- Lack of quality,
- High prices due to hoarding,
- Fear of dangerous animals,

6.5.2.6. Other factors

There exist several other problems in addition to the above stated problem which not only act as a major barrier in development of WSHGs in the study area but also acts a matter of concern before the promoting agencies. They others factors includes

- **Disease**

The study found that the WSHG members who have opted live stocks rearing as their major occupations have reported disease as their major problem which not only requires high medications but also death of animal leading to huge losses and defaults in repayments. Further during the time of survey the problem of bird flu had spread over all districts of Odisha and

among which the study area was also effected which has created a huge loss on part of the poultry business holders.

- **Political Interference**

There exists strong interference on part of political parties in operation of WSHGs opted micro enterprises. The members stated that the local counselors basically to get women votes tries to include the WSHG members in their rally which not only against the ethic of group but also leads to loss of valuable time. Further in some activities like Mid day meal and Public distribution system they political parties hinders the working by imposing their political powers and effects the functioning of both the enterprise as well as the group.

- **Exploitations by strong members**

In case of SHGs also there exists exploitation of poor members or the members who joins the group at later stage. Moreover, the WSHG members who are the leader of SHG federation at village and panchayat levels dominate or interfere in operations of other groups which not only creates tensions within group but also at village level. This leads to loss of faith against the programme.

- **Corruption**

The study has found one major factor effecting the confidence of members on part of the promoting and financing agencies is that the corruptions in promoting and disbursement of loan and subsidies. The study found that the WSHG members of Morada and Tiring Block have stated that the officer who comes for inspection of group for advancing SGSY loan has demanded the travelling as well as inspection fee which is not as per the rules. Further, in Bahalda block

WSHG members have stated that the bank staffs has demanded bribe against disbursement of loan amount and subsidy.

6.5.3. Conclusion

The section has highlighted the major activities opted by WSHG members in the study area and the blocks wise distribution. The study found that the WSHG members in both the blocks were engaged in forest and live stocks activities which does not provides sufficient returns. Further these activities are seasonal in nature and effected by several other factors. As the matter of problems and constraint concern, the study found that finance still acts as a major problem in both the blocks and other problems which are discussed in details hinder the performance and development of WSHG in the study area. It has been also observed that the financial institutions are not ready to accept the SHGs as the part of their formal business and this ignorance has reduced the confidence of members on part of both the promoting agencies as well as the linking institutions. It has been observed that the WSHG members promoted by the NGOs have not stated the problem related corruption, exploitation by strong members, political interference etc. This shows their better role and responsibility towards promotion of the programme.

SECTION SIX

Impacts of SHG Programme on Women Empowerment

The SHG programme has been initiated by NABARD and government of India in order to accelerate the growth and performance of micro enterprises of existing entrepreneurs in addition to formation and creation of new entrepreneurs in rural areas. The programme tries to cover the wider dimensions such as poverty, unemployment, standard of living and several other matters. Various studies show that the lack of job opportunities is a major factor which tends to raise other problems in the economy. SHG is a concept of self help through mutual help. Rajpal and Agarwal (2013) made studies on “Tribal women entrepreneurs and microfinance” and found that after joining the SHG programme the income of women entrepreneurs has increased by 197.80 percent as compared to pre SHG period in Mayurbhanj district of Odisha. To assess the impact of SHGs on women empowerment four indicators were chosen. They were man days of employment, personal income, household expenditure and savings. The questions here are that whether these indicators show any improvement due to the women’s membership in SHGs and whether the level of development of the block contributes to any variation in the impact of SHGs on empowerment of women.

To assess the inter block variation in employment, personal income, household expenditure and savings analysis of variance repeated measures tests of within-subjects effects were used. The results are discussed as under.

6.6.1. Impact of SHGs on Women Employment

The first indicator chosen was women employment. The SHGs had significant impact

employment of women. There was significant variation in man days of employment of women between before and after situations. The F ratios computed with different tests were exactly similar (328.3) and significant at 1 per cent level (See table 6.6.1).

Table 6.6.1. Inter Block Variation in Impact of SHG on Women Employment:

ANOVA Repeated Measures Tests of Within-Subjects Effects

Sl.No	Source	Test	Type III Sum of Squares	df	Mean Square	F	Sig.
1	Employment	Sphericity Assumed	7245	1	7245	328.3**	.00
	(Before vs After)	Greenhouse-Geisser	7245	1	7245	328.3**	.00
		Huynh-Feldt	7245	1	7245	328.3**	.00
		Lower-bound	7245	1	7245	328.3**	.00
2	Employment X Blocks	Sphericity Assumed	99	1	99	4.5*	.03
		Greenhouse-Geisser	99	1	99	4.5*	.03
		Huynh-Feldt	99	1	99	4.5*	.03
		Lower-bound	99	1	99	4.5*	.03
3	Error(factor1)	Sphericity Assumed	9225	418	22		
		Greenhouse-Geisser	9225	418	22		
		Huynh-Feldt	9225	418	22		
		Lower-bound	9225	418	22		

Source: Primary Data ** P < 0.01 level

* P < 0.05

Further, there was significant variation in the effect of SHGs on women employment across the less developed and developed blocks. The F ratios computed with different tests were exactly same (4.5) and significant at 5 percent level.

The comparison of mean days of monthly employment of women indicated that it increased after joining SHGs in both the developed and less developed blocks significantly. However, the increase in employment due to joining SHGs was significantly greater in the

developed blocks as compared to the less developed blocks. In the less developed blocks the mean man days of monthly employment of the members was 14 days before their joining SHGs. It increased on an average to 19 days after their joining SHGs. On the other hand, in the developed blocks the mean days of women employment has increased from 14 days before joining SHGs to 21 days after joining SHGs(see table 6.6.2).

Table 6.6.2. Inter Block Variation in Impact of SHG on Women Employment: Estimates of Man days of Monthly Employment

Sl.No	Type of Blocks		Monthly Employment (No. of Man days)		95% Confidence Interval	
			Mean	Std. Error	Lower Bound	Upper Bound
1	Less Developed Blocks	Before Joining SHG	13.9	.505	12.940	14.926
		After Joining SHG	19.1	.420	18.294	19.944
2	Developed Blocks	Before Joining SHG	14.2	.505	13.169	15.155
		After Joining SHG	20.7	.420	19.899	21.549

Source: Primary Data

** P < 0.01 level

* P < 0.05

6.6.2. Impact of SHGs on Monthly Personal Income of Members

The second indicator of women empowerment considered was monthly personal income of the respondents. Like employment the personal income of the respondents has also increased after joining SHGs significantly. The F ratios of monthly personal income before and after joining SHGs calculated with different tests were exactly same (860.5) and significant at 1 percent level.

Similarly, the F ratios computed for assessing the interaction effect of monthly personal income before and after joining SHG situations on the one hand and blocks were exactly same

(5.5) and significant at 5 percent level. This shows that there is significant variation in the impact of SHGs on monthly income of the respondents across the less developed and developed blocks.

Table 6.6.3. Inter Block Variation in Impact of WSHG on Monthly Personal Income of Members: ANOVA Repeated Measures Tests of Within-Subjects Effects

Sl. No	Source	Test	Type III Sum of Squares	Df	Mean Square	F	Sig .
1	Monthly Personal Income	Sphericity Assumed	140589669.6	1	1.41E+08	860.5*	.00
	(Before vs After)	Greenhouse-Geisser	140589669.6	1	1.41E+08	860.5*	.00
		Huynh-Feldt	140589669.6	1	1.41E+08	860.5*	.00
		Lower-bound	140589669.6	1	1.41E+08	860.5*	.00
2	Monthly Personal Income X Blocks	Sphericity Assumed	891154.2857	1	8.91E+05	5.5*	.02
		Greenhouse-Geisser	891154.2857	1	8.91E+05	5.5*	.02
		Huynh-Feldt	891154.2857	1	8.91E+05	5.5*	.02
		Lower-bound	891154.2857	1	8.91E+05	5.5*	.02
3	Error(factor1)	Sphericity Assumed	68290001.07	418	1.63E+05		
		Greenhouse-Geisser	68290001.07	418	1.63E+05		
		Huynh-Feldt	68290001.07	418	1.63E+05		
		Lower-bound	68290001.07	418	1.63E+05		

Source: Primary Data

** P < 0.01 level

* P < 0.05 level

The comparison of estimated monthly personal income of the respondents between the before and after situations across the developed and less developed blocks shows that the those in the developed blocks benefited significantly greater extent as compared to those in the less

developed blocks. The monthly personal income of the respondents in the developed blocks has increased from Rs 493 before joining SHGs to Rs 1377 after joining SHGs. On the other hand in the less developed blocks the monthly personal income has increase from Rs 489 to Rs 1242 due to their joining of SHGs(see table 6.6.4).

Table 6.6.4. Inter Block Variation in Impact of WSHG on Monthly Personal Income of Members: Estimates of Mean

Sl.No	Blocks		Monthly Personal Income		95% Confidence Interval	
			Mean	Std. Error	Lower Bound	Upper Bound
1	Less Developed Blocks	Before Joining SHG	489.214	20.754	448.420	530.009
		After Joining SHG	1242.286	43.827	1156.138	1328.434
2	Developed Blocks	Before Joining SHG	493.452	20.754	452.658	534.247
		After Joining SHG	1376.810	43.827	1290.662	1462.957

Source: Primary Data

6.6.3. Impact of SHGs on Monthly Household Expenditure of Members

The third indicator of women empowerment chosen was household expenditure of members. The results of ANOVA repeated measures tests indicate that the household expenditure of the respondents has increased due to their involvement in self help groups. However, there was no significant variation in the positive effect of SHGs across the less developed and developed blocks.

The computed F ratios with different statistical tests for comparison of household expenditure of the respondents were exactly same (907.56) and significant at 1 percent level.

Table 6.6.5. Inter Block Variation in Impact of SHG on Monthly Household Expenditure of Members: ANOVA Repeated Measures Tests of Within-Subjects Effects

Sl. No	Source	Test	Type III Sum of Squares	df	Mean Square	F	Sig.
1	Expenditure	Sphericity Assumed	331282560	1	331282560	907.56**	.00
	(Before vs After)	Greenhouse-Geisser	331282560	1	331282560	907.56**	.00
		Huynh-Feldt	331282560	1	331282560	907.56**	.00
		Lower-bound	331282560	1	331282560	907.56**	.00
2	Expenditure * Blocks	Sphericity Assumed	403048	1	403048	1.10	.29
		Greenhouse-Geisser	403048	1	403048	1.10	.29
		Huynh-Feldt	403048	1	403048	1.10	.29
		Lower-bound	403048	1	403048	1.10	.29
3	Error(factor1)	Sphericity Assumed	152579892	418	365024		
		Greenhouse-Geisser	152579892	418	365024		
		Huynh-Feldt	152579892	418	365024		
		Lower-bound	152579892	418	365024		

Source: Primary Data

** P < 0.01 level

* P < 0.05

Table 6.6.6. Inter Block Variation in Impact of SHG on Monthly Household Expenditure of Members: Estimates of Mean

Sl. No	Type of Block		Household Expenditure(Rs)		95% Confidence Interval	
			Mean	Std. Error	Lower Bound	Upper Bound
1	Less Developed Blocks	Before Joining SHG	1624	55	1516	1733
		After Joining SHG	2836	98	2644	3029
2	Developed Blocks	Before Joining SHG	1632	55	1523	1740
		After Joining SHG	2932	98	2739	3124

Source: Primary Data

** P < 0.01 level

* P < 0.05

However, the F ratios (1.1) of interaction effect of blocks with before and after household expenditure was not significant even at 5 percent level although exactly similar (see table 6.6.5)

The estimated mean household expenditure of members of SHGs before and after joining SHGs across the less developed and developed blocks shows that there was no variation across the types of blocks. In the less developed blocks the household expenditure of the members of SHGs has increased from Rs 1624 before joining SHGs to Rs 2836 after joining SHGs. Likewise the household expenditure in developed blocks has increased from Rs 1632 to Rs 2932. The differences in the increase across the less developed and developed blocks were not significant (see table 6.6.6).

6.6.4. Impact of SHG on Monthly Personal Savings of the Members

The fourth indicator of women empowerment chosen was savings of WSHG members. The results of the ANOVA repeated measures test indicates that the personal savings of the respondents has increased after joining Self Help Groups. However, there is no significant variation in the positive effect of SHGs across the less developed and developed blocks. The computed F ratios with different statistical test for comparison of personal savings of respondents are exactly same (1496.0) and significant at 1 percent level. However, the F ratios (3.5) of interaction effect of blocks with before and after personal saving even not significant at 5 percent level although exactly similar (see table 6.6.7).

The estimated mean personal saving of WSHG members before and after joining SHGs across the less developed and developed blocks shows that there is no variation across the types of blocks. In the less developed blocks the personal saving of the respondents has increased from Rs. 28 before joining group to Rs. 4487 after joining SHGs. Similarly in developed blocks, the

Table 6.6.7. Inter Block Variation in Impact of WSHG on Monthly Personal Savings of Members: ANOVA Repeated Measures Tests of Within-Subjects Effects

Sl. No	Source	Test	Type III Sum of Squares	df	Mean Square	F	Sig.
1	Personal Saving	Sphericity Assumed	3796325925	1	3796325925	1496.0**	.00
	(Before vs After)	Greenhouse-Geisser	3796325925	1	3796325925	1496.0**	.00
		Huynh-Feldt	3796325925	1	3796325925	1496.0**	.00
		Lower-bound	3796325925	1	3796325925	1496.0**	.00
2	Personal Saving X Block	Sphericity Assumed	8984012.668	1	8984012.668	3.5	.06
		Greenhouse-Geisser	8984012.668	1	8984012.668	3.5	.06
		Huynh-Feldt	8984012.668	1	8984012.668	3.5	.06
		Lower-bound	8984012.668	1	8984012.668	3.5	.06
3	Error(factor1)	Sphericity Assumed	1060761680	418	2537707.368		
		Greenhouse-Geisser	1060761680	418	2537707.368		
		Huynh-Feldt	1060761680	418	2537707.368		
		Lower-bound	1060761680	418	2537707.368		

Source: Primary Data

** P < 0.01 level

* P < 0.05

Table 6.6.8. Inter Block Variation in Impact of WSHG on Personal Savings of Members:

Estimates of Mean

Sl. No	Blocks		Personal Savings(Rs)		95% Confidence Interval	
			Mean	Std. Error	Lower Bound	Upper Bound
1	Less Developed Blocks	Before Joining SHG	28	4	20	37
		After Joining SHG	4487	156	4181	4793
2	Developed Blocks	Before Joining SHG	26	4	18	35
		After Joining SHG	4071	156	3765	4377

Source: Primary Data

personal savings of respondents has increased from Rs. 26 before joining group to Rs. 4071 after joining group. The differences in the increase across the less developed and developed blocks were not significant (see table 6.6.8).

6.6.5. Testing of Hypotheses

The following hypotheses provide focus to the present study.

1. As the duration of membership in self help groups increases the empowerment of women in terms of increase in personal employment, income, household expenditure and personal saving also increases.
2. Educational status of WSHGs members has positive impact on income, expenditure and saving.
3. Microfinance programme under WSHGs has equitable impact in terms of increase in personal employment and personal income of members in both developed and less developed blocks.

To identify the factors associated with the self help groups impact on empowerment of women and test these hypotheses multiple linear regression models were fitted. The dependent variables were change in man days of monthly employment, change in personal income, change in household expenditure and change in savings after joining SHGs. On the other hand the independent variables were designation, duration of membership, age group, caste(SC = 1, ST = 2, OBC = 3, Others =4), Christian, (Christian = 1; Otherwise = 0), Muslim (Muslim = 1; Otherwise = 0), educational status, socio economic category(APL = 1; Otherwise = 0), Block (Developed = 1; Otherwise = 0). The results of the five regression models are presented in the table (6.6.9).

Table 6.6.9. Determinants of Impact of SHGs on Women Empowerment: Regression

Estimates

Sl.No	Independent	Dependent Variable			
		Employment Change	Income Change	Expenditure Change	Saving Change
1	Constant	-1.77 (0.6)	732.83** (3.0)	678.80 (1.9)	467.38 (0.5)
2	Designation	0.19 (0.4)	-82.56* (2.0)	-37.48 (0.6)	69.60 (0.5)
3	Duration	0.17 (1.5)	37.77** (3.7)	74.26** (5.1)	287.96** (7.6)
4	Age Group	-0.43 (0.7)	33.29 (0.6)	68.73 (0.9)	161.85 (0.8)
5	Caste	0.26 (0.8)	-44.03 (1.5)	84.12* (1.9)	223.04* (2.0)
6	Christian (Christian = 1; Otherwise = 0)	-4.53* (2.3)	93.45 (0.5)	479.82* (1.9)	- 1842.18** (2.9)
7	Muslim (Muslim = 1; Otherwise = 0)	2.71 (1.7)	126.85 (0.9)	552.85** (2.8)	1740.98** (3.4)
8	Educational Qualification	1.50** (4.3)	62.04* (2.1)	140.69** (3.3)	227.14* (2.1)
9	Socio Economic Category (APL = 1; Otherwise = 0)	1.98* (2.3)	-25.63 (0.4)	-206.23* (2.0)	331.04 (1.2)
10	Block (Developed = 1; Otherwise = 0)	1.32* (2.0)	115.45* (2.0)	-17.22 (0.2)	-369.91 (1.7)
	Adjusted R Square	0.07**	0.05**	0.13**	0.17**
	F	4.43	3.61	7.84	10.52

Source: Primary Data

Figures in parentheses are 't' values

** P < 0.01 level

* P < 0.05

The regression models showed poor but significant fit. The F ratios calculated in the models with dependent variables employment change(4.43), personal income

change(3.61),household expenditure change(7.84), and change in personal saving (10.52) were significant at 1 percent level. However, the adjusted R square values of these models show poor fit. The independent variable could explain 5 to 17 percent variation in the dependent variation only.

Firstly, the most pertinent finding of the regression analysis is that the personal income, household expenditure and personal saving have significantly increased with duration of the existence of self help groups increased when the effects of the other variables in the model remain constant. Hence, the first hypothesis that as the duration of membership in self help groups increases the empowerment of women in terms of increase in personal employment, income, household expenditure and personal saving also increases has been validated.

Secondly, the results of multiple regression analyses demonstrate the significant role of education of women in availing the benefits of SHGS. Education status of the respondents was found to have significant positive effect on the improvement in employment, income, household expenditure and savings of the respondents. The regression estimates show that higher the education status of the member higher was the increase in employment, income, household expenditure, and personal saving due to their participation in Self Help Groups. Hence, the second hypothesis of the study that educational status of WSHGs members has positive impact on income, expenditure and saving is also accepted.

Thirdly, the results also demonstrate the disparity in the performance and effectiveness of self help groups in empowering women in two out of three indicators increase in personal employment and personal income of members. The members of SHGs in developed blocks have consistently acquired greater benefits in terms of increase in personal employment and income as compared to those in less developed blocks. Hence, the third hypothesis that Microfinance

programme under WSHGs has equitable impact in terms of employment and income in both developed and less developed blocks has been rejected.

Fourthly, the caste was found to have significant effect on SHG performance in terms of increasing household expenditure and personal savings of the members. The results indicate that higher the position of the member in the caste hierarchy greater was the benefit accrued to her in terms of increase household expenditure and personal saving due to her membership SHG.

The fifth notable finding of the regression analysis is concerning the role of religion in moderating the effect of SHGs on women empowerment. As compared to a typical Hindu respondent a typical Christian respondent has benefitted less in terms of increase in employment and personal saving increase. On the other hand, the Christian respondent benefitted in terms of greater increase in household expenditure as compared to her Hindu counterpart. On the other hand as compared to Hindu respondents the Muslim respondents gained greater benefits in terms of increase in household expenditure and personal savings.

The last pertinent point that emerges from the regression analysis is on the role of socio economic category or class in moderating the empowerment effects of self help groups. Socio economic category had significant positive effect on increase in employment while having negative effect on the increase in household expenditure. As compared to the members of poor (BPL) class those belonging to non-poor (APL) class had greater benefits in terms of increase in employment. On the other hand the members belonging to poor (BPL) class had experienced greater increase in household expenditure as compared to those belonging to non-poor class (APL).

6.6.6. Social Empowerment through SHGs

Various studies show that an increase in quantitative dimensions of development such as employment, income, expenditure, and savings also results in bringing social empowerment. In this regard an attempt has been made to highlight the role played by respondents in taking decisions in family matters after joining group.

Table 6.6.10. Views of respondents on Social Impact of SHG programme

Sl. No.	Participation /taking Decisions	Less Developed Blocks		Developed Blocks		Total	
		No. of respondents (out of 210)	% of total	No. of respondents (out of 210)	% of total	No. of respondents (out of 420)	% of total
1.	Selling and Purchase of household assets	206	98.1	209	99.5	415	98.8
2.	Household financial matters	192	91.4	207	98.6	414	98.5
3.	Daily household expenses	201	95.7	205	97.6	406	96.6
4.	Children's Education	177	84.3	183	87.1	360	85.7
5.	Group Performance	204	97.2	205	97.6	409	97.3
6.	Interaction with NGOs/Banks/MFIs	179	85.2	175	83.3	354	84.2
7.	Members of Village level Community	28	13.3	39	18.5	67	15.9
8.	Participation in Election (Voting)	12	5.7	10	4.8	22	5.2
9.	Influence other group in taking decisions	88	41.9	97	46.1	185	44.0
10.	Cultural Activities	183	87.1	155	73.8	338	80.4
11.	Emergency Situations	165	78.6	204	97.1	369	87.8

Compiled from the data collected

Table 5.6.10 shows that out of 420 respondents of the study area 98.8 percent are participating in selling and purchase of households assets, 98.5 percent in household financial matters, 97.3 percent in group performance discussion, 96.6 percent in daily household expenses after joining group. Further, the study found that after joining group the family members are discussing the matter related to education of children's (85.7 percent), interaction with banks/NGOs, MFIs (84.2 percent) and participation in cultural activities (80.4 percent). As the matter of participation in election concern, the study found that only 5.2 percent of total respondents gives votes on the basis of their own view rest 94.8 percent members have stated they cast their votes on recommendation of family members/relatives.

As the blocks wise distribution concern the study found that the WSHG members of developed blocks are more socially developed as compared to members of less developed blocks under study except in case of interaction with Banks/NGOs/ MFIs and participation in cultural activities of village. The study clearly shows that the importance of women has increased in family after joining group in both the blocks.

6.6.7. Conclusion

From the aforesaid discussion it may be concluded that the SHG participation influences the status of WSHG members in terms of employment, personal income, household expenditure and personal savings in the study area. Though the study is confined to 14 blocks of Mayurbhanj district, but from the study it may be generalized that the Self Help Group programme has proved as a successful strategy in achieving the objective of women empowerment not only through increasing employment and income opportunities but also in meeting various social dimensions of development.

CHAPTER SEVEN

Summary, Conclusion and Policy Recommendations

Ensuring timely and adequate finance to the needy person in rural areas to upgrade their living conditions is one in general and linking the rural low income groups to various financial services is the greatest challenge before the India Government. The poor lack credit and meeting these financial requirements through informal sources force the poor people to live in disaster situation than earlier. Various studies show that the main reason of the people staying below poverty line in rural areas is due to lack of cheap finance availability during emergency to meet the requirements. The situation is worst in case of women of rural areas because of lack of investment and social barriers. All thanks goes to Prof. Mohammad Yunus for introducing the Microfinance Programme which has not only created hope in the eyes of poor people but has also provided a government a new policy to overcome the severe problems of the economy i.e. unemployment and poverty.

From the available literature it is clear that the socio-economic empowerment of the beneficiaries under various microfinance programmes has benefited them to greater extent. The present study relied on the data collected through survey to examine the effect on the WSHG members of both the blocks. Though the programme has been successful in extending credit facility to rural households, yet its impact on income and employment growth is still inconclusive. This chapter describes some of the broad conclusions of the study taking references from the secondary data, field survey and data analysis which is explained in details in chapter 4, 5 and 6. This chapter also indicates some policy implications in order to make the programme

more effective at grass-root level and the limitations of the study with a scope for further research.

The study has highlighted various important aspects such as the extent of financial exclusion in different states of India, the effectiveness of microfinance programme in bringing the poor into the gamut of formal financial system, growth and performance of WSHGs in India both in terms of saving as well as credit linkage facility along with the amount of loan provided to them. The study further found that in India especially in rural areas, the SHGs basically emphasis on women participation and membership to upgrade their living condition and empowerment.

7.1. Growth of WSHGs – Bank linkage in India and Odisha

WSHG-Saving Linkage in India

The all India year-wise growth of WSHG-Saving linkage shows that during the year 2007-08, 39.86 lakhs WSHGs were provided saving linkage facility along with saving amount of Rs. 3108.65 crores registering average saving per WSHG of Rs. 8471.39 . While in the year 2011-12, the saving linkage facility to WSHGs has increased to 62.98 lakhs along with saving amount of Rs. 5104.32 Crores registering average saving per WSHG of Rs. 8103.89. it seems that the gross saving amount has increased but average saving per WSHG has slightly decreased.

WSHG-Credit Linkage in India

So far the year wise growth of WSHG-Credit linkage is concerned, the study found that in 2007-08, 10.41 lakhs WSHGs were provided credit linkage facility with a credit amount of Rs. 7474.25 crores registering average loan available to each WSHG of Rs. 71799.02 . In the year

2011-12, the number of WSHGs providing credit linkage facility has been reduced to 923 lakhs with credit a amount of Rs. 14132.02 crores registering increase in average loan available to each WSHG of Rs. 153071.16 . It reflects that though the number of beneficiaries of credit linkage facility has been reduced but availability of loan per WSHG has gone up by about 10 percent.

WSHG-Saving linkage in Odisha

The WSHG-Bank linkage programme in Odisha was started with the combined efforts of NABARD, various public sector Banks, NGOs, and several other government agencies like Women and Child Development Department, TRIPTI, Mission Shakti, DRDA, ITDA and ICDS. The year-wise WSHG-Saving linkage shows that in the year 2001-02, the number of WSHG availing saving facility was 42540 with a saving of Rs. 1390.37 lakhs registering average saving available to per WSHG as Rs. 3268.38 . However from 2003-04 onwards the number of WSHGs availing saving linkage facility has shown negative trend as compared to previous year except 2004-05 and 2007-08. In the year 2010 - 11, 9091 WSHGs has been provided saving linkage facility along with a saving amount of Rs. 9856.06 lakhs registering an increase in average saving made by each WSHG of Rs. 108415.57 .

WSHG-Credit linkage in Odisha

The year-wise growth of WSHG-Credit linkage shows that during the year 2001-02, 7075 WSHGs were provided credit linkage facility along with a credit amount of Rs. 1126.26 lakhs registering average loan available to each WSHG of Rs. 15918.86 . Further the study found that there was uneven growth in terms of WSHG-Credit linkage, credit amount as well as average loan per WSHG. In the year 2010-11, 9470 WSHGs has been provided credit linkage facility with credit amount of Rs. 19004.72 lakhs registering average loan available to each WSHG of

Rs. 200683.42 . It shows that during the period of a decade there is an overall growth in terms to registered WSHGs providing more loans to their members so that they may meet their financial requirements to expand their business.

7.2. WSHG Composition and Socio – Economic Profile of Respondents

- The Present study comprises of 420 WSHG members out of which 75 percent respondents in a group are Members followed by Secretary 13.3 percent and President 11.7 percent. As the block level same situation has been observed in both the blocks.
- Majority of the WSHG members in the study area belong to middle age group (35 – 60) followed by young age group (below 35 years) and old age group (above 60). At the block level same situation has been observed in less developed blocks while in developed blocks majority of the members belongs to young age group followed by middle age and old age group members reflecting that young members earn more as compared to middle age group resulting in development of the blocks.
- The marital status of WSHG respondents shows that 84.8 percent WSHG members are married, 8.6 percent members are widow, 5.2 percent are unmarried and 1.4 percent divorced/separated. The same situation has been observed in both the blocks i.e. in less developed blocks as well as in developed blocks.
- The category wise distribution of WSHG reflects that 38.8 percent of total WSHG members belong to Scheduled Tribe category followed by other backward castes (26.7 percent), general category as 21.0 percent and Scheduled Caste (13.6 percent). At the block level same pattern has been observed in developed blocks while in less developed blocks the situation was different as majority of members belongs to Scheduled Tribe

category (43.8 percent), followed by Other backward caste (22.9 percent), Scheduled Caste (18.6 percent) and others as 14.8 percent.

- The religions wise distribution of WSHG sample respondents show that majority of members are Hindus followed by Muslims and Christians. As the block-wise distribution is concerned, same pattern has been observed in both the blocks.
- If we educational status of WSHG Members we find that 38.6 percent of WSHG members are illiterate followed by the members passed 7 – 10 standard (32.6 percent), upto 6th standard (21.0 percent), 11th – 12th standard (5.7 percent) and Graduation and above (2.1 percent). The situation was somehow same in developed blocks while in less developed blocks, 47.1 percent were illiterate followed by respondent studied 7 – 10th standard (29.5 percent), upto 6th standard (18.1 percent), 11 – 12th standard (3.8 percent) and Graduation and above (1.4 percent).
- 79.3 percent of WSHG members belong to below poverty line category (BPL) where as 20.7 percent members are above poverty line (APL). The block-wise distribution has also shown the same pattern which clearly indicates higher concentration of poor family opted for SHG programme.
- 88.1 percent of the WSHG members belong to the group formed and promoted by various government agencies whereas only 11.9 percent WSHG members formed and promoted by various NGOs. Blocks-wise distribution has also shown the same picture.
- So far the main occupational pattern of WSHG members concern, 4.3 percent of total sample under study were unemployed, 61.2 percent WSHG members were farmers followed by landless labour (11.43 percent), daily labourer (10 percent), others (5.5 percent), service holders (5 percent) and self employed (2.61 percent). At the block level

both the blocks are dominated by farming whereas in less developed blocks the WSHG members having higher unemployed membership as compared to developed blocks.

- 52.9 percent of total WSHG members in the study area have undertaken subsidiary activities. In which animal husbandry is adopted on priority basis followed by sabai grass rope making and others. The blocks-wise distribution has also shown the same pattern.

7.3. WSHG-Bank Linkage

- The study found, 40.1 percent of WSHG members are functioning since 7 – 9 years followed by members of 4 – 6 years (27.9 percent), 10 – 12 years of functioning (20.5 percent), 2- 3 years (5.5 percent), less than 1 year of functioning (3.6 percent) and above 12 years (2.4 percent). At the block level same pattern has been observed in both the blocks.
- The bank linkage to WSHG members shows that 52.4 percent of WSHG members were provided bank-linkage facility through commercial bank followed by RRBs (42.8 percent) and Co-operative banks (4.8 percent). At the block level same pattern has been observed in less developed blocks. However, in developed blocks the initial role in WSHG-bank linkage is played by RRBs followed by commercial banks. No WSHG members were found in developed blocks getting linkage facility through Cooperative banks.
- The matter related to sanctioning authority visits to WSHG points towards that 35.0 percent of WSHG members stated no authority has visited the group since formation, whereas 29.8 percent of WSHG members have stated that the sanctioning authority visited the group before sanction of loan followed by visit before and after sanction of the

loan (18.1 percent) and after sanction of loan (17.1 percent). As the block-wise distribution concern in less developed blocks, 41 percent of WSHG members have stated the sanction authority has visited the group before sanction of loan followed by no visit of sanctioning authority (29 percent), before and after sanction of loan (15.7 percent) while in developed blocks, 41 percent of respondents state that no visit has been made by any authority followed by sanctioning authority visit before and after sanction of the loan (20.5 percent), visit after sanction of the loan (20 percent) and before sanction of loan (18.6 percent).

- Regarding loan taken by WSHG members from the group it was found that 16 percent of the respondents have not taken any loan from the group, 32.2 percent of respondents have taken loan only once followed by respondents undertaken loan 4 to 5 times (10.2 percent), 6 to 7 times (1.7 percent) and above 7 times (1.4 percent). As the blocks level distribution concern same pattern has been observed in developed blocks but less developed blocks 43.9 percent of WSHG members have taken loan 2 to 3 times followed by members taking loan only once (28.6 percent), loan taken 4 to 5 times (4.8 percent), above 7 times (2.9 percent) and 6 to 7 times (1.4 percent). Only 18.6 percent of respondents have not taken any loan which clearly shows superiority of WSHG members of less developed blocks over less developed blocks.
- The loan details states that the average loan taken by the WSHG members is Rs. 12349.19 along with average interest charged at the rate of 14.4 percent per annum. The average subsidy available to WSHG members in the study area is Rs. 8876.18 with average repayment of Rs. 5367.18 registering repayment ratio of 41.55 percent. The

block wise distribution has also shown the same pattern. No significant difference has been observed.

- About 2.6 percent of WSHG members have defaulted the loan repayment taken from the group. This matter is associated with less developed blocks. The reason for defaulting is basically loss incurred to the members due to death of animals, family members health problem, diversion of loan to meet high educational expenses and willful defaulters.

7.4. General Profile of WSHG Members

- Total 68 WSHG have been taken under study out of which 35 belongs to less developed blocks and 33 from developed blocks. The average members per group in the study area are 11.4 persons. In less developed blocks, the average membership is 11.7 persons per group while in developed blocks average membership is 11.2 persons per group.
- More than 80 percent of total WSHG members hold their meeting at the monthly basis followed by members having meeting fortnightly (11 percent), weekly (7.9 percent) and Quarterly (0.2 percent). The blocks-wise distribution has also shown the same pattern i.e. majority of members hold their meeting monthly.
- As the timing schedule of meeting is concerned, 55.2 percent of WSHG members hold their meeting in the evening followed by afternoon schedule (35.5 percent), morning (7.6 percent) and night (1.2 percent). Whereas 0.5 percent of WSHG members have stated no fixed timing for meeting. The blocks-wise distribution has also shown the same pattern of meeting schedule.
- About 79.3 percent of WSHG members have stated that they made their selection of leader through voting without rotation followed by leader selection on the basis of

educational status of members (11 percent), voting and rotation together (8.3 percent) and members with banking knowledge (1.4 percent). At the block level, same pattern has been observed in developed blocks while in less developed blocks, majority of WSHG members select their leader through voting without rotation (78.1 percent) followed by selection of leader through educational status of members (14 percent) and voting without rotation (7.6 percent).

- So far the decision to join SHG is concerned it was found that 56.2 percent of WSHG members have joined SHG programme on recommendation of Aanganbadi/ICDS workers. 19.3 percent of members have joined SHG on their own followed by members joined the SHG on persuasion of relatives/ friends (11.9 percent), others (9.3 percent) and family members (3.3 percent). Same pattern has been observed in both the blocks i.e. majority of the members were initiated by Aanganbadi/ICDS workers.
- It was further observed that 67.1 percent of members have visited only 2 to 3 times to various financial institutions before getting the loan followed by members visiting 4 to 5 times (19.8 percent), 6 to 7 times (6.2 percent), above 7 times (4.5 percent) and only 1 (2.4 percent). At the block level it is noted that in developed blocks 59.5 percent of WSHG members have visited 2 to 3 times before getting loan followed by 4 to 5 times visits (35.7 percent) and 6 to 7 visits (4.8 percent) while in less developed blocks the situation is different i.e. 74.8 percent members have visited the linked financial institutions 2 to 3 times before getting loan followed by visits made above 7 times (9 percent), 6 to 7 times (7.6 percent), only 1 visit (4.8 percent) and 4 to 5 visits (3.8 percent).

- 49 percent of WSHG members have attended training related to production, health related and group related matters while 51 percent of WSHG members have not received any type of training.

7.5. Activities Undertaken and Problems Encountered

- The percentage of WSHG members were engaged in forest based activities is 33.5 percent followed by livestock rearing and marketing (31.1 percent), Trade and commerce (13.6 percent), household industries (6.8 percent), others (5.7 percent), agriculture/farming (5.3 percent) and food processing (4 percent). At the block level it is noted that in less developed blocks majority of WSHG members were engaged in livestock rearing and marketing (38.6 percent) followed by forest based activities (27.2 percent), trade and commerce (14 percent), household industries (12.3 percent), agriculture/farming (3.9 percent), food processing (2.6 percent) and others (1.4 percent) while in developed blocks majority of the WSHG members were engaged in forest based activities (39.4 percent) followed by livestock (24.2 percent), trade and commerce (13.2 percent), and others (9.8 percent).
- 97.6 percent of total WSHG members have supported that they face several problems in operation of their micro-enterprises. it was noted that 34.3 percent of WSHG members faced finance as their major problem followed by others (27.0 percent), marketing of produce (18.9 percent), infrastructure (9.4 percent), inputs and raw material (7.9 percent) and product and quality (2.3 percent). As the blocks-wise distribution is concerned same pattern has been observed.

7.6. Employment, Income and Savings

- The employment available per month to WSHG members was 14.0 man days on an average before joining the group which has increased to 20 man days after joining the group registering an increase of 42.14 percent. In less developed blocks, the average number of days of employment available to WSHG members before joining the group was 13.9 man days which has increased to 19.1 man days after joining the group registering an increase of 46.8 percent growth while in developed blocks, the average number of days of employment available to WSHG members was 14.2 man days which has increased to 20.7 man days registering 36.7 percent increase in number of days of employment available to the member.
- As the matter of change in income is concerned, the average income of WSHG members before joining the group was Rs. 491.33 which has increased to Rs. 1309.55 registering an increase of 166.53 percent. At the block level, the study found that in less developed blocks, the average income per month before joining the group was Rs. 489.21 which has increased to Rs. 1242.28 registering an increase of 153.9 percent growth while in developed blocks the average income per month before joining the group was Rs. 493.45 which has increased to Rs. 1376.81 registering about 171 percent growth.
- About 42.6 percent of total WSHG members have formal saving account with different financial institutions before joining the group mainly in commercial banks followed by RRBs, Post offices and cooperatives. As the block level, same pattern has been observed in both the blocks.

7.7. Hypotheses Testing and Other Findings

Firstly, the most pertinent finding of the regression analysis is that the personal income, household expenditure and personal saving have significantly increased with the duration of the existence of self help groups while the effect of the other variables in the model remain constant. Hence, it has been tested that as the duration of membership in self help groups increases, the empowerment of women in terms of increase in personal employment, income, household expenditure and increase in personal saving validating the first hypotheses.

Secondly, the results of multiple regression analyses demonstrate the significant role of education of women in availing the benefits of SHGS. Education status of the respondents have significant positive impact on the improvement in employment, income, household expenditure and savings of the respondents. The regression estimates further points towards that higher the educational status of the member of SHG, higher was the increase in employment, income, household expenditure, and personal saving. Hence, the second hypothesis of the study that educational status of WSHGs members has positive impact on income, expenditure and saving is also accepted.

Thirdly, the results also demonstrate the disparity in the performance and effectiveness of Self Help Groups in empowering women in two out of three indicators i.e., increase in personal employment and income of members. The members of SHGs in developed blocks have consistently acquired greater benefits in terms of increase in personal employment and income as compared to those in less developed blocks. Hence, the third hypothesis that Microfinance programme under WSHGs has equitable impact in terms of employment and income in both the developed and less developed blocks has been rejected.

Fourthly, whether the caste has any significant impact on SHG performance in terms of increasing household expenditure and personal savings of the members. The results indicate that higher the position of the member in the caste hierarchy greater was the benefit accrued to her in terms of increase household expenditure and personal saving due to her membership SHG.

The fifth notable finding of the regression analysis is concerning the role of religion in moderating the effect of SHGs on women empowerment. As compared to a typical Hindu respondent a typical Christian respondent has benefitted less in terms of increase in employment and personal saving increase. On the other hand, the Christian respondent benefitted in terms of greater increase in household expenditure as compared to her Hindu counterpart. On the other hand as compared to Hindu respondents the Muslim respondents gained greater benefits in terms of increase in household expenditure and personal savings.

The last pertinent point that emerged from the regression analysis is above the role of socio economic category or class in moderating the empowerment effects of self help groups. Socio economic category had significant positive effect on increase in employment but a negative effect on the increase in household expenditure. The members of poor (BPL) class had greater benefits in terms of increase in employment as compared to the group members belonging to APL. On the other hand the members belonging to poor (BPL) class had experienced greater increase in household expenditure as compared to those belonging to non-poor class (APL).

7.8. Other Major Findings of the study

- It has been found that due to default of earlier loan on agriculture made by family members

(males) of 3 WSHGs members, further loan to the WSHGs in Betnoti block has not been provided, which stands as a major cause for their low loan amount.

- There exist conflict among the group members to replace the members whose families have defaulted earlier, resulting in tension between the group members and creating a situation of breaking of group in Betnoti block.
- The bank officials are not providing full details about the interest rate charged on pending amount and moreover they don't behave properly almost in all the blocks.
- The bank officials make them sit in office for long time and sometimes they approach all the members to visit 3 to 4 times to the bank in a month which causes income loss to them due to loss of working hours.
- It has been noted that visiting authorities charge the traveling allowances and other charges for meeting the general paper works for advancing credit in several blocks.
- The bank official takes bribe in order to advance the loans and subsidies to the WSHG members in Bahalda Block.
- Other problems related to the local political parties and from the powerful member of village which interrupts their performance and interfere in group related matters.

7.9. Suggested Measures and Policy Recommendation

- **Regular Visit of Promoting Agencies to WSHGs**

Since majority of the groups were formed by government agencies i.e. ICDS workers who are present almost in every villages of the study area. These government representatives should visit every group at least once in a month in order to access the records, activities status, repayment and the problems associated with the operation of their microenterprises. This will not only help the WSHG members to overcome their

group related issues but will also help the government in identifying the problems of WSHGs workers at the grassroot level.

- **Capacity Building Through Training**

On the basis of recommendation of promoting agencies and local authorities the government agencies should provide training related with productive activities of the group so that the WSHG members should diversify from forest based activities which are basically seasonal in nature to regular employment opportunities. Further, the training should be provided of those activities which could yield higher returns.

- **Increase in Credit Amount**

It has been observed that the average loan sanctioned to each WSHG member at the block level is quite low compared to the loan/credit available to the individual WSHG member at the district level and the state and national level as well. Therefore, it is necessary to increase the credit amount available to the WSHG members resulting in increase of employment and income opportunities.

- **Increase in thrift amount**

The monthly saving made by WSHG members in the study area is quite low. Majority of the members save less than Rs. 100 per month. In order to have higher loan amount and better sustainability the monthly thrift amount need to be increased which is possible only on the increase in income level of the WSHG members.

- **Investment in Diversified Activities**

It has been observed that majority of the members were engaged in forest based activities which is basically seasonal in nature. Moreover, in order to avoid the losses and default

in repayment of loan it is necessary on part of the WSHG members it is necessary to make investment in more than one basic activity.

- **Proper Marketing of the Produce**

The WSHG members in the study area face problems related to marketing of the produce. The study area is specialized in sabai grass rope and other fancy items making and plates and cups making from sal leaves. The income of the WSHG members is basically low because these members sell their produce to local vendors or middlemen at cheaper rate because of lack of holding capacity, transportation and market knowledge. Further these local vendors resell the products in other parts of India like Uttar Pradesh, Bihar, West Bengal and different parts of Odisha at higher prices and make high profits. Such intermediaries may be stopped by arranging direct purchase of and sales through government agencies or NGOs.

- **Regular visit of Veterinary Doctors**

The animal husbandry is another major occupation in the study area. Majority of the sample households have stated that disease and death of animals is a major problem. In order to overcome these issues, the government should arrange visit of veterinary doctors at least once in a month in every village.

7.10. Limitation of the Study

The study basically is based on the analysis of primary data collected from 14 blocks and further restricting the field survey of 420 WSHG members of Mayurbhanj District of Odisha. This means that the survey information may not be penetrated very deeply below the surface. Another limitation relates to the questions asked to the respondents on some sensitive issues like

income of the respondent and their family members, daily expenditure, assets holding, savings etc. and the respondents might have not revealed the true information. Further, like any other research using sampling method, this study is also subject to sampling error.

7.11. Scope for further Research

The following are the unexplored areas and need a thorough examination and research related to microfinance and its impacts on the livelihoods of the poor people.

- The study is limited to only in 3 panchayats of each selected blocks while in order to have better understanding of the problems of WSHG members intensive study is further required.
- The WSHGs in the study area are promoted either through government agencies and NGOs. A study can be made further to highlight the growth and performance of WSHG on the basis of promoting agencies separately.
- It should be studied further that the credit availability to SHGs through government agencies has any effect on rural informal credit or not.
- Keeping in view the era of competition and commercialization of financing institutions research can be made to analyze whether micro-finance has achieved its main objective of hassle free credit access to the people of low income group/BPL members or not.

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