

EMPOWERING WOMEN THROUGH MICRO FINANCING

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Gender equality is central to realizing Millennium Development Goals. Gender equality will not only empower women to overcome poverty but also their children, families, communities and countries. Thus, gender equality produces a double dividend benefits to both women and children. However, eliminating gender discrimination and empowering women will require enhancing women's influence in the key decisions that save their lives. Women themselves are the most important catalyst for change. However, challenging attitudes towards women at work requires a multifaceted approach. Gender equality, leading to increased work opportunities, enhanced capacities for livelihood developments, labour rights to women, enhanced social protection and overall increasing voice can enable women to participate equally in productive employment, contributing to women's development leading to economic growth of the nation. Gender equality, linked with women's empowerment, is thus seen as key aspect of economic growth.

Micro Credit/Micro Finance:

The concept of micro finance and micro credit are usually used interchangeably. But micro credit is always dovetailed with thrift and hence micro finance is a more appropriate expression rather than credit. It includes the whole gamut of financial services like thrift, credit, insurance, leasing of equipment, remittance etc. required by the poor. Micro credit is the credit of meagre amount of money which plays an important role while enhance the human life which should be used in proper way to achieve income generation, removal of poverty, create employment etc.

Various forms of Micro Financing:

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

Self-Help Group:

The Self-Help Group [SHG] is considered as a voluntary association of poor people. They are mostly having some socio-economic background. They are involved in solving their common problems through self-help and mutual help. It creates small saving among the members and the amount is kept with any bank. The SHGs have a membership of 15 to 20 members.

A self-help group is also defined as a voluntary group valuing personal interaction and mutual aid as means of altering or ameliorating problems perceived as alterable pressing and personal by most of its members. It is also defined as a group of rural poor generally comprising of small/marginal farmers, land less agricultural labourers, rural artisans, women folk and other micro entrepreneurs who organise themselves to, achieve socio-economic development by raising resource at their level initially and linking with the bank subsequently with the help of NGOs [www.aidindia.org].

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

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

The self-help group has been defined by NABARD as a group of about 20 people from a homogeneous class who come together for addressing their common problems. They are encouraged to make voluntary thrift on a regular basis. They use their pooled resource to make small interest bearing loans to their members. The process helps them imbibe the prioritization of needs, setting terms and conditions and accounts keeping. This gradually builds financial discipline in all of them. They also learn to handle resources of a size that is much beyond individual capacities of any of them. The SHG in certain multiples of the accumulate savings of the SHG. The bank loans are given without any collateral and at market interest rates. The groups continue to decide the terms of loans to their own members. Since the groups own accumulated savings are part and parcel of the aggregate loans made by the groups to their members, peer pressure ensures timely repayments [NABARD 2001-02].

SHG may be conceptualized as a group of growers/people possessing a common experience problems and condition or situation that

come together to share their experience/ knowledge/ideas and to give and receive support from others with the same experience.

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

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

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

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

Model I: SHGs Formed and Financed by Banks:

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

Model II: SHGs Formed by NGOs and Formal Agencies But Directly Financed by Banks:

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

Model III: SHGs Financed by Banks Using NGOs as Financial Intermediaries:

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

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

Model IV: NGO Guided But Self-Supported SHGs:

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

Model V: Completely Self-Supported SHGs:

Yet another category of SHGs which are very rarely found are the SHGs formed and initiated by the NGOs, guided by them on the rules and regulations, accounts to be maintained etc. But no financial support either directly or through the linkage with banks is arranged but only the savings of the members is used for internal lending as well as for starting an enterprise. Of all the four groups mentioned above, this group seems to be different, self-dependent and accordingly may be encouraged. However, by not getting any external support, the size of the enterprises initiated may be too small and also expansion is not possible.

Micro Finance in India:

Addressing poverty is the most significant challenge in this millennium, clearly reflected in the Millennium Development Goals that seeks to halve global poverty by one half by 2015. The concern also forms a component of other global initiatives like the UN Habitat Agenda and campaign for good governance. Development initiatives to empower the poor, in the context of addressing the global challenge of poverty, invariably have a credit component. The rationale is that economic empowerment of the poor through strengthening the income generating capacity, equips the poor to access all the development requirements to get out of the multifaceted dimensions of poverty. Facilitating the access to credit is a recognized component of the poverty reduction strategy across countries and evaluation studies of interventions to address the poverty concerns have brought out the catalytic role of financial intervention to introduce new technology and skills that may improve productivity, designs and product mix and meet the emerging demand. However, while broad components of a micro finance programme are similar across countries in the region, the effectiveness of impact vary considerably, even within a country. In this context, it is useful to learn from operational practices,

about the approaches that are effective, the road blocks to effectiveness, promotional and regulatory practices, role of the government, NGOs and the private sector in reaching out the financial package, and commitment of the programme initiator. It is equally important to examine key technical aspects of saving and credit instruments, such as, computation of repayment installment, collateral, saving-linked loans, among others.

Two distinct approaches to micro-finance have evolved in the micro finance sector during the last two decades of operations in the developing world. It is important to know them, as the issues of a sustainable system have to be examined in that context. The first is the commercial approach that considers micro-finance as down marketing of credit to reach the informal sector or the needs of any other clients, whose credit worthiness does not match the requirements of the formal banking practices. The emphasis is on entrepreneurship and growth. The system works with the poor, but the word is conspicuous by its absence in the literature. The other and more prevalent approach in the southern part of the globe, covering basically the poor and marginalized communities, especially women, is largely on the pattern of the Grameen Bank of Bangladesh. Whatever may be the approach, the impact of micro finance seems to have touched the bottom of the development pyramid.

In 2003, the global outreach of micro credit extended to 80.9 million people, of which the poorest clients accounted for about 68 per cent. The share of India in the global micro-credit market was 13 per cent of all clients and 16 per cent of the poorest in 2003. The micro finance movement in India, unleashed around the 1970s, has come a long way from being a tool for welfare, to becoming an effective strategy for poverty alleviation. The movement has gained significant momentum, with 563 districts (out of 593) being covered all over India, with around 3,024 NGOs associated with the programme and 560 commercial banks providing direct or indirect credit linkages to Self Help Groups (SHG), which has emerged

as an important part of the delivery and management system. The cumulative disbursement of credit from all these institutions taken together has been estimated at Rs. 5,038 crore (US \$ 1132 mn) and the total number of SHGs in India has grown to 1,276,035 as on December 30, 2004 (Government of India, The Economic Survey, 2004-2005). However, in terms of the share in the credit of the formal sector institutions, it is estimated to be less than 0.15 per cent of the outstanding loans to the priority sector and 0.51 per cent of the all commercial banks. In the context of poverty eradication in the developing countries, micro finance is being increasingly used as a mechanism to provide access to credit to the poor and low income households whose access to the commercial banks is limited. In India, the poverty situation continues to be dismal, despite the collective efforts made by the government policies and the NGOs. Official estimates show that during the beginning of the new millennium, 260 million people were living below the poverty line (10th Five Year Plan). This is a staggering figure for a country where year after year, resources, schemes and funds are mobilized from all quarters, to benefit the lot of the poor. It is in this context of the Indian situation, that the concept of micro finance as an alternate financial system is to be placed and understood. The first issue is to understand micro finance as a concept and second, to assess its operation with regard to the poverty question in India.

In the last decade, micro finance has moved from a virtually unknown development tool to one of the key issues in economic development discourse. The success of a number of institutions, particularly the well-publicized the achievements of the Grameen Bank of Bangladesh, Bank Rakyat Indonesia and BancoSol in Bolivia, have shown that there are different, more commercially minded ways to help the poor. These approaches are reaching more people and are proving more sustainable than earlier efforts based on subsidizing financial credits. The micro finance has become a key factor in transforming fundamental attitudes towards development and alleviating poverty. The focus shifts to

how we can best serve the vast 'bottom of the pyramid' markets with win-win models – models, which become more sustainable the better they perform.

A large proportion of population still lacks effective continuous access to banking services. The research studies show that access to financial services helps reduce vulnerability and enables people to seize economic opportunities. The banking institutions have well realized that small customers are no different from other customers; however, they need to design and deliver products to poor customers in realizing their credit needs. The increasing demand of micro credit in India also poses a serious challenge to the financial institutions since about 400 million poor people need micro finance for their development and empowerment. The policy environment in India has also changed drastically and most of the development programmes supported by international donor agencies, government and non-government organizations have components of micro finance based empowerment models for the poor. The changing paradigms of micro finance demand for increased budgetary allocation on capacity building of the poor for sustaining income generating activities and livelihood development. The micro finance institutions also need to realize the emerging potential of micro finance and serving the people through extending credit to them and development of the nation.

Globalization and economic liberalization have opened up tremendous opportunities for development and growth resulting in the modifications of livelihood strategies. However, these changes are making the marginalized and poor sections of society more vulnerable in the absence of adequate safety net. Keeping in view the widespread rural poverty, there is need not only to ameliorate the economic conditions of marginalized and disadvantaged social groups, but also to transform the social structures. In the context of rural women, their economic condition becomes more vulnerable due to unequal distribution of resources. Poverty

and deprivation increase gender inequality, which favours a policy for empowerment of women by increasing their access to credit through SHG's so as to enable them to acquire the capability and assets that can help facilitate to realize strategic gender need (Sudan, 2004). The SHG's can be built on social capital of the local community especially women to carry out thrift and credit activities to initiate micro-income generating activities to eke out a sustainable livelihood (Moser, 1989 and Hydan, 2000).

During the recent past, the new types of institutions have been promoted to meet the credit needs of those groups who have been excluded from formal credit markets (Prakash, 2002). SHG's are mostly informal groups whose members have a common perception and impulse towards collective action. These groups promote savings among the members and use, the pooled resources to meet their emergent needs including the consumption needs. Sometimes, the generated internal savings are supplemented by external resources/loans by NGO's and banking institutions promoting them. SHG's are thus able to provide banking services to their members, which though may not be sophisticated yet are cost effective, simple, flexible, accessible to the members and above all, without any default in the repayments. The linking of SHG's to banks helps to overcoming the problem of high transaction costs to banks in providing credit to the poor, by transferring some banking responsibilities, such as loan appraisal, follow up, recovering etc. to the poor themselves (Satish, 2001). In the rural context, SHG's have facilitated the poor, especially the women to overcome the existing constraints grappling the formal credit institutions. These groups provide considerable social protection and income opportunities to their members. They have sought to explore new ways and alternatives based on value-system, introduce new relationships and take into account the social and economic aspects of collective living and livelihood improvement. Besides, they also help facilitate poor women to overcome the difficulty of providing collateral

guarantee to raise the finance to initiate micro-income generating activities. Due to better performance, the SHG's have acquired a prominent status to maximize social and financial returns (Sudan, 2004).

Since late 1970's, there have been increasing realizations, that one of the obstacles preventing the poor from improving their lives was the lack of access to financial resources. Attempts have been made to develop more sustainable and reachable financial systems, in place of previously discredited schemes of direct credit to meet women's expressed needs for improved access to credit particularly to small loans, multi production strategies and thereby to improve the livelihood of their families, thrift credit or SHG's have been promoted, both by the governments, as well as NGO's and other donor agencies. Micro-credit has been advocated as the new Panacea for reduction of poverty. Its potential for economic empowerment of women has also been variously looked at. Importantly formation is crucial to the empowerment process as women draw strength from number. The group provides: (1) confidence and mutual support for women striving to social change; (2) a forum in which women can critically analyze their situations and devise collective strategies to overcome their difficulties; (3) a framework for awareness training, confidence building, dissemination of information and delivery of services and for developing community self reliance and collective action; and (4) a vehicle for the promotion of economic activities (Mennai, 2003).

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

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

Interestingly, the Self Help Groups Linkage Programme has been showing faster progress as well as high rate of success. The initiative in this regard has been taken by the NABARD, by sponsoring an Action Research Project in 1986-87. It attempts to bring together four trends and derives strength from the positive environment created by these independently of each other. These are:

Maturing and expanding SHG movement initiated by the NGO sector;

Focus on micro-credit to the poor as a strategy for poverty alleviation;

Ongoing national policy commitment to improve access to finance for the poor;

Policy environment through financial sector reforms to increase banking outreach.

Self Help Groups form the social capital, which facilitate financial linkage of poor borrowers with formal financial institutions (FFI's) in India. The basic principles on which the SHG's function are:

The SHG is a network of members who fulfill local criteria. They are resident in the area and are homogeneous.

They have rules/norms regarding their functioning.

Savings first, credit thereafter is the motto. Personalized services suiting the requirements of the members are ensured.

SHG's hold regular meetings to ensure participation of members in the activities of the group.

SHG's maintain accounts.

Group leaders are elected by members and rotated periodically.

Transparency in operations of the group and participatory decision-making ensure that the benefits to members are evenly distributed.

Market rates of interest on savings and credit are charged.

Group liability and peer pressure act as substitutes for traditional collateral and loans (Srinivasan).

Conceptualization of SHG's Bank Linkages:

The Self Help Groups are voluntary associations of people formed to achieve both social and economic goals. The concept of micro-financing rural poor for self-employment was started by Prof. Muhammad Yunus of

Bangladesh and is now being followed in more than 52 countries around the globe. Many international NGO's such as, Foundation for International Community Assistance (FINCA), Americans for Community Cooperation in other Nations (ACCION), Women's World Banking, Freedom from Hunger etc. are executing various projects, through their partners mostly in developing countries.

The concept of SHG mainly revolves around the reasons that may lead to the genesis of self-help as a way to mitigate the problems faced by a set of people. According to Morton the development of contemporary forms of SHG's is generally ascribed to Alcoholic Anonymous, which was initiated in 1935 in USA (Morton and Shoden, 1994). As per Kingree, the concept of SHG's can be traced to collection of people to informal groups with an aim to overcome the problems related to a particular negative status. Jacob and Powell reported that SHG's have proliferated in recent years, serving more people and addressing many types of status related problems. Social scientists have forwarded various definitions for SHG. Gregory and Marry (1994) have defined SHG's as being cost free, member governed, peer led group made up of people, who share the same problems or situations. Kurtz has defined SHG as a supportive, educational, usually change oriented mutual aid group that addresses a single life problem or condition shared by all members. Similarly Singh (1995) has defined SHG's as voluntary associations of people formed to collectively perform certain activities of their common interest. Nanda (1995) has defined SHG's as informal groups of people who have a common perception of need and impulse towards collective action. According to him rural credit delivery system in India is affected with many problems most noticeable being siphoning off subsidies and concessions meant for poorest of the poor by not so poor, poor credit discipline among the borrowers resulting in low recovery of dues, high transactions cost involved in serving large number of small borrowers who frequently require low quantum of credit and costly proposition of providing saving facilities to

scattered rural populace. Price Water House Report (1995) has also stated that rural credit delivery system is burdened with low quality loans, high levels of over dues, substantially high proportion of non-performing assets resulting into non-viability and un-sustainability of the rural banking industry. A study conducted by the World Bank (1991) ha also conclusively revealed that lack of people's participation in developmental activities does not foster entrepreneurial abilities, which results in low take off of developmental projects.

The growing realization among the rural poor to collectively pool their small savings so as to create a corpus of funds to cater to their emerging credit needs underlined the emergence of SHG's and other group related saving and credit activities in many developing countries such as Bangladesh, Indonesia, Bolivia and India.

According to Talcott Parsons (1951), groups most accomplish the following four functional tasks to remain in equilibrium:

Integration--ensuring that members of groups fit together;

Adoption--ensuring that groups change to cope with demands of the environment;

Pattern maintenance—be ensuring that groups define and sustain their basic purposes, identifies, procedures; and

Goal attainment--ensuring that groups pursue and accomplish their task.

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

The need for affiliation, recognition and security;

Incentives and resources available through the group such as prestige of the members, the group grades, its programme activities, and style of operation;

The subjective expectation of members about the beneficial or detrimental consequences of the group; and

A comparison of the group to other group experience.

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

Community of owners have to be well defined, self conscious, and self governing with political independence to act collectively, as it deems appropriate;

The distribution of rights in and benefits to collective good has to be a careful balance of the in -equalitarian and egalitarian traits that are economically efficient;

Rules must be easily enforced, highly specific and conservative with regard to the sustainability of collective action, and

Enforcement of rules must be done by members themselves rather than by an overlord of authority of government to ensure that it is both thorough and impartial.

The Indian Experience:

The SHG movement in India is basically aimed at utilizing the SHG's as an 'intermediately' between the banks and the rural poor to help drastically reduce transaction costs for both the banks and the rural clients. NABARD with its head quarters at Mumbai, is an Apex Development Bank in India for financing and promoting agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts so as to promote integrated rural development. In wake of banking sector reforms invoked in early 1990's the role of commercial banks in providing credit to rural poor came under intensive debate vis-à-vis the sustainability of entire banking operation for providing banking services—both in terms of savings and credit to the rural poor. Sheokand (1998) has indicted that as the rural

poor's share in availing formal sector credit got further marginalized, NABARD, in 1992 launched the SHG – Bank linkage programme with the policy backup of the Reserve Bank of India. According to Shanmugam (1998) the SHG – Bank linkage programme initiated by NABARD, in active collaboration with Non-Governmental Organisations (NGOs), aimed at enhancing the coverage of rural poor under institutional credit thereby focusing on poverty alleviation and empowerment. Prior to this, NABARD's initiative in promoting active partnership between banks and SHG's was encouraged by the findings of a study conducted in 1988-89 by NABARD in collaboration with member institutions of Asia Pacific Rural and Agricultural Credit Association (APRACA), Manila. The study covered 43 NGOs involved in promoting savings and credit SHGs in 11 states of the country.

As per a NABARD report (1995) the scheme on SHG's was made applicable to RRB's and co-operative banks of the country in 1993 and in April 1996, RBI advised the banks that lending to SHG's should be considered as an additional segment under priority sector advances and it be integrated with mainstream normal credit operation. Rao & Dasgupta (1999) have commented that the SHG-Bank Linkage Programme has gained considerable movement in southern region of the country, though the northern states too are also now catching up fast and an overwhelming (78 per cent) of the listed SHGs are Women Self Help Groups (WSHG's), that is the SHGs which constitute of only women member. Since the inceptions of NABARD promoted SHG linkage programme there has been an appreciable increase both in formation of SHG and their linkage with the banks.

The concept and importance of SHGs has been accepted and adopted by policy makers and it now forms the backbone of rural poverty alleviation strategies, implemented by the Government of India.

Genesis of SHGs:

Self Help in essence is forging 'collaborative' ties between individuals who need each other's co-operation in solving their day-to-day crisis. Lawson & Anderson (1996) have defined collaboration "as a process of pooling resources, linking and allying with one another to develop innovative, new responses for tackling social problems including poverty. Baily & Koney (1996) and Pardoe (1990) have pointed out that collaboration is necessary to address social issues that require multi-agency approach to alleviate them. SHGs are one such medium to achieve social collaboration. Graham & Barter (1999) have described collaboration as a relational system in which two or more stakeholder's pool together resources in order to meet objectives that neither could meet individually. 'Collaboration' differs from 'co-operation' in the sense that co-operation facilitates support and assistance for meeting the goals that are specific to an individual stake-holder, whereas collaboration insists on goals that are mutually agreed upon based on an established value base to which all stake-holders have a commitment. According to Hord (1986) collaboration proposes joints sharing and decision making in the interest of change, as well as changes in relationships to facilitate these ends. He has also indicated that motivation to engage collaboration is necessarily influenced by differences among stakeholders in expertise, status, empowerment and access to external and internal resources.

Formation & Development of SHGs:

According to Rao et.al. (1999) a systematic approach in the formation of SHGs is of paramount importance to the long term sustainability of these informal community based organizations. It has been observed by Fernandes (1992) that SHGs formed and promoted for limited purposes of availing subsidy laced bank loans, grants and other materialistic benefit generally disintegrate, while according to Srinivasan & Rao (1996) the SHGs developed for genuine purpose of self help in the wake of needs had much better chances of long term sustainability.

SHGs like any other type of groups have distinct phases through which they pass over a period of time. According to Johnson & Johnson (1994) there have been well over 100 theories to describe the development stages of groups. Hill & Gruner (1973) have opined that most of these theories are based on Sequential Stage Theory while others are best described as in the Recurring Phase Theory.

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

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

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

Norming Stage is reached when the group under the chosen leader/s starts evolving group norms and the groups solidarity comes into

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

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

Based on Tuckman's theory, Johnson & Johnson (1997) have identified seven stages in the development of co-operative learning groups. These are (i) defining and structuring procedures and becoming oriented, (ii) conforming to procedures and getting acquainted, (iii) recognizing mutuality and building trust, (iv) rebelling and differentiating, (v) committing to and take ownership of the goals, procedures, and other members, (vi) functioning maturely and productively and (vii) terminating.

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

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

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

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

Dion (1961) stated that group development depends on the three basic themes of the dependency on the leader, desire for emotional support among the members and confrontation among the members with threats to abandon the groups. Such tendencies recur during the group development (Chart 1).

Chart: 1

Stages of SHG Development & Role of NGO's/SHPI

Stage of Development	Time Period	Role of NGO/SHPI	Focus of Activities
Pre-formation	1-2 months	Initiator/ Promoter	Identifying the poor through participatory rural appraisal methods in small/hamlets/villages/towns
Formation	3-6 months	Facilitator	Motivation to form groups, select group leaders, develop rules and norms, conduct meetings, pooling savings, issues and collection of small loans, group cohesion, adjustment systems and maintenance of accounts.

Stabilization (Phase I)	7-12 months	Advisory/ Managerial	Leadership stabilization, training of leaders and members, regularized and increase savings, handling of groups level transactions, informal interactions with other groups/clusters, addressing community interests. Begin the process of issuing loans, handling/helping defaulters to repay. Sourcing loans for groups through normal credit system etc.
Growth and expansion	19 months	Advisory/ managerial/ consultative/ institution building	Strengthen linkages with banks, creation of assets for groups and members, spreading concept building and promotion of new groups, attempts at cluster development and federation of SHG's.

SHPI = Self Help Promoting Institutions.

Source: NABARD (1994).

Self Help Groups & Linkage Programme:

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

Emerging SHG Linkage Models:

Broadly, three different models have emerged under the linkage programme in the country. Each of the three models can be qualitatively assessed to arrive at the strategic significance and scope for widespread adoption. Criteria for evaluation may include factors like;

Transaction cost of lending for the banks

Transaction cost of borrowing for SHGs and poor

Risk of funds and guarantee of repayment

Load (costs) of co-ordination and management

Ease of adoption by all stakeholders

Smoothness and ease of providing credit to the poor and its repayment

Quickly replicability

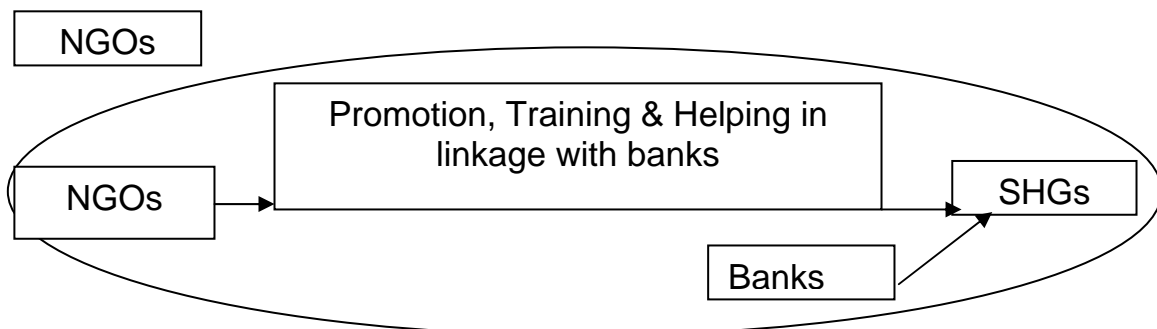
Social and economic impact on SHG movement

Extent of social investment required.

Model-wise advantages and limitations of SHG's are shown in the Chart 2 & Chart 3.

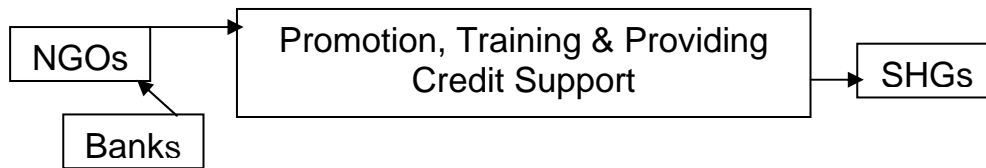
Chart: 2

SHG BANK LINKAGE MODEL-I



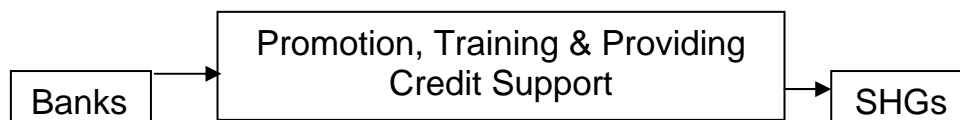
SHG BNK LINKAGE MODEL-II

NGOs as Financial Intermediaries



SHG BANK LINKAGE MODEL-III

Bank as SHPIs



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

Chart: 3

Advantages of Models

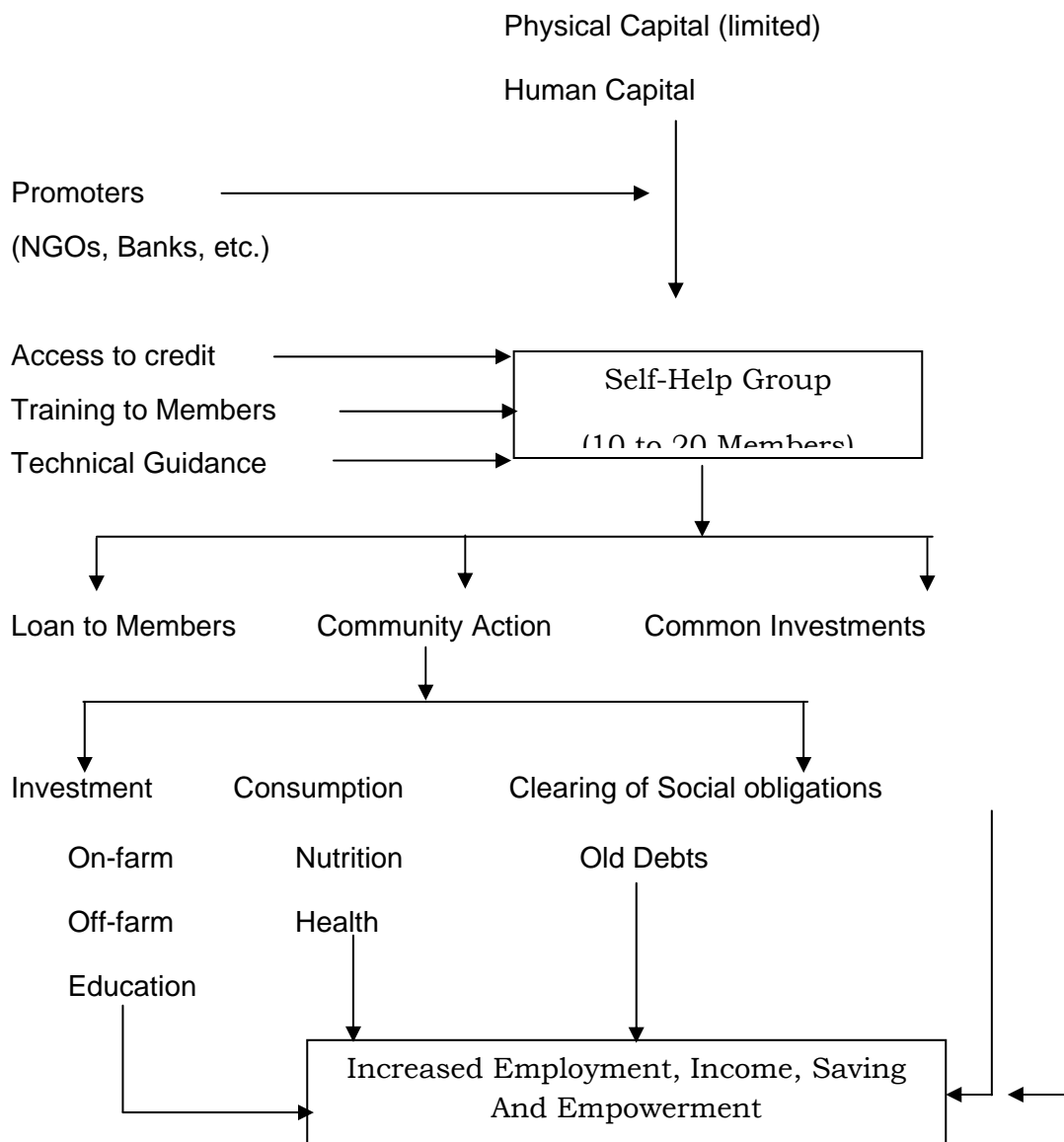
	Advantages	Limitations
Model A:	<p>Each partner institutions play a role best suited for it. Banks led, NGOs organize poor into SHGs and SHGs manage small group finance in their own interest.</p> <p>The whole system is localized.</p> <p>SHGs and local NGO learn to deal with an accessible bank branch and vice-verse.</p>	<p>In spite of wider acceptability of the model, majority of field level bankers are yet to be sensitized and do not view it as banking mandate.</p> <p>In many places, it is still difficult to open a savings account.</p> <p>Absence of NGOs in many parts of India.</p>
Model B:	<p>It further reduces the transaction cost and risk cost of the bank as the banks lend a larger sum to an NGO which guarantees repayment</p> <p>Easier for the poor to deal with an institution which they know and trust.</p> <p>Easy to be adopted by stakeholders.</p>	<p>NGOs are not traditionally equipped to work as financial intermediaries.</p> <p>Calls for substantial investment in capacity building of NGO.</p> <p>Adds one more intermediary structure.</p> <p>Wide scale adoption not possible.</p>
Model C:	<p>Exposes bankers to social realities first hand.</p> <p>Possible solution where NGOs are not present.</p>	<p>Wide scale application may not be feasible because of other priorities of banks.</p>

Source: Rajigain, T.S. (1999).

The linkage between the Self Help Groups and the Formal Financial Agencies (FFAs) has to be on a symbiotic relationship. In most of the developing countries, the savings and credit schemes of FFAs are separate, each with its own set of clientele. For the purpose of linking the SHGs to FFAs two basic models with number of modifications are at present working in India. In each model there exists a two way flow of funds as shown in Chart 4 (SIDBI, 2000).

Chart: 4

A Typical SHG Model Household Resources



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

I. Direct Linkage Model:

In case of the direct linkage model the bank identifies the group (for facilitates evolution of the group) and deals with the SHG directly for both mobilizing the savings and for making available credit facilities to the group as a whole or to individual members. Group members act as collateral security. In this model the credit is generally made available to the group and members to be financed are identified by the group itself, which takes the responsibility of loan repayment (Chart 5).

Chart: 5

Some Basic Features of SHGs Promoted by NGOs/Banks

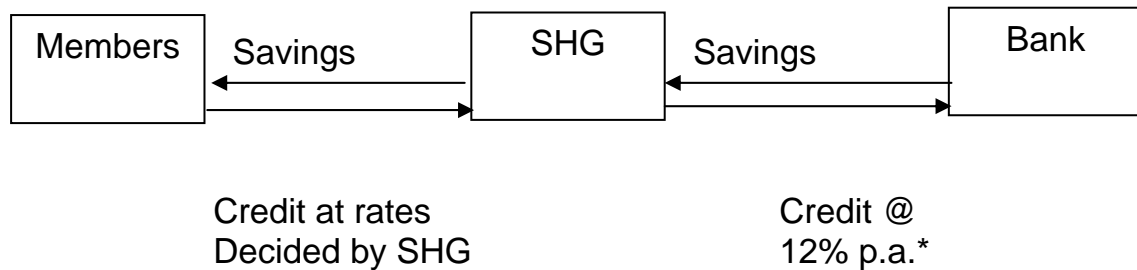
1.	Organization	Homogeneity in terms of economic/socio-economic status, common identify of activities etc.
2.	Nature of target groups	Generally poor and weaker sections of the people in rural areas and particularly women.
3.	Management	Selected/elected teacher and duty generally rotated. Holds meeting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

Source: Desai and Namboodiri (2001).

II. Modified Direct Linkage Model-I:

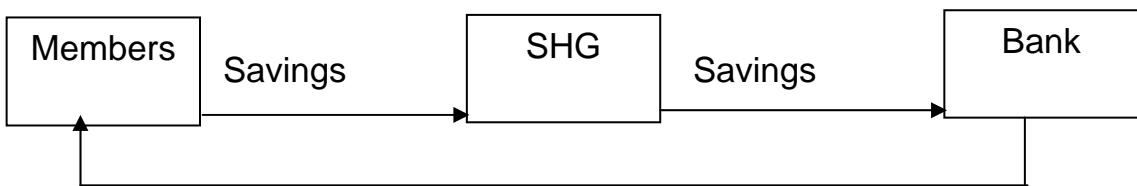
Here the activity and member to whom loan is given is identified by group. The group is morally responsible for repayment but credit is given as in any individual loan. Credit a normal rates prevailing depending on quantum of loan (Chart 6 & Chart 7).

Chart: 6



(*exclusive of interest tax wherever applicable)

Chart: 7

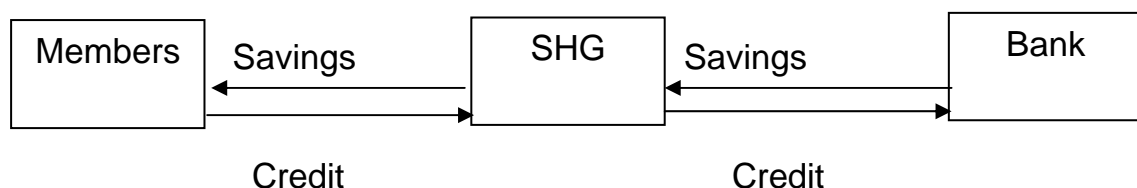


Credit a normal rates prevailing
Depending on quantum of loan

III. Modified Direct Linkage Model-II:

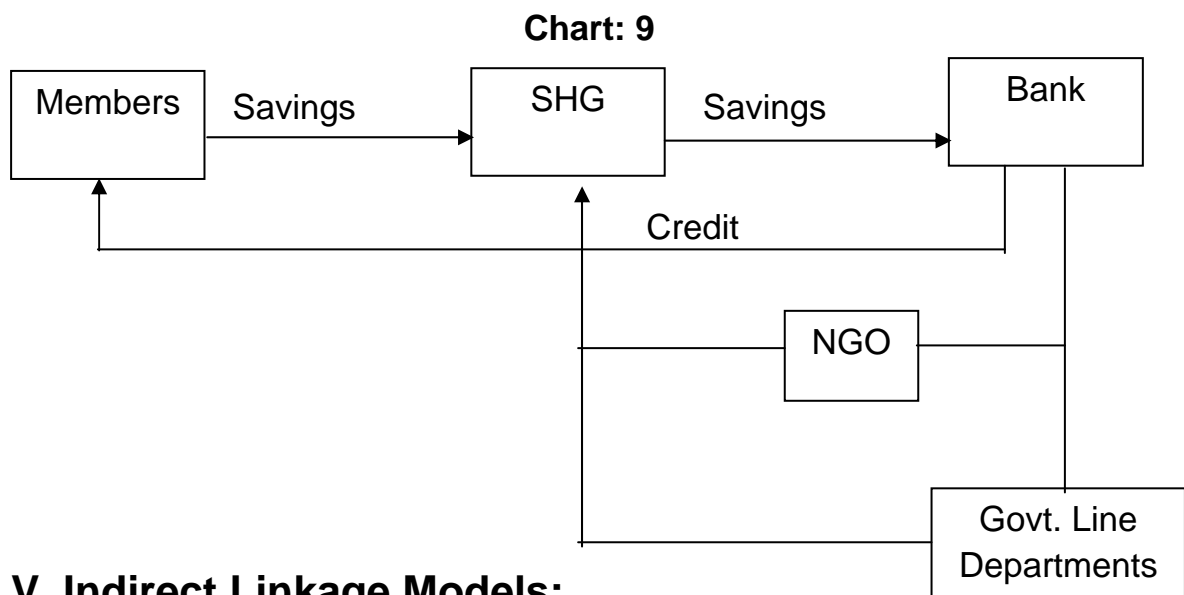
In this model NGO is not the financial intermediary. The NGO's role is only in group evolution and stabilization, where as the financial linkage is directly with the group (Chart-8).

Chart: 8



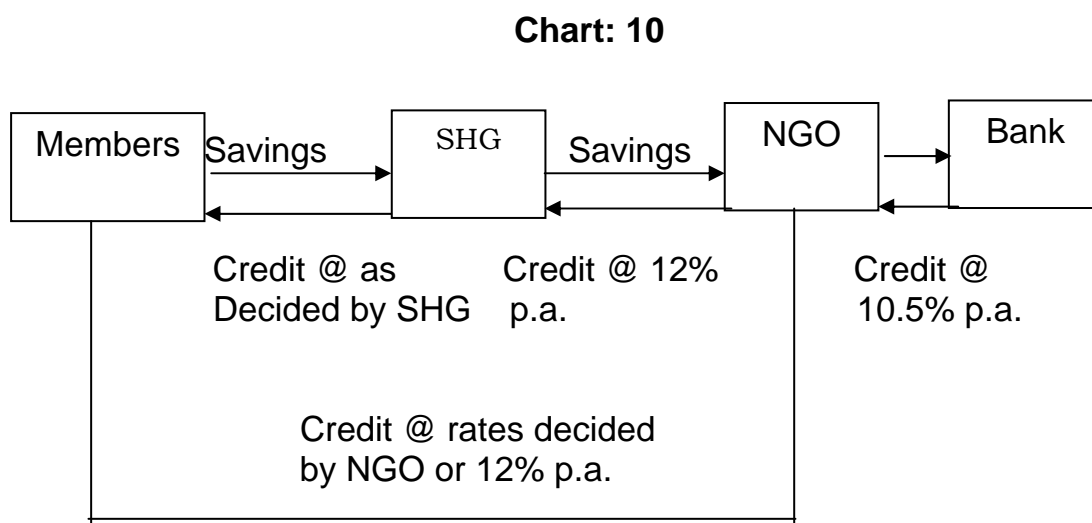
IV. IFAD Model:

In this model, the NGO is involved as in (Hi) above but the line departments of Government like Women Development Corporations, Sericulture, Rural Development are also involved in identification of activity, beneficiary etc. The model is in existence in areas where IFAD projects are being implemented like Tamil Nadu, Maharashtra and Uttar Pradesh (Chart-9).



V. Indirect Linkage Models:

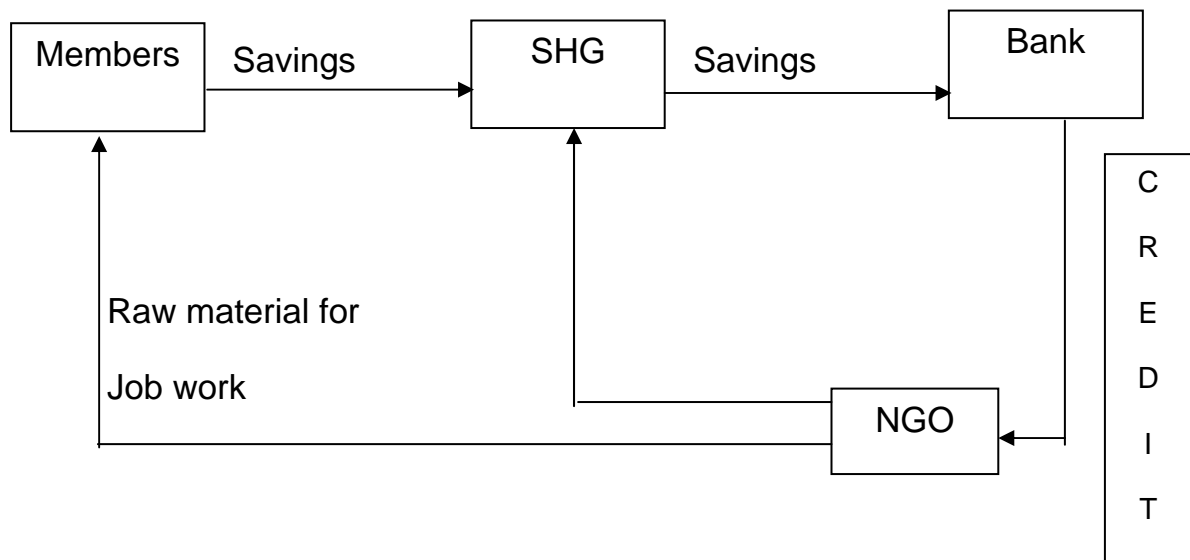
In this model basically the funds flow through the NGO i.e. the NGO is the financial intermediary. In case of this linkage model various types exist which have been given in Chart-10:



VI. Modified Indirect Model:

This model exists in case where the groups are artisan/ handicraft and NGO support for marketing is also available like SEWA, Lucknow (Chart-11).

Chart: 11



In the above models, apart from two-way flow of funds, there is also flow of services, extension, consultancy, training etc., from the banks and the voluntary agencies.

The Self Help Group approach to the development of rural poor appears to be an effective and viable proposition as a supplementary micro credit delivery system. The models of linkage between SHGs and FFAs could be specific to the needs of the group. A strong linkage and continued development dialogue between the SHGs and FFAs appear to be the panacea for many of the ills in the present system.

Micro Credit in India:

The Indian Micro Credit sector is characterized by a variety of Micro Credit service providers. These include various apex financial institutions like SIDBI and NABARD, Government owned Societies like Rashtriya Mahila Kosh, formal sector financial institutions, Commercial Banks, Regional Rural Banks, in addition to member-based institutions like

Cooperative, Mutually Aided Cooperative Societies, SHG Federations, private sector companies like specialized NBFCs, Societies, Trusts, etc. Besides the existence of such a large number of players in the organized/semi-organized sector, the rural credit market in India is still largely dominated by the all pervading network of indigenous money lenders.

Differences between micro credit and micro finance are shown in Chart 12. Micro finance refers to the provision of small loans without collateral security, to the poor and low-income households, whose access to the commercial banks is limited. On the other hand, micro credit may refer to the provision of small loan with collateral security.

Chart: 12

Differences between Micro Credit and Micro Finance

Characteristics of Loan	Micro Credit	Micro Finance
1. Size of Loan	Small	Small
2. Repayment Period	Short	Short
3. Sources of Mobilization	External	Both external and internal
4. Repayment	Definite obligation to repay	Obligation if source external
5. Collateral	May or may not be needed	Not needed
6. Purpose of use	Mostly fixed; limited scope for deviation	Flexible; consumption, income generation, any other
7. Scope of operation	Usually individual loans though group loans might be given	Mostly group loans trickling down to individuals.

Source : Society for Development Studies, series of policy Research Studies.

The details of Micro finance wholesalers in India are shown in Chart 13. The largest coverage of poor has been reported to be by NABARD with the largest amount cumulative number of SHGs. However, interest

rate has been reported significantly higher in case of NABARD as compared to other wholesalers.

Chart: 13

Apex Micro Finance Wholesalers in India

Institution	Year	Operations	Coverage of Poor	Cumulative No. of Groups	Interest	Repayment Schedule	Purpose of Lona
1. NABARD	1982	1.Direct inancing 2. Refinancing 3.Support grant to NGOs	390 lakh on 31 March2002	461,478 SHGs, on 31 March, 2002	11% p.a.	Within 4 years; on quarterly basis	production/ consumption/ Any other
2.SIDBI	1990	1.Direct MFI Financing 2. Capacity building grand 3. Grant to NGOs	10.41 lakh on 31 March 2004	192 MFIs on 31 March 2004	9 % p.a.	Within 4 years, on quarterly basis	Production/ Consumption/Any other
3. RMK	1993	1.Refinancing 2. Support for NGOs Schemes 3. Creation of SHGs	4.8 lakh on 31 March 2004	24,030 SHGs on 31 Jan 2004	8% p.a.	Within 3 years, on quarterly basis	Production/ Housing
4. RGVN	1990	1.Support for NGO Schemes 2. Creation and financing SHGs	26,693 on 31 March 2004	N.A.	10 % p.a.	N.A.	Production/ Consumption/ Housing
5.FWWB	1982	1. Direct financing to NGOs, MFIs 2. Direct financing to SHGs/Federation 3. Support grants for conducting trainings	N.A.	N.A.	N.A.	N.A.	Production only

Source: SDS Policy Research

There are a multitude of Non-Governmental Organizations, which can be virtually found in all villages and blocks of India. Most of these NGOs have similar origin in that they started off as social service and welfare organization with a focus on helping the poor and needy in times of disaster, famine or epidemic. The emphasis, therefore, was mainly on social and welfare activities like housing, health, education, safe drinking water, sanitation, etc. However, with the growing popularity of Micro Credit in India, these NGOs have also taken up Micro Credit activity as a part of their overall service strategy. While some have adopted Micro Credit as

their core activity, a large number of such institutions, have adopted multiple operations with a limited investment in Micro Credit.

The Micro Credit institutions (MFIs) in India today offer a variety of products, follow different pricing strategies, adopt varied credit delivery models and have different legal forms and organizational structures. The present section attempts to analyze the Micro Credit industry in India using Porters competitive strategy framework model and gives an overview of the products offered by the MFIs, the credit—delivery methodology being used and different pricing strategies employed.

Type of Institutions:

The Micro Credit programmes by the informal sector in India have evolved over the years. There is no single appropriate form of legislation for institutions undertaking Micro Credit Institutions have been getting registered under different legislations, categorized under three heads (Dasgupta, 2001).

Non-profit MFIs.

Societies registered under the Societies Registration Act, 1860 or similar State Acts.

Public Trusts registered under the Indian Trust Act, 1882.

Non-profit companies registered under Section 25 of the Companies Act, 1956.

Mutual Benefit Companies

State Credit Cooperatives

National Credit Cooperatives

Mutually Aided Cooperative Societies

For Profit MFIs

NBFCs registered under the Companies Act, 1956.

Distribution Approaches-Retailer Level:

Just as MFIs offer a varied combination of products and adopt different pricing techniques, they also differ in the credit delivery mechanism. It is dependent on factors such as nature and demographic profile of the clientele; products mix, pricing technique, legal and procedural requirements and above all, the long-term Micro Credit objectives (social vs. commercial). The following generic approaches to Micro Credit are commonly prevalent in India:

The Basic Self-Help Group model and its minor variations (PRADAN, NBJK, LEAD and others).

GRAMEEN Replicator Approach (SHARE, ASA, CASHPOR India).

Cooperative-Grameen Hybrid Model (Mahila Vikas).

NBFC Approach (BASIX & SANGHAMITRA).

Federated SHG approach (DHAN Foundation).

Rural Industries Promotion (SHG) Framework (MYRADA).

Urban Cooperative Banking Model (Sewa Bank).

Multi-State Cooperative Solidarity Group Model (ICNW).

Enabling Cooperative Networking Framework (CDF AND MACS).

Performance of SHG based Micro Financing:

Micro credit programmes are being promoted by international agencies, various ministries and departments of central and state governments as well as non-government organizations. Even corporate sector has deep penetration in micro financing as it ensures promotion of small business besides empowerment of poor. Private Banks are also joining hands with non-government organizations for the promotion of micro finance in remote areas. Though, India has nearly 400 million people

living below poverty line or just above the poverty line. Approximately 75 million households need micro finance. Of these, nearly 60 million households are in rural India remaining 15 million are urban slum dwellers. Currently annual credit usage by these households is estimated to be \$10 billion or Rs. 465000 million. These represent usage and not unmet demand of micro finance. During 2008, NABARD has targeted to develop 1 million SHGs, absorbing Rs. 50000 million worth of funds (Fisher & Sriram, 2002).

SHG-Bank Linkages in India is shown in Table 1. During 2005-06, there has been upward trend of SHG bank linkages in India with the increasing refinancing to SHGs.

Table: 1

SHG-Bank Linkage in India

(Amount in Rs. crore)

Year	Total SHGs financed by banks (in '000)		Bank Loans		Refinance	
	During the year	Cumulative	During the year	Cumulative	During the year	Cumulative
1992-99	33	33	57	57	52	52
1999-00	82	115	136	193	98	150
	(147.9)	(247.9)	(138.1)	(238.1)	(88.5)	(188.5)
2000-01	149	264	288	481	244	394
	(82.3)	(129.9)	(112.0)	(149.2)	(149.0)	(162.7)
2001-02	198	461	545	1,026	395	790
	(32.6)	(74.9)	(89.0)	(113.4)	(61.9)	(100.5)
2002-03	256	717	1,022	2,049	622	1,412
	(29.5)	(55.4)	(87.0)	(99.6)	(57.2)	(78.7)
2003-04	362	1,079	1,856	3,904	705	2,118

	(41.4)	(50.4)	(81.0)	(90.6)	(13.3)	(50.0)
2004-05	539	1,618	2,994	6,898	968	3,086
	(49.1)	(50.0)	(61.0)	(76.7)	(37.3)	(45.7)
2005-06	620	2,239	4,499	11,398	1,068	4,153
	(15.0)	(38.3)	(50.3)	(65.2)	(10.3)	(34.6)
2006-07	1,106	–	6,570	–	1,293	5,446
2007-08 P	740	–	4,228	–	1,616	7,062

Source: NABARD.

Self Help Group bank linkages and refinancing is shown in Table 2. There has been tremendous growth of SHG-Bank linkages with the increasing amount of refinancing assistance and bank loan. During 2006-07, 2.92 lakh SHGs were reported bank linked which were provided Rs. 18040.74 crores bank loan.

Table: 2

Self-Help Group-Bank Linkage & Refinancing

(Amount in Rupees crore)

Year (End-March)	No. of SHGs Linked	Bank Loan	Refinance Assistance
1992-93	255	0.29	0.27
1993-94	620	0.65	0.46
1994-95	2122	2.44	2.13
1995-96	4757	6.06	5.66
1996-97	8598	11.84	10.65
1997-98	14317	23.76	21.39
1998-99	32995	57.07	52.06
1999-00	114775	192.98	150.13
2000-01	263825	480.87	394.98
2001-02	461478	1026.34	790.24

2002-03	717360	2048.67	1412.71
2003-04	1079091	3904.20	2118.15
2004-05	1618456	6898.46	3085.91
2005-06	2238565	13975.43	4153.63
2006-07	2924973	18040.74	5446.49
2007-08 P	3477965	22268.32	7061.99

P : Provisional

Source : NABARD.

Regional pattern of SHG-Bank Linkages programmes is shown in Table 3. During 2001, most of the SHG-Bank linked was reported in southern India (71.1 per cent). The share of central region accounted for only 10.9 per cent and western region had a share of 5.9 per cent. During 2006, the share of southern state has reduced to 54.3 per cent with the increase share of other regions.

Table: 3

Regional Pattern of SBLP

(as at end-March)

(Per cent to total)

Region	2001	2002	2003	2004	2005	2006
Northern	3.4	4.2	4.9	4.9	5.3	5.9
North-Eastern	0.2	0.3	0.6	1.1	2.1	2.8
Eastern	8.4	9.9	12.7	14.7	16.4	17.6
Central	10.9	10.4	11.4	11.8	12.2	12.0
Western	5.9	6.4	5.9	5.1	5.9	7.4
Southern	71.1	68.8	64.6	62.5	58.0	54.3
All-India	100.0	100.0	100.0	100.0	100.0	100.0

Source : NABARD.

Agency-wise SHG-Bank linkages are shown in Table 4. During 006-07, more than half of the SHGs were found linked with commercial

banks. However, its share declined to only 42 per cent during 2007-08. The share of Regional Rural Banks was reported 34 per cent during 2006-07. Similarly, the share of bank loan disbursed to SHGs was recorded as high as 60 per cent in case of commercial banks, however, its share declined in 2007-08 (48 per cent).

Table: 4

Agency-wise SHG –Bank Linkage Position

(Amount in Rs. crore)

Agency	SHGs Credit Linked (in '000)		Bank Loan Disbursed	
	2006-07	2007-08P	2006-07	2007-08P
Commercial Banks	572	312	3,919	2,043
	(52)	(42)	(60)	(48)
RRBs	381	241	2,053	1,599
	(34)	(33)	(31)	(38)
Co-operative Banks	153	187	599	586
	(14)	(25)	(09)	(14)
Total	1,106	740	6,570	4,228
P : Provisional data.				

Source : NABARD.

Model-wise cumulative bank linkages is shown in Table 5. Most of the SHGs were reported having financial support by banks. During 2004, 72 per cent SHGs were reported having financial support by banks while the bank loan provided to SHGs was mainly extended by banks (81 per cent). During 2006, around 74 per cent SHGs were reported having financial support by banks. Thus, majority of the SHGs are being promoted by NGOs, government agencies and financed by banks. However, the proportion of SHGs promoted, guided and financed by banks is still to be less than 20 per cent.

Table: 5
Model-wise Cumulative Bank Linkage Position
(As at end-March)

Model Type		2004		2005		2006	
		No. of SHGs ('000)	Bank loans (Rs. crore)	No. of SHGs ('000)	Bank loans (Rs. crore)	No. of SHGs ('000)	Bank loans (Rs. crore)
(i)	Model I- SHGs promoted, guided	218	550	343	1,013	449	1,637
	and financed by banks	(20.0)	(14.0)	(21.2)	(14.7)	(20.1)	(14.4)
(ii)	Model II- SHGs promoted by NGOs/						
	Government agencies and	777	3,165	1,158	5,529	1,646	9,200
	financed by banks	(72.0)	(81.0)	(71.6)	(80.2)	(73.5)	(80.7)
(iii)	Model III- SHGs promoted by NGOs and						
	financed by banks using NGOs/						
	formal agencies as financial	84	189	117	356	143	561
	intermediaries	(8.0)	(5.0)	(7.2)	(5.2)	(6.4)	(4.9)
Total (i+ii+iii)		1,079	3,904	1,618	6,898	2,239	11,398

Source : NABARD.

As on 31st March, 2008, total 5 million SHGs were having saving bank account with the banking sector with the outstanding savings of Rs. 3785.39 crores. During 2006-07 and 2007-08, the SHGs savings in banks increased by 20.4 per cent and 7.8 per cent in number of SHGs and amount of saving respectively. The commercial banks had the maximum

share of SHGs savings (56 per cent) in case of SHGs and 53.8 per cent in amount of saving (Table 6). Per SHG saving was reported Rs. 8,469 during 2006-07 however, it was reported highest in case of regional rural banks (Rs. 9791).

Table: 6
Agency-wise Savings of SHGs with Banks
(Amount Rs. crore)

Agency	During the year	Total SHG's Savings with the banks as on 31 March, 2008				Per SHG Savings (Rupees)	Out of Total SHGs' saving with banks under SGSY	
		No. of SHGs	% Share	Amount	% Share		No. of SHGs	Amount
Commercial Banks (Public & Private Sector)	2006-07	22,93,771	55.2	1,892.42	53.8	8,250	5,71,062	524.49
	2007-08	28,10,750	56.1	2,077.73	54.9	7,392	7,65,775	527.02
	% growth	22.5		9.8		-10.4	34.1	0.5
Regional Rural Banks (RRBs)	2006-07	11,83,065	28.4	1,158.29	33.0	9,791	3,00,427	188.66
	2007-08	13,86,838	27.7	1,166.49	30.8	8,411	3,57,004	210.83
	% growth	17.2		0.7		-14.1	18.8	11.8
Co-operative Banks	2006-07	6,83,748	16.4	462.00	13.2	6,914	84,828	44.35
	2007-08	8,12,206	16.2	541.17	14.3	6,663	80,291	71.66
	% growth	18.8		17.1		-1.4	-5.3	61.6
TOTAL	2006-07	41,60,584	100.0	3,512.71	100.0	8,469	9,56,317	757.50
	2007-08	50,09,794	100.0	3,785.39	100.0	7,556	12,03,070	809.51
	% growth	20.4		7.8		-10.5	25.8	6.9

Source : NABARD.

Savings of SHGs with banks is shown in Table 7. As on March 2007, the amount of outstanding savings by SHGs in banks was reported to be Rs. 3,513 crores. The amount of outstanding savings by exclusive women SHGs accounted for 86.11 per cent. Thus, the share of savings by women SHGs is reported to be significantly high. The majority of the women SHGs were found having their savings in commercial banks (54.6 per cent).

Table: 7
Savings of SHGs with Banks
(As at end-March 2007)

(Amount in Rs. crore)

Agency	Total Savings		Exclusive Women SHGs	
	No. of SHGs	Amount of Outstanding Savings	No. of SHGs	Amount of Outstanding Savings
Commercial Banks	2,293,771	1,892	1,794,720	1,651
	(55.1)	(53.9)	(54.9)	(54.6)
Regional Rural Banks	1,183,065	1,158	974,811	1,043
	(28.4)	(32.9)	(29.8)	(34.5)
Co-operative Banks	683,748	462	501,708	331
	(16.4)	(13.2)	(15.3)	(10.9)
Total	4,160,584	3,513	3,271,239	3,025
	(100.0)	(100.0)	(100.0)	(100.0)

Source : NABARD.

State-wise savings of SHGs with banks is shown in Table 8. A larger amount of SHG savings with banks was reported in southern region followed by western, central and northern region. Again, a larger chunk of savings was found deposited in commercial banks by the SHGs.

Table: 8

State-wise Savings of SHGs with Banks (As on 31 March 2008)

(Amount in Rs. Lakh)

Sl. No.	Region/State	Commercial Banks		Regional Rural Banks		Co-operative Banks		Total	
		No. of SHGs	Saving Amount	No. of SHGs	Saving Amount	No. of SHGs	Saving Amount	No. of SHGs	Saving Amount
A	Northern Region								
1	Haryana	12302	584.17	10372	738.60	896	42.38	23570	1365.15
2	Himachal Pradesh	26762	2213.32	4369	401.28	7,460	207.61	38591	2822.21
3	Punjab	23508	2465.64	2210	105.64	0	0.00	25718	2571.28
4	Jammu & Kashmir	1852	158.39	163	11.40	593	19.78	2608	189.57
5	Rajasthan	74665	3202.50	5139	175.77	31,444	1844.75	111248	5223.02
6	New Delhi	6431	596.46	0	0.00	0	0.00	6431	596.46
	SUBTOTAL	145520	9220.48	22253	1432.69	40,393	2114.52	208166	12767.69
B	North Eastern Region								
7	Arunachal Pradesh	1256	18.94	553	31.39	192	3.00	2001	53.33
8	Assam	51682	2812.51	85941	2177.75	12,096	809.80	149719	5800.06
9	Manipur	3449	213.17	4496	154.78	7945	367.95		

10	Meghalaya	11368	167.50	1868	97.07	963	45.32	14199	309.89
11	Mizoram	2690	31.00	1506	752.03	29	9.93	4225	792.96
12	Nagaland	2204	82.18	152	1.39	1,049	35.51	3405	119.08
13	Sikkim	1357	54.73	290	6.03	1647	60.76		
14	Tripura	5012	244.76	13435	828.45	1,457	55.94	19904	1129.15
	SUBTOTAL	79018	3624.79	107951	4042.86	16,076	965.53	203045	8633.18
C	Eastern Region								
15	Bihar	60136	2568.61	35733	1994.28	0	0.00	95869	4562.89
16	Jharkhand	40818	2948.53	21874	518.04	0	0.00	62692	3466.57
17	Orissa	179957	11642.16	149090	10918.71	62,493	3433.57	391540	25994.44
18	West Bengal	237082	10925.89	129718	25938.52	155,401	9684.78	522201	46549.19
19	A & N Islands (UT)	237	9.03	1,505	17.53	1742	26.56		
	SUBTOTAL	518229	28094.22	336415	39369.55	219,399	13135.88	1074043	80599.65
D	Central Region								
20	Chattisgarh	33793	869.88	47448	1491.03	52,454	881.40	133695	3242.31
21	Madhya Pradesh	82152	5684.46	52718	2899.17	15,975	619.72	150845	9203.35
22	Uttar Pradesh	143749	10810.96	184356	8759.07	2,174	204.44	330279	19774.47
23	Uttarakhand	17694	644.75	6330	332.97	6,054	333.16	30078	1310.88

	SUBTOTAL	277387	18010.05	290852	13482.24	76,657	2038.72	644896	33531.01
E	Western Region								
24	Goa	40480	2758.37	0	0.00	1,276	148.12	41756	2906.49
25	Gujarat	213572	19124.63	30722	1500.57	16,619	1376.31	260913	22001.51
26	Maharashtra	4030	599.59	41156	2838.81	124,879	4716.83	170065	8155.23
	SUBTOTAL	258082	22482.59	71878	4339.38	142,774	6241.26	472734	33063.23
F	Southern Region								
27	Andhra Pradesh	667081	63283.51	315200	33055.80	24,790	785.95	1007071	97125.26
28	Karnataka	195345	10523.63	148137	12307.83	140,894	16017.61	484376	38849.06
29	Kerala	218783	12695.50	25127	4906.94	53,112	4728.57	297022	22331.01
30	Tamil Nadu & UT. of Pondicherry	451305	39838.69	69025	3711.54	98,111	8088.63	618441	51638.86
	SUBTOTAL	1532514	126341.33	557489	53982.11	316,907	29620.76	2406910	209944.20
	GRAND TOTAL	2810750	207773.45	1386838	116648.83	812,206	54116.67	5009794	378538.94

Source : NABARD

Banks loans provided to micro finance institutions is shown in Table 9. As on March, 2007, 550 micro financial institutions were provided Rs. 1584 crores for promotion of micro finance to poor. Majority of the micro financial institutions were supported by commercial banks (98.36 per cent).

Table: 9
Bank Loans Provided to MFIs
(As at end-March 2007)

(Amount in Rs. crore)

Agency	Loans Disbursed By Banks to MFIs during 2006-07		Outstanding Bank Loans to MFIs as on March 31,2007	
	No. of MFIs	Amount	No. of MFIs	Amount
Commercial Banks	327	1,151	541	1,584
Regional Rural Banks	7	0.2	8	0.2
Co-operative Banks	–	–	1	0.01
Total	334	1,152	550	1,584

Source : NABARD.

Agency-wise bank loan disbursed to SHGs is shown in Table 10. During the year 2007-08, the bank financed 1.23 million SHGs, including repeat loan to existing SHGs with bank loan of Rs. 8849.26 crores. The growth of loan disbursed by banks to SHGs was reported to be 34.7 per cent during 2006-07 to 2007-08. Most of the loan disbursed by banks was reported by commercial banks (61 per cent) during 2007-08. Per SHG bank loan disbursed was reported Rs. 72076 in 2007-08 while the highest per SHG loan disbursed reported in case of RRBs (Rs. 80935).

Table: 10
Agency-wise Bank Loans Disbursed to SHGs

(Amount Rs. crore)

Agency	During the year	Total Loan Disbursed by Banks to SHG's				Per SHG Bank Loan disbursed (Rupees)	Out of Total Bank Loan disbursed to SHGs under SGSY	
		No. of SHGs	% Share	Amount	% Share		No. of SHGs	Amount
Commercial Banks (Public & Private Sector)	2006-07	5,71,636	51.7	3,918.94	59.7	68,557	1,23,551	378.72
	2007-08	7,35,119	59.9	5,403.00	61.0	73,511	1,60,674	1,103.70
	% growth	28.6		37.9		7.2	30.0	25.6
Regional Rural Banks (RRBs)	2006-07	3,81,199	34.5	2,052.73	31.2	53,849	48,653	407.91
	2007-08	3,27,650	26.7	2,651.84	30.0	80,935	64,678	597.71
	% growth	- 14.0		29.2		50.3	32.9	46.5
Co-operative Banks	2006-07	1,52,914	13.8	598.72	9.1	39,153	16,758	124.39
	2007-08	1,65,001	13.4	793.52	9.0	48,092	21,297	156.33
	% growth	7.9		32.5		22.8	27.1	25.7
TOTAL	2006-07	11,05,749	100.0	6,570.39	100.0	59,420	1,88,962	1,411.02
	2007-08	12,27,770	100.0	8,849.26	100.0	72,076	2,46,649	1,857.74
	% growth	11.0		34.7		21.3	30.5	31.7

Source : NABARD.

State-wise bank loan disbursed to SHGs is shown in Table 11. The amount of bank loan disbursed to SHGs has been reported high in case of southern states followed by western, central and northern regions. The per SHG bank loan again has been reported high in case of southern states. Thus, the micro financing has been very successful in southern states as compared to other regions of the country.

Table: 11
State-wise Bank Loan Disbursed to SHGs
(During the year 2007-08)

(Amount in Rs. Lakh)

Sl. No.	Region/State	Commercial Banks		Regional Rural Banks		Co-operative Banks		Total	
		No. of SHGs	Bank Loan	No. of SHGs	Bank Loan	No. of SHGs	Bank Loan	No. of SHGs	Bank Loan
A	<i>Northern Region</i>								
1	Haryana	1118	1640.20	1251	842.54	213	131.15	2582	2613.89
2	Himachal Pradesh	2532	2382.86	1138	1188.13	627	545.59	4297	4116.59
3	Punjab	1387	1143.72	381	346.77	345	224.52	2113	1715.01
4	Jammu & Kashmir	327	103.40	26	9.22	470	180.26		
5	Rajasthan	9106	5291.89	1163	384.35	11622	4492.11	21891	10168.35
6	New Delhi	2327	352.47	2327	352.47				
	SUBTOTAL	16797	10914.54	3959	2771.01	12924	5461.01	33680	19146.56
B	<i>North Eastern Region</i>								
7	Arunachal Pradesh	1449	1000.50	10	3.50	0	0.00	1459	1004.00
8	Assam	8443	3958.45	11327	4068.83	548	841.82	20318	8869.10

9	Manipur	404	173.00	174	74.50	578	247.50		
10	Meghalaya	1784	1224.00	270	109.30	89	29.66	2143	1362.96
11	Mizoram	147	39.21	626	852.47	2	2.25	775	893.93
12	Nagaland	443	357.00	0	0.00	100	30.76	543	387.76
13	Sikkim	647	433.00	21	6.83	668	439.83		
14	Tripura	665	195.00	1856	1292.43	114	178.62	2635	1666.05
	SUBTOTAL	13982	7380.17	14263	6401.03	874	1089.94	29119	14871.14
C	<i>Eastern Region</i>								
15	Bihar	7919	6739.99	10197	7093.65	0	0.00	18116	13833.64
16	Jharkhand	9338	4129.06	1946	1010.98	11284	5140.04		
17	Orissa	63826	35664.03	33255	18077.25	6463	2962.81	103544	56704.09
18	West Bengal	19842	5095.04	14251	4893.40	18465	12547.20	52558	22535.64
19	A & N Islands (UT)	39306	6295.49	129	75.45	39435	6370.94		
	SUBTOTAL	140231	57923.60	59649	31075.28	25057	15585.46	224937	104584.34
D	<i>Central Region</i>								
20	Chattisgarh	5635	3971.26	3101	2463.72	9648	741.02	18384	7176.00
21	Madhya Pradesh	4661	3586.32	7927	3580.53	296	312.40	12884	7479.25

22	Uttar Pradesh	1626	1787.36	19852	14258.75	1616	595.52	23094	16641.63
23	Uttarakhand	16721	15794.79	816	786.95	849	917.98	18386	17499.72
	SUBTOTAL	28642	25139.73	31696	21089.95	12409	2566.92	72747	48796.60
E	<i>Western Region</i>								
24	Goa	9880	6306.79			572	527.95	10452	6834.74
25	Gujarat	38030	16904.17	1236	587.90	2291	1554.06	41557	19046.13
26	Maharashtra	1665	874.05	12294	10170.99	24473	5403.24	38432	16448.28
	SUBTOTAL	49575	24085.01	13530	10758.89	27336	7485.25	90441	42329.15
F	<i>Southern Region</i>								
27	Andhra Pradesh	250205	247099.46	146343	136963.84	9838	3912.79	406386	387976.09
28	Karnataka	47982	38187.90	40852	38621.40	23406	16315.36	112240	93124.66
29	Kerala	51956	35465.23	3892	3283.19	20736	7864.02	76584	46612.44
30	Tamil Nadu & UT. of Pondicherry	135750	94194.70	13466	14219.55	32421	19071.00	181637	127485.25
	SUBTOTAL	485893	414947.29	204553	193087.98	86401	47163.17	776847	655198.44
	GRAND TOTAL	735119	540390.35	327650	265184.14	165001	79351.75	1227770	884926.24

Source : NABARD

As on March, 2007, Rs. 12366 crores were reported to be bank loan outstanding under SHG bank linkages programmes. Out of total loans outstanding, commercial banks accounted for 70.8 per cent while regional rural banks had a share of 22.7 per cent (Table 12).

Table: 12
Bank Loans Outstanding Under SBLP
(As at end-March 2007)

(Amount in Rs. crore)

Agency	No. of SHGs	Loans Outstanding
Commercial Banks	1,893,016	8,760
	(65.4)	(70.8)
Regional Rural Banks	729,255	2,802
	(25.2)	(22.7)
Co-operative Banks	272,234	804
	(9.4)	(6.5)
Total	2,894,505	12,366
	(100.0)	(100.0)

Source : NABARD.

As on 31st March, 2008, a total of 3.62 million SHGs were having outstanding bank loans of Rs. 16999.90 crores. The amount of bank loan outstanding against SHGs reported a growth of 37.5 per cent during 2006-07 to 2007-08. Per SHG bank loan outstanding was recorded Rs. 46884 during 2007-08. It was reported high in case of regional rural banks (Table 13).

Table: 13

Agency-wise Bank Loan Outstanding Against SHGs

(Amount Rs. crore)

Agency	During the year	Total Bank Loan Outstanding against SHGs as on 31 March, 2008				Per SHG Bank Loan outstanding (Rupees)	Out of Total Bank Loan outstanding against SHGs under SGSY	
		No. of SHGs	% Share	Amount	% Share		No. of SHGs	Amount
Commercial Banks (Public & Private Sector)	2006-07	18,93,016	65.4	8,760.38	70.8	46,277	4,68,059	2,225.31
	2007-08	23,78,847	65.6	11,475.47	67.5	48,240	6,38,283	3,225.92
	% growth	25.7		31.0		4.2	36.4	43.0
Regional Rural Banks (RRBs)	2006-07	7,29,255	25.2	2,801.76	22.7	38,419	1,72,012	807.76
	2007-08	8,75,716	24.2	4,421.04	26.0	50,485	2,23,191	1,332.33
	% growth	20.1		57.8		31.4	29.8	64.9
Co-operative Banks	2006-07	2,72,234	9.4	804.35	6.5	29,546	47,241	209.96
	2007-08	3,71,378	10.2	1,103.39	6.5	29,711	55,504	258.62
	% growth	36.4		37.2		6.6	17.5	23.2
TOTAL	2006-07	28,94,505	100.0	12,366.49	100.0	42,724	6,87,312	3,273.03
	2007-08	36,25,941	100.0	16,999.90	100.0	46,884	9,16,978	4,816.87
	% growth	25.3		37.5		9.7	33.4	47.2

Source : NABARD.

On the basis of data reported by banks, out of 329 banks which reported the recovery data, 223 banks (67.8 per cent) have more than 80 per cent recovery of SHGs' loans as on 31st March, 2008. Most of the banks reported the recovery of bank loans upto 95 per cent and above (46.5 per cent) followed by 50-79 per cent (23.4 per cent) (Table 14).

Table: 14

Agency-wise Recovery Performance of SHGs

Agency	Total No. of Banks Reported Recovery Data	No. of banks based on percentage distribution of recovery performance of bank loans to SHGs as on 31 March 2008			
		95% and above	80-94%	50-79%	Less than 50%
Commercial Banks (Public Sector)	25	11	6	8	0
Commercial Banks (Private Sector)	8	7	0	1	0
Regional Rural Banks (RRBs)	70	22	25	17	06
Co-operative Banks	226	113	39	51	23
TOTAL	329	153	70	77	29
Percentage of Banks		46.5	21.3	23.4	8.8

Source : NABARD.

As on March, 2007, 290 banks reported recovery performance of bank loans to SHGs. Most of the banks reported that the recovery performance of bank loans to SHGs is in between 80-94 per cent and

above. However, around 7 per cent banks reported that the recovery is less than 50 per cent. The recovery position was reported significantly high in case of cooperative banks and commercial banks as compared to regional rural banks (Table 15).

Table: 15
Recovery Performance of Bank Loans to SHGs
(As at end-March 2007)

Agency	Total No. of Reporting Banks	Recovery Performance of Bank Loans to			SHGs
		95 per cent and above	80-94 per cent	50-79 per cent	less than 50 per cent
Commercial Banks	36	11	15	10	0
		(30.6)	(41.7)	(27.8)	(0.0)
Regional Rural Banks	73	20	35	13	5
		(27.4)	(47.9)	(17.8)	(6.8)
Co-operative Banks	181	76	55	35	15
		(42.0)	(30.4)	(19.3)	(8.3)
Total	290	107	105	58	20
		(36.9)	(36.2)	(20.0)	(6.9)

Source : NABARD.

Empowering Women:

Micro finance is seen as a central pivot in the development space with its focus on poor women. There has been many successful initiatives of micro finance, including the extent of outreach, as well the development of the local institutions and innovative products that reach excluded communities. Micro finance for poverty reduction has been accepted at the national policy level. The expansion of banking network and extending

outreach of micro finance programmes have enabled poor to initiate income generating activities for their empowerment.

Women empowerment is the buzzword now-a-days. No country can afford development without considering women who constitute about half of its stock of human resource. However, development has bypassed women in India despite worshipping and paying respect to women in mythology and historical texts. Gender disparities vary vastly across cultural, geographical and historical context. India is a large country with vast economic and socio-cultural diversity in its varied regions. The development issues related to women in a large country like India will not only be inappropriate but some times even misleading. Women specific and women related legislations have been enacted to safeguard the rights and interest of women, besides protecting against discrimination, violence, and atrocities and also to prevent socially undesirable practices. In past, government of India has undertaken a large number of schemes aimed at the socio-economic development of women under various Five Year Plans.

Development of women in the First Five Year Plan (1951- 56) was clubbed with the welfare of disadvantaged group like destitute, disabled, aged, etc. The Second to Fifth Plan (1956-79) continue to reflect the same welfare approach besides giving priority to women's education and launching measures to improve maternal and child health services, supplementary feeding for children, and expectant and nursing mother. Sixth Plan (1980-85) has marked a clear shift in its approach, from welfare to development oriented plans towards women. Seventh Plan (1985-90) aimed at raising women's economic and social status and bringing them into the mainstream of the national development.

Eighth Plan (1992-97) focused on human development with special reference to women. The Ninth Plan (1997-2002) made significant changes in the conceptual strategy of planning for women development. The Tenth

Plan (2002-07) continued with its strategy of empowering women as agent of social change and development. The vision of the Eleventh Plan is to end the multifaceted exclusions and discriminations faced by women, to ensure that every woman is able to develop her full potential and share the benefits of the economic growth and prosperity (Chart-14).

Chart: 14

Gender Development in Indian Planning

First Five Year Plan (1951-56)	Development of women was clubbed with the welfare of the disadvantaged groups like destitute, disabled, aged, etc.
Second to Fifth Five Year Plans (1956-79)	Welfare approach, besides giving priority to women's education, improved maternal and child health services, supplementary feeding for children and expectant and nursing mothers.
Sixth Five Year Plan (1980-85)	Shift in the approach from 'welfare' to 'development' of women. Multi-disciplinary approach with thrust on health, education and employment.
Seventh Five Year Plan (1985-90)	Aimed at raising women's economic and social status and bringing them into the mainstream of national development. The thrust was on generation of both skilled and unskilled employment through proper education and vocational training.
Eighth Five Year Plan (1992-97)	Emphasis on the development of women.
Ninth Five Year Plan (1997-2002)	Attempted 'Empowerment of Women'. The Plan also aimed at 'convergence of existing services' available in both women-specific and women-related sectors.
Tenth Five Year Plan (2002-07)	Continues with the strategy of "Empowering Women" as an agent of social change and development through Social Empowerment, Economic Empowerment and Gender Justice.
Eleventh Five Year Plan (2007-12)	Emphasis on gender equity, gender budgeting and creation of environment free from all forms of violence against women

Source: Planning Commission, Govt. of India.

There are several dimensions of gender development. These mainly include social, economic political and legal (Chart-15). Women's development has come a long way from the earlier welfare orientation. In the welfare approach, women were taken as vulnerable sections of the population, whose situation could be ameliorated through the provision of support services like health, nutrition and child care. Women's development has been looked at variously from perspectives that have followed the welfare approach. The present approach of empowerment looks at unequal gender and power relations and use conscientisation, mobilization, solidarity and collective action as the solution (Chart-16).

Chart: 15

Different Aspects of Gender Development

CULTURAL	LEGAL	POLITICAL	ECONOMIC	SOCIAL
↓	↓	↓	↓	↓
Respect of rights of indigenous and traditional people Participation in local resource management Inclusion of indigenous knowledge	Awareness of rights Decentralization Mainstreaming gender perspectives Decision making	Gender justice, elimination of all forms of gender discrimination	Poverty Eradication Micro-credit Women and Economy Globalization Women and Agriculture Women and Industry Support services	Education Health Nutrition Drinking water Sanitation Housing and Shelter Environment

Source: CARE, 2007.

Chart: 16

Different Perspectives to Women's Development

Type of Project goal	Concepts		Type of developmental interventions
	Concept of the problem	Concept of the solution	
Welfare	Women's poverty, women's special needs, women as a vulnerable groups, women's lower socio-economic status	Provision of support services of health, nutrition, child care	Build maternity clinics, health clinics, immunization, health education, nutrition education
Economic self-reliance	Women as under-employed, unproductive, dependent, lacking in productive skills	Promote self reliance and inter-dependence, provide productive skills, encourage women's productive enterprises	Income generating projects for women, women's clubs, soap making, school uniform making etc.
Efficiency	Women as previously overlooked resource in development planning, women as under developed human capital	Identify actual productive roles of women, support women with skills, training and improved technology, invest in previously over looked resource	Integration of women in development planning, mainstreaming of women's development, extension advice for women farmers, appropriate technology for women, increase women's access to factors of production
Equality	Structure of inequality, discrimination against women in schooling, credit, access to land	Equality of opportunities for women in schooling, access to factors of production	Affirmative action to promote equal opportunity, revise development planning so that women are equal partners and beneficiaries in development process.
Empowerment	Unequal gender power relations, the patriarchy, patriarchal resistance	Conscientisation, mobilization, solidarity, collective action	Grass roots projects, support for women's collective action, project concerned with democratization and political action

Source: UNICEF based on Moser, in ICECD (undated) Making Development Gender Sensitive, a Guide for Trainers, Ahmadabad, ICECD.

A large number of social, economic and political factors are found to continue to the development of women in ethnologically diverse, socially complex and tradition-bound societies such as India. A latest study on gender development (2005) has revealed that Kerala, Tamil Nadu, Punjab, Gujarat, Karnataka and Maharashtra are the leading states as far as overall gender development indicators are concerned.

There are marked demographic contrast between the northern, eastern and central parts of India on the one hand and the rest of the country on the other. The educational backwardness has been reported high in Bihar, West Bengal and Rajasthan while health indicators show that Bihar, Assam, Uttar Pradesh and Madhya Pradesh are backward states. The social status of women has also found to be poor in Andhra Pradesh, Assam, Rajasthan and Bihar. Similarly, the economic status of women is found to be poor in Maharashtra, Orissa, Kerala and Rajasthan. As far as the leadership is concerned, Uttar Pradesh is ahead of state like Kerala. However, SHG's per lakh females were reported high in Andhra Pradesh, Tamil Nadu, Karnataka, Kerala and Orissa.

Indian women are at the crossroads of their destiny. There is a great upsurge in consciousness about their rights among all sections and classes of society in the country. There has been tremendous increase in developmental activity for women since the 1980s with a great leap forward in the 1990s. Women constitute 48.2 per cent of the country's population. However, development process has bypassed women. Their holistic development in terms of materials, resources, programmes and policies is the broad mandate of working of Ministry of Women & Child Development, Govt. of India.

Department of Women & Child Development was setup in the year 1985 as the national machinery for advancement of the women in the

country. In the view of increasing importance of women empowerment, Government of India has converted the department into full fledged Ministry in the year 2006. Government of India has implemented a number of programmes for women empowerment.

Government of India has also adopted National Policy for Empowerment of Women, 2001 which aimed at bringing about the advancement, development and empowerment of women and to eliminate all forms of discrimination against women and to ensure their active participation in all space of public life and activities. The gender budgeting is also widely accepted as a powerful tool for empowerment of women. The Government of India is focusing on mainstreaming gender budgeting initiatives and bringing the subject center stage. The detailed guidelines for gender budgeting have been issued for budgetary allocation and reviewing the policy and implementation of schemes.

Scheme-wise sanctions and disbursements of loans by Rashtriya Mahila Kosh are shown in Table 16. During 2003-04, 121 NGOs were supported for extending micro credit to the poor women. The sanctioned amount for the year 2003-04 was reported to be Rs. 2505.60 lakhs while during 2004-05, the amount has significantly declined. Most of the sanctioned amount was reported to be related with main loan scheme and gold credit card scheme. Rashtriya Mahila Kash has sanctioned Rs. 1930.90 lakhs to 82 NGOs while Rs. 2068.42 lakhs were disbursed during the year.

Table: 16
Scheme-wise Sanctions and Disbursements of Loans by
Rastriya Mahila Kosh

(Rs. In Lakh)

Scheme	Amount Sanctioned		Amount Disbursed	
	2003-2004	2005-2006	2003-2004	2005-2009

	No. of NGOs	Amt.	No. of NGOs	Amt.	No. of NGOs	Amt	No. of NGOs	Amt.
Main Loan Scheme	69	987.80	69	1238.50	69	924.32	69	1058.12
Revolving fund Scheme	8	432.00	5	368.00	8	440.00	5	459.00
Loan Promotion Scheme	35	116.80	12	50.50	35	81.75	12	33.00
Housing Loan Scheme	1	40.00	1	70.00	-	-	1	70.00
Gold Credit Care Scheme	6	470.00	NA	NA	-	-	NA	163.80
Franchisee Scheme	2	459.00	2	90.00	-	-	2	284.50
Total	121	2505.60	82	1930.90	112 1	1446.7	82	2068.42

Source: Rastriya Mahila Kosh, Annual Report, 2004-05, Delhi.

Regional outreach of Rashtriya Mahila Kosh indicates that most of the NGOs which were supported by Rashtriya Mahila Kosh for extending credit to poor women has reported to be significantly high in the state of Andhra Pradesh, Tamil Nadu, West Bengal and Orissa while number of borrowers were reported high in the state of Andhra Pradesh, Tamil Nadu, West Bengal, Maharashtra, Himachal Pradesh and Orissa. Similarly, the large amount of credit was disbursed in the state of Andhra Pradesh, Tamil Nadu, Madhya Pradesh and Rajasthan. As on 31st May, 2006, Rs. 18714.84 lakhs were sanctioned to 55434 SHGs with the membership of 549641 women. Rashtriya Mahila Kosh disbursed an amount of Rs. 14987.72 lakhs to 1244 NGOs and other service providers for the promotion of self help groups based micro financing (Table 17).

Table: 17

Regional Outreach of Rastriya Mahila Kosh

State	No. of NGOs		No. of Borrowers		Amount Sanctioned (Rs. Lakh)		Amount Disbursed (Rs. lakh)	
	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005
Andhra Pradesh	36	26	12070	8318	777.00	541.50	436.69	655.25
Assam	2	-	650	-	35.0	-	-	27.50
Bihar	6	3	3175	196	83.40	115.50	14.08	71.95
Delhi	3	1	844	294	139.00	40.00	45.00	89.50
Haryana	1	2	143	760	15.00	55.00	20.00	37.50
Himachal Pradesh	-	3	-	1530	-	150.00	150.00	-
Jharkhand	-	1	-	350	-	5.00	15.00	-
Karnataka	1	-	594	-	40.00	-	2.50	20.0
Kerala	2	1	110	57	5.00	5.00	5.50	22.50
Madhya Pradesh	1	2	213	1002	400.00	80.00	135.00	217.50
Maharashtra	6	1	3596	-	169.90	10.00	27.50	76.45
Manipur	5	-	386	-	16.00	-	4.50	6.50
Mizoram	1	-	70	-	4.00	-	-	2.00
Nagaland	-	3	-	120	-	22.00	-	6.00
Orissa	10	10	2457	3276	145.50	189.00	51.75	156.75
Rajasthan	2	1	185	970	8.0	80.00	73.50	96.50
Tamil Nadu	23	8	9364	2345	547.60	163.00	358.70	286.00
Uttar Pradesh	7	4	517	414	42.00	37.00	55.50	33.00
Uttaranchal	1	1	420	382	30.0	32.74	19.00	16.37
West Bengal	14	5	1577	2307	48.20	124.00	31.85	65.10
Total	121	72	36371	22321	2505.60	1549.74	1446.07	1886.87

Source: Annual Report, 2004-05, Rastriya Mahila Kosh, Delhi.

There are four programmes that have significant micro credit component viz., Swashakti, Swayamsiddha, SGSY and RMK. The distinguishing features of these programmes are shown in Chart 17.. All

Chart 18. The Swashakti scheme run in between April 1999 to December 2005 while scheme of Swayamsiddha is going to end in March 2007 while other programmes are continuously running. As mentioned earlier that the second phase of Swayamsiddha Project is likely to be launched by Government of India. All these programmes emphasis on formation, strengthening, bank linkages and access to credit on the one hand and convergence of development programmes and schemes as well as initiation of income generating activities on the other hand.

Table: 18
Micro-Credit Components of Women Empowerment Programmes

Aspect	Swashakti (Women's Empowerment)	Swayamsidha (Women's Empowerment)	SGSY (Poverty Reduction)	RMK (Credit Prog.)
Programme partner	World Bank (Donor) and Govt. of India	Government of India	Government of India	Government of India
Programme Duration	April 1999 and ended December 2005	February 2001 and going to end in March 2007	September 2001 merging 3GSY and EAS and continuing	1993 and continuing
Programme objective	Empowerment of women through improving their socio-economic conditions.		Bringing poor families above poverty line by providing them with income generating opportunities through a mix of bank credit and government subsidy.	To provide credit as an instrument for socio economic change and women's development.
Programme Activities	<ul style="list-style-type: none"> Baseline Survey Training of trainers for implementing partners Formation of women SHGs Inculcation of savings and credit habits upgradation of skills for IGAs 	<ul style="list-style-type: none"> Formation of women SHGs Community-oriented intervention Convergence of related schemes from state or central government 	<ul style="list-style-type: none"> Organisation of poor into SHGs (SGSY reimburses NGO costs) Skill training Bank credit with SGSY subsidy Support for technology and marketing Development of 	<ul style="list-style-type: none"> Selection of NGOs and sanction of loans for SHGs Training of trainers for NGOs

	<p>Linkages for credit and marketing</p> <p>Convergence for health, education, sanitation services</p> <p>Setting up of MTS, Monitoring and Evaluation exercises</p> <p>Impact evaluation</p>		<p>infrastructure at community level</p>	
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Source: CARE, 2007.

The geographical coverage of micro credit programmes is shown in Chart 19. Except the case of Swashakti project, other programmes have wider geographical coverage while more than 3 million SHGs were formed under Swaran Jayanti Gramin Rozgar Yojana against the number of SHGs formed under Swashakti project (0.18 lakh only). Even the access of micro credit through Rashtriya Mahila Kosh is availed by more than 5 lakh women. Swaran Jayanti Gramin Rojgar Yojana and Rashtriya Mahila Kosh are primarily micro credit providing schemes. SGSY provides credit for individuals and groups with a subsidy component while RMK provides loan through NGOs and only to SHGs and not individuals. SGSY loan is only for income generating activities where as RMK has loan products for income generating activities, consumption and housing too. Inputs for capacity building are high in case of Swashakti. About 70 per cent of total budget of Swashakti has been spent on training of the SHGs. The capacity building inputs in case of Swashakti and Swayamsiddha are individual women oriented.

Table: 19**Geographical Coverage of Micro Credit Programmes**

Programme	Geographical Coverage	Scale
SGSY	All-India coverage, with 33 States and Union Territories (UTs).	3.1 million SHGs (actual)
Swayamsidha	31 states, 650 blocks	65,000 SHGs (planned)
RMK	24 states/UTs	5,35,000 women (actual)
Swashakti	9 states	17,642 SHGs

Source: Ministry Of Women & Child Development, Govt. Of India.

A study carried out by CARE (2007) has used the following indicators to assess the impact of micro credit schemes, which are oriented towards empowering rural poor women. The most of the indicators are related with saving and credit usage, access to health and education services, participation in decision-making process, initiation of income generating activities, ownership of assets, convergence of schemes and programmes, capacity building and mobility of women (Chart 20).

Chart: 20**Indicators Used in the Impact Studies**

Swashakti	Swayamsidha	SGSY	RMK
Income and expenditure patterns	Awareness on legal aspects and marriage age of girl child	Percentage of women covered	Families giving respect to women
Group savings and other group management indicators	Savings and group management indicators	Creation of self employment	Family accepting women's suggestions
Decision making index	Training & exposure visits provided	Community based assets	Begining of new economic activity and expansion of existing IGA
Infant Mortality Rate (IMR) details	Income	Problems in getting loan	
		Other sources of credit	

Ownership of assets	Generating Activities (IGA) started		Acquisition of economic and other assets
Control over income	Community asset creation		Reduced indebtedness from unreliable and exploitative sources of loan
Women members able to visit bank	Extent of convergence		Status and respect
Access to credit			Self-worth
Access to better health, education			Mobility
Number of training sessions provided			Control over income.
IGAs started			
Households crossing poverty line			

Source: CARE, 2007.

The analysis of micro credit programmes on women empowerment simply demonstrate that government's policies for empowering women articulate focus on forward and backward linkages to make them economically independent and self-reliant. The micro credit strategy for economic empowerment laid out in the Tenth Five Year Plan while Government of India started SHG based micro credit programmes viz. Swashakti, Swayamsiddha, RMK and SGSY for economic empowerment of rural poor women. These programmes have no doubt created opportunities for starting of income generating activities, convergence of schemes and programmes and social empowerment for women.

In view of the above, a national seminar on "Empowering Women through Micro Financing" is being organized with the following main objectives:

To conceptualize micro financing, micro credit and women empowerment.

To discuss and deliberate the SHG Bank linkages models.

To review the growth, development and performance of micro financing.

To assess the impact of SHG based micro financing programmes and schemes on women empowerment.

To examine the problems and constants in micro financing and implementation of SHG based micro financing programmes and schemes.

To discuss the role of SHG promoters and institutions in development and promotion of micro financing.

To discuss the scope of micro financing in development and promotion of micro enterprises and livelihoods development.

To suggest policy measures for promotion of micro financing and women empowerment as well as effective functioning of SHG based micro financing programmes and schemes.

The seminar is being organized keeping in view the following issues:

What should be the major contents and scope of national policy on micro financing?

How to address the issues pertaining to economic empowerment of women in National Policy for Women Empowerment, 2001?

How to mobilize poor women and ensure convergence of services for poverty eradication through micro financing?

How to mobilize the community and SHG promoters for the development and promotion of SHG based micro financing?

How we can ensure effective functioning and performance of SHG based micro financing schemes and programmes?

What should be the indices for assessing the impact of SHG based micro financing programmes and schemes on women empowerment?

What should be the indicators for successful SHG based micro financing initiatives?

How we can ensure proper formation and strengthening of SHG federations?

What should be the strategy for monitoring and evaluation of SHG based micro financing programmes and schemes?

What should be the appropriate mechanism for the convergence of services and schemes for initiating livelihood development and income generating activities?

What should be strategy for capacity building of SHGs, their members and SHG federations for their effective functioning and initiating income generating activities?

How we can effectively check the overlapping of programmes and schemes pertaining to micro financing and women empowerment?

What should be the marketing approach for effective marketing of SHGs based products and services?

How, we can mobilize the private sector, corporate sector and other donor agencies for the development and promotion of micro financing based women empowerment programmes and schemes?

What should be the mechanism for streamlining the procedure for applying, seeking and releasing of credit from banks?

How proper regulation and operation of business transactions by micro financing institutions may be ensured?

What should be the mechanism for preparing data base on SHGs, micro financing institutions and related activities?

How we should create a conducive environment for repayment culture in the society?

What should be the major classification of credit needs including social and capital investment besides micro finance for income generating activities?

What should be the major modifications in the existing laws, acts and policy for the development and promotion of micro financing?

How we can effectively document the best practices of SHG based micro financing and disseminate them for learning lessons?

How we can improve the administrative capacity for implementing the SHG based micro financing programmes and schemes?

How we can evolve development strategies for SHGs that contain empowerment perspective?

How we can improve the outreach of micro financing programmes and schemes to poor women?

What should be the appropriate indicators of women's empowerment in development policies and programmes?

What should be strategy for capacity building of SHGs to manage savings and credit, augment vocational skills and promote enterprises?

What should be the proper design and range of financial products and services to meet the needs of poor women?

What should be the strategy of sustainability of SHG based micro financing programmes and schemes as well as initiatives?

What should be the role of NGOs in development, promotion and sustainability of SHGs and income generating activities?

How we can build a collective market strategy for extending support to women's micro enterprises and marketing of their products and services?

What should be the appropriate models for market linkages of SHGs?

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