

CHAPTER NO - II

REVIEW OF

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Introduction :

The following are the studies which enabled the researcher to undertake this study. The researcher has gone through various books, articles in journals, various thesis newspapers and other publications.

A comprehensive review of literature is an essential part of any scientific investigation. It is desirable to review the relevant literature while handling a research problem. A review of literature places a research study in its proper perspective by showing the amount of work already carried out in the related areas of the study.

1. Robinson Marguirite (1995) have defined SHGs as 'voluntary association of people formed to attain goals both social and economical'. Local saving groups and SHGs have as many names as languages. They are called Rotating Savings and Credit Associations (ROSAs), Revolving Funds, Chit Funds and even Merry Go Rounds. (Malcolm Harper, 1998). Self Help groups find their financial resources inadequate due to their lower saving capacities while on the other hand; profitable investments are limited by social restrictions and lack of marketable skills amongst group members. In order to help groups to grow in terms of volume and socio-economic development external help becomes necessary. A formal recognition and aid to these groups however came only in 1990s, when SHG bank linkage program was introduced by NABARD. NABARD had outlined specific requirements amongst SHGs for becoming eligible for bank credit under SHG - Bank Linkage program.
2. N. Lalitha, (1997), has attributed three major functions to NGOs: Provisionary of services and assistance; creation of self-help capabilities; advocacy / education. To some the 'new micro finance 'is a new world, but this analogy is a keen to Columbus discovery of America. America was a new world to people, who discovered it, but it had been well known to people who lived there. In case of new micro finance approaches, it was

that now people were beginning to recognize and learn from the informal intermediaries that worked for poor and even made profits.

3. Srinivasan, Girija and Satish (1999) in their study on impact of Self Help Group lending on the profitability of branches studied eight branches where the Self Help Group lending constituted more than 5% of the loan portfolio. They concluded that lending to Self Help Groups and NGOs carried the least cost when compared with other models of lending. Lending through Self Help Groups reduced the costs by 85% and through a federation, reduced the costs by 95% as compared to direct lending. The default risk was negligible in the case of lending to Self Help Group and NGO/ federation.

4. The National Bank for Agricultural and Rural Development (NABARD, 2000) conducted a study on the impact of Microfinance (MF) on the living standards of Self Help Groups members. The study aimed to find out how far the Self Help Group – Bank Linkage Programme had highlighted the burden of life for the average number of Self Help Group and to analysis the betterment of household by gaining access to microfinance. The study cover 560 Self Help Group member households from 223 Self Help Groups spread over 11 states. It showed positive results. There were perceptible and wholesome changes in the living standard of Self Help Group members, in terms of ownership of assets, increase in savings and borrowing capacity, income generating activities and income levels. The study revealed almost all the members developed savings habits in the post- Self Help Group situation as against 23% of households who had this habit earlier and the average borrowing per year household increased from ₹. 4,282 to 8,341. The study concluded that the involvement in the group significantly contributed in improving self-confidence of the members. The feelings of self-worth and communication with the Self Help Groups and the members were relatively more assertive in confronting social evils and problem situation. As a result, there was a fall in the incidence of family violence.

5. The study under review was a case study on “Environment of women through NGOs – The SEWA Bank Experience”. This study was done by

Suman Jain (2000). The study observed that the bank (SEWA – Self Employed Women’s Association) had been providing banking services to the poor, illiterate, self-employed women and had become a viable financial venture. The case study revealed that there were 67113 women depositors with a working capital of ₹. 1916.72 lakhs in 1996. It further observed that the banks helped the women to acquire skills to make new products and identify new opportunities. It is also found that the repayment rate had been excellent, which was between 93% and 96% due to close monitoring by the bank, the link between the group leaders and borrowers and constant communication between the bank and village group. The conclusion was that their collective strength and empowerment that came with organization. From a wider perspective, member-owned or controlled micro-credit institution could help to strengthen the country’s democratic system.

6. Naboodri, N. V. and R. L. Shiiyani (2001) conducted a study to find out the basic features and financial operations of Self Help Groups promoted by both SHPI and NGOs served by the Panchmahals Vadodara Grameen bank (PVGB). A sample of five branches of PVGB was selected, out of which three are located in dahod district and two in panchmahals district, of Gujarat state. The main findings of this study were that, while the percentage of women groups promoted by the SHPI was 52%, it was as high as 84% for those promoted by the NGOs. The percentage of Self Help Groups linked by the SHPI was 65% and that of NGOs was 42%. The average amount advanced to Self Help Groups varied from ₹ 7,000 to 30,000 for those promoted by NGOs. The Self Help Group that were promoted by NGOs had a better saving performance compared to that of SHPI, in terms of amount saved per Self Help Groups as well as in terms of credit saving ratio. The repayment performance of the Self Help Groups promoted by the SHPI was superior to that of NGOs.
7. Dadhich, C. L. (2001) conducted a case study of Oriental Bank Grameen Project at Dehradun district in Uttar Pradesh, for assessing the benefit of the project and economic viability. Out of a total 450 Self Help Groups covered by the project, 447 were women groups and only 3 were men Self

Help Groups. The main findings of the study revealed that a large number of women had taken up subsidiary occupation and consequently their family incomes had substantially increased. An analysis of figures relating to income and expenditure of a specialized micro credit branch revealed that the branch had become a profit-centre right in the second year of its operation. The recovery of the loans was more than 100% of the demand. The study also revealed that the borrowers under Oriental Bank Grameen Project had both the advantages of fine rate of interest, as well as hassle-free credit, whereas their counterparts elsewhere were playing exorbitant rates of interest.

8. The National Institute of Bank Management (NIBM, 2001) has studied Self Help Group in four district of Maharashtra promoted under Maharashtra Rural Credit Project (MRCP). The study observed that 69% of the groups were of the size 11-20, 50% of the members were illiterate. The study further observed that 55% of the office bearers had at least a secondary level of education. The study revealed that the average savings of the Self Help Groups in MRCP was ₹. 24 per month per member. This rate was more for new groups than for the old groups. The study also found that the average amount of savings mobilized amounted to ₹. 10,658 per group and that the Self Help Groups and MRCP had started lending their own thrift capital from the eight month of the formation.
9. Lalitha, N. and B. S. Nagarjan (2002) conducted a critical study on the functioning of the self help groups in selected districts of Tamil Nadu. The study was undertaken to document the efforts of NGOs in promoting Self Help Groups. The objectives of the study were to trace the structure and modalities of Self Help Groups, study the functioning of the Self Help Groups, examine the role of Self Help Group in promoting empowerment of women, investigate the group dynamics of Self Help Groups, identify the factors which contributed to the success/failure of the groups and study the income generating programmes promoted by Self Help Groups. The study was based on multistage sampling technique. It had been carried out in three districts. NGOs who had organized Self Help Groups for more than four years were identified. Out of the 14 institutes, nine NGOs were

selected and two Self Help Groups from each ngo were selected on the basis of non-proportionate random sampling method. The study was based on survey method and had covered both secondary and primary data. The study highlighted the facts that Self Help Groups were people's institutions and with their support, the women could march towards empowerment and that the groups could promote individual and groups ventures of income generating activities under the effective guidance of NGOs. The study also revealed that effective leadership, group cohesiveness, savings, regular meetings, peer-group pressure, linkage with other institutions and effective supervision by the NGOs were the factors which contributed to the success of the groups.

10. Sudha Rani, K., D. Umadevi and G. Surendra (2002) had undertaken a study to evaluate the social status of women in house management, leadership qualities, health and sanitation and economic status after participation in the Self Help Groups. Out of 600 Self Help Groups established by Padmavati Mahila Mandal, Tirupati, Andhra Pradesh, 50 Self Help Groups were randomly selected for the study. From each group selected two women members were selected randomly. The study was based on primary data and a specially designed rating scale was administered to the sample to collect the information. The findings of the study revealed that, in all the four aspects there was positive correlation between the women's educational status and empowerment. The study observed that the participation in Self Help Groups enhanced the empowerment of women in these four aspects. Self-Confidence among the women increased. Their decision-making power also increased during the period participation.
11. Moyle, Dollard and Biswas (2006) assessed the economic and personal empowerment of 100 women aged between 16 and 65 years, participating in SHGs from two villages (Delwara and Shishvi) in Rajasthan. Based on qualitative data, the study found that after joining SHGs, the members achieved both economic and personal empowerment in terms of collective efficiency, pro-active attitudes, self-esteem and self efficacy. In case of personal empowerment, 99 per cent of women believed that 'self-help

group members are always able to discuss problems that affect everyone', and 91 per cent of women believed that 'if a problem arises that people cannot solve by themselves, the group as a whole will be able to solve it'. Similar results were found in case of perceived capability of group members. Eighty one per cent of members believed that 'I have confidence that our group members can perform the tasks that are assigned to them' and 85 per cent believed 'our SHG has the ability to tackle any issue affecting the group'. In terms of perceived efficacy to solve problems as a group, 60 per cent believed that 'as members of this group, we are able to tackle the most difficult situations because we are all committed to the same collective goals'. In case of proactive attitude, 63 per cent of the women believed exactly true that 'I feel responsible for my own life' and 93 per cent believed that they were 'able to choose their own actions'. Ninety-seven per cent said that 'they focus their efforts on things that they can control'. In terms of 'self esteem', 91 per cent of women strongly felt that they had good qualities, and 71 per cent strongly agreed that they had a positive attitude towards themselves. Besides these positive results the study also found negative appraisals of pressure, challenges and stress for most of the SHG members.

12. Smita S. Mali (2007) has made a study on "SGSY (Swarnjayanti Gram Swarajgar Yojana) – An Assessment with Reference to Kolhapur and Sangli Districts". The study examined the reasons why the earlier programmes were integrated in one like SGSY by the Government. And the study also find out the difficulties & problems facing by the members in working of SGSY in Kolhapur and Sangli District. The study concludes that how the SGSY scheme helps to generate employment to poor and how the Government supports to balanced development.
13. Shiralshetty and Hugar (2008), made an attempt to examine the progress of Self Help Groups and their Linkage with bank. The study was based on secondary data collected from annual reports of NABARD. the main objective of the study was to examine the progress of Self Help Groups and bank linkage in India and particularly in Karnataka state. The related with the district wise and bank wise linkage of Self Help Groups in Karnataka state.

14. Patil A. P. (2009) had conducted a study on “Financial exclusion to Inclusion Do Self Help Groups Help? Evidences Forms North East India”. Concluded that looking at the macro level analysis it appear that Self Help Groups have targeted poorer segments of the rural population in an effective manner. Particularly, the potential of Self Help Groups in making effective financial inclusion is enormous in North East India. Further gains in terms of outreach in this region could be achieved by involving the upcoming branches and private sector banks & MFIs.
15. Trivadi I. V. & Bhargava Dipti (2009), in their study on Self Help Group – The Informal Institutions for Rural Employment concluded that large number of poor is still beyond the reach of Self Help Groups and formal financial institution. Only 30% Self Help Groups have been able to take loan from banks. Microfinance is limited is limited to micro savings and credit. Most microfinance products and services should be based on the needs of the clients, largely the Self Help Groups are promoted to meet project requirements. There are many operational problems in Self Help Group – Bank Linkage.
16. Dr. P. K. Bandgar (2009) in his study on Financial Inclusion concluded that the growth recorded by microfinance in recent years 62% p.a. in terms of the number of unique clients and 88% p.a. in terms of portfolio over the past five years. Around 27 million borrowers accounts the Self Help Group Linkage Programme has achieved phenomenal growth over the years but there is still a larger segment of society that is denied access to financial services. SKS microfinance ltd. India’s alone listed microfinance lender has lost it’s position as the largest Indian microfinance institution.
17. B. K. Mohanty (2011), had undertaken a study on Self Help Group Movement – An Emerging Social Innovation of Micro Finance in Orissa. From the analysis it has been revealed the growth of Self Help Groups in Orissa. Since inception with different models of Self Help Groups financing has been analysed critically to know the pattern of microfinancing in the state. Economically underdeveloped regions in Orissa, better known as “KBK Regions” have been selected for the micro

study of the financing pattern of micro movement to know the extent to which Self Help Group movement has helped in reducing regional imbalance in the state.

18. Y. Gangi Reddy & N. V. Madhuri (2011), has revealed the objective of the study on Self Help Group Movement in Tamil Nadu – Empowerment of Rural Women. The overall objective of the study is to examine how Self Help Group movement had grown over the year and the extent of its impact in improving the living conditions of rural women in two different areas of Tamil Nadu.
19. Parvathi Venkatesh (July,2011), has conducted a study on “Micro Credit Penetration Through Self Help Groups : Clues from growth of Self Help Group – Bank Linkage Model in India”. The study concludes that considering positive signs shown by Self Help Groups in their performance through Bank Linkage Model, Self Help Group – Bank Linkage Programme has provided a more favourable environment for enhancing India’s potential for greater equitable growth with empowerment. But alongside this positive development there are evidences that the direct lending by banks to Self Help Groups has been slowed down and this may be due to the enormous enhancement of on lending model of MFIs since 2002. The empirical results substantiates that there is a need initiatives to be taken by RBI and GOI to evolve a strategy to make use of the growth of the gross root level arrangement to a larger extent. Time is ripening for introduction of a well developed regulatory framework coupled with specific targets to bring in meaningful results and social mileage.
20. Dr. Sadyojathappa. S. (Nov., 2011), has conducted a study on “Self Help Group–Bank Linkage Systems In Micro Finance”. The study concluded that microfinance has emerged as a vital approach to meet the heterogeneous needs of the poor. In India, microfinance in the formal sector has assumed the form of Self Help Group - Bank Linkage Programme. Through this program, the Reserve Bank of India and NABARD have tried to promote relationship banking, i.e., “Improving the

existing relationship between the poor and the bankers with the social intermediation of the NGOs.” The Self Help Group – Bank Linkage Programme in India is rapidly expanding its outreach under the pioneering initiative of NABARD, the monitoring and supervision of RBI, and supervision of RBI, and the promotional policies of the Government of India. At the program is being implemented by the commercial banks, co-operatives, and Regional Rural Banks, with Government Agencies. Pro – activeness of the rural folk and artisans is need of the hour.

21. Pankaj Kumar and Ramesh Golait (2012), have undertaken a study on “Bank Penetration and Self Help Group – Bank Linkage Programme: A Critique”. They examined the outreach of Self Help Group –Bank Linkage Programme (SBLP) in the backdrop of growing banking and socio-economic divide between regions in India. The ‘defining event’ in the build up of financial architecture in India was the nationalization of major commercial banks. The aftermath of nationalization witnessed a remarkable spread of the banking system to the unbanked and under – banked rural areas. However, the dependence on informal sources of credit has not decreased in rural areas. The problem accentuated as banks veered away from rural to urban India. The relative decline of commercial banking network in the rural areas runs contrary to the objective of financial inclusion and is a formidable challenge in the way of faster and more inclusive growth.
22. Dr. Sajal Kumar Mati, Dr. Sudipti Banerjea, Dr. Amit Majumdar, Anirban Sarkar (2012) have undertaken a study on Financial Inclusion – A Study on Self Help Groups in West Bengal. They defined the objective of the study that the progress and social impact of Self Help Groups in West Bengal. The conclusion emerges from this study is that Self Help Groups are playing a vital role in the rural development. Although most of the Self Help Groups are found as female groups. In financing Self Help Groups the requirement of collateral by banks has been replaced by peer group pressure & hence this approach has enabled social and economic inclusion of women by waiving the requirement of collateral.

23. N. Dhaneshwar Singh and Dr. H. Ramananda Singh (2012), has attempted a case study of Manpur on Social Impact of Microfinance on Self Help Group Members. The main objective of the study is to examine the social impact of microfinance programme on Self Help Group members in terms of self – confidence level, ability to take decisions, social awareness, social responsibility, skill development, and access to better health services and other social infrastructure facilities. The study concludes that there is significant increase in the self confidence level, ability to take decisions by members, the social awareness and social responsibility of the members after joining the Self Help Groups.

Conclusion

From the review of related literature given above researcher can infer that the studies conducted so far in the field of Microfinance, Women Empowerment, Role of NGO's and Banks and different aspects of Financial Inclusion have covered. The need for the present study is further evident from the importance, need for in-depth and comprehensive research on Self Help Groups. There is also a need of empowerment of rural women through Micro Finance (SHG- Bank Linkage Programme). The Self Help Groups have to become highly significant and socially- economically beneficial to women members.

While the microfinance will be the core function of the group, it will also provide a platform for taking up social issues affecting the position and condition of women. Self Help Groups could discuss problems affecting the women members when they expand their enterprises micro projects or take up new enterprises such as excess work load, male control of the enterprises etc., and try and address the same. The promoting institutions will provide information and awareness about various Government programmes, schemes and extension facilities to the Self Help Groups and facilitate the Self Help Groups access to these.

Hence in present study an attempt has been made to study the performance, various problems and prospects of Self Help Group – Bank Linkage Programme through public sector banks in Shirol Taluka and to find out suitable strategies to empower rural women through Micro Finance. Micro finance is the way to rural poor or needy women members to start their business and expand their views regarding the entrepreneurship. Empowerment is the base to the women to increase their status in the society.

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