

**A Study of Appropriate Models of Woman
Entrepreneurship with Special Reference to
Self-Help Groups, Joint Liability Groups
and Urban Community Development
in Pune City (2010 To 2014)**

**A thesis submitted to
Tilak Maharashtra Vidyapeeth, Pune
For the Degree of Doctor of Philosophy (Ph.D.)**

Under the Board of Management Studies

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**Under The Guidance of
Dr. Rajashree Shinde**

May, 2016

DECLARATION

I hereby declare that the thesis entitled ‘A STUDY OF APPROPRIATE MODELS OF WOMAN ENTREPRENEURSHIP WITH SPECIAL REFERENCE TO SELF-HELP GROUPS, JOINT LIABILITY GROUPS AND URBAN COMMUNITY DEVELOPMENT IN PUNE CITY (2010 TO 2014)’ completed and written by me has not previously been formed as the basis for the award of any Degree or other similar title upon me of this or any other Vidyapeeth or examining body.

Place : Pune

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CERTIFICATE

This is to certify that the thesis entitled ‘A STUDY OF APPROPRIATE MODELS OF WOMAN ENTREPRENEURSHIP WITH SPECIAL REFERENCE TO SELF-HELP GROUPS, JOINT LIABILITY GROUPS AND URBAN COMMUNITY DEVELOPMENT IN PUNE CITY (2010 TO 2014)’ which is being submitted here with for the award of the Degree of Vidyavachaspati (Ph.D.) in Management of Tilak Maharashtra Vidyapeeth, Pune, is the result of original research work completed by Smt. Ashwini Nitin Joshi under my supervision and guidance. To the best of my knowledge and belief the work incorporated in this thesis has not formed the basis for the award of any Degree or similar title of this or any other University or examining body.

Place : Pune

May, 2016

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Research Guide

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Abbreviations

ABM – Area Branch Manager
BM – Branch Manager
BSUP – Basic Services to the Urban Poor
CCB – Central Co-operative Banks
CEO – Chief Executive Officer
CIC – Credit Information Company
CPU – Central Processing Unit
DCA – Department of Companies Affairs
GTZ – German Technical Collaboration
IFDA - International Fund for Agricultural Development
IRDA – Insurance Regulatory and Development Authority
IRDP – Integrated Rural Development Programme
JLG – Joint Liability Group
MASHAL – Maharashtra Social Housing and Action League
MD – Managing Director
MFDEF - Micro finance Development and Equity Fund
MFDF – Micro finance Development Fund
MFIs – Micro Finance Institutions
MIS – Management Information System
MUDRA – Micro Units Development And Refinance Agency
MYRADA – Mysore Resettlement and Development Agency
NABARD – National Bank for Agriculture and Rural Development
NACS – National Aided Co-operative Societies
NBFC-MFIs – Non Banking Financial companies- Micro Finance Institutions
NBFCs – Non Banking Financial Companies
NGOs – Non Governmental Organisations
NHB – National Housing Bank
NPAs – Non performance Assets

PMC – Pune Municipal Corporation
RBI – Reserve Bank of India
RFA – Revolving Fund Assistance
RMK – Rashtriya Mahila Kosh
RRBs – Regional Rural Banks
SBI – State Bank of India
SBLP – SHG Bank-linkage-programme
SEBI – Securities Exchange Board of India
SEWA – Self Employed Women’s Association
SGSY – Shahari Gram Swayamrojjar Yojana
SHG – Self-Help Group
SHGPI – Self Help group promoting institutions
SIDBI – Small Industries Development Bank of India
SRA – Slum Rehabilitation Authority
SRO – Self Regulatory Organization
UCD – Urban Community Development
ULB – Urban Local Body
UN – United Nations
UNIFEM – United Nations Development Fund for Women

Chapter 1

INTRODUCTION

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1.1 Introduction

‘India is a rich country but it is inhabited by poor’¹, is an apt remark often quoted by social scientists. What does it reflect? It means that, despite sufficient land, water, minerals, forests and other natural resources including huge man power, the large chunk of its population lives below the poverty line. We are observing this for number of years. Since independence, India has faced many challenges, like poverty, unemployment, imbalanced regional development, population explosion, inflation, adverse balance of payment etc., and they continue to torment till today. Out of these, poverty and unemployment are considered as the serious issues, primarily because they are subsets of each other. The overall development process is largely affected by these two hurdles. Even after 60 years of independence, we have not achieved considerable success in solving these issues.

After independence, India has launched a series of anti-poverty programmes to address these problems. Even then, the fact remains that, 70% of country’s population lives below poverty line. This indicates that, the relative policy and its implementation both leave much to be desired. It goes without saying that, these problems have to be solved on micro level.

As far as Indian culture is concerned, family is considered as a motivation force for social cohesion and integration. Hence, dedicated efforts are always needed for strengthening this base. And ideally, the rights, capabilities and responsibilities of all the family members have to be respected. However, by and large, it is observed that Indian society has remained under the clutches of the male population, at least till 2000 AD.

It is observed that, since the ancient period, women are treated as subordinate to men. From the vedic period till now, the ideal woman is portrayed as home loving, caring, having the concern only for the welfare of her husband and the children, but not having any desire for herself. Only in these capacities, women have gained respect in the society. Though they constitute almost half the population of India, they have to face gender discrimination at every stage of their life. Actually, women play a critical role in the family, which is a basic unit of society. Still they face greater challenges as regards to education, economic independence and social rights as compared to men. However, this scenario is now changing gradually.

Over a period of time, the Government and various financial institutions have realized that, women should have an independent source of income, which will enable them to

improve the economic condition of their families, slowly but surely. They have noticed that, empowerment of women is the need of the day, as it is the only surest way of making them the partners in development and bringing them in the mainstream of development as ‘contributors’. Women will definitely be the beneficiaries of development if they actively participate in the development process. For achieving this, they must have greater access to education, employment and improved social services such as health, housing, sanitation and technology as well. But, it is not possible to achieve gender equality and economic empowerment of women without specific ‘capacity building activities’, specially designed for them and for this, the women especially belonging to economically weaker sections of the society, need to be encouraged to undertake some sort of entrepreneurship.

This specific positive thought of the Government has led to the formation of “Self-Help Group” concept. NABARD, which was formed in 1983 as the apex bank for agriculture and rural development, has played a leading role in formulating SHG policy. Thereafter, SHG-Bank-Linkage Programme was formally launched in the year 1992, as a flagship programme by NABARD and was aptly supported by the RBI through its policy guidelines. The objective was to meet the financial needs of the poor, by linking SHGs with the formal credit agencies.

At present, the SHG policy initiated by NABARD is operated through Government agencies, all commercial banks, Regional Rural Banks (RRBs), Co-operative banks and Societies and Non Governmental Organizations (NGOs). Due to its great success, these institutions are not only keen in branching out SHGs, but also in providing all possible help in their development process. NABARD initiated the concept of SHG in villages, as majority of the poor lives there. Later on, this policy was extended to poverty affected areas of urban cities as well. In Pune city, Urban Community Development (UCD) Department of Pune Municipal Corporation (PMC) is taking active part in the formation of SHGs. At present, majority of the developmental schemes of PMC are implemented through UCD department with the help of self help group mechanism.

SHG concept has proved to be very successful not only in the efforts for eradication of poverty, but also in increasing socio-economic empowerment of women. The mechanism of SHG is based on mutual trust and confidence of its members.

Till 2003-04 the concept of SHG spread its wings successfully all over India. Even the Government, RBI and NABARD were pleasantly surprised with the outstanding

performance of SHG movement. However, the basic problem of this mechanism is that, the lending capacity of the SHG depends on the amount of savings of its members. Similarly, bank also gives loans in certain multiples of the savings of SHGs. Hence, the success was limited to developing the habit of savings among women and internal lending of small amounts. Due to this, the basic purpose of encouraging 'entrepreneurship' seemed to be somewhat neglected.

Then, over a period of time, NABARD developed another concept known as Joint Liability Group concept (JLG). NABARD launched this concept with the help of Micro Finance Institutions whose main business is to provide micro-finance services to the poor, especially women, to start micro-enterprises. This project then took the step of micro financing through Non-Banking Financial Companies (NBFCs).

By the end of 2009, lending through NBFCs became very popular and needed some legal regulation. Accordingly, RBI appointed a sub-committee known as 'Malegam Committee' to review the overall working conditions of micro-finance sector. As per the recommendations of this Committee, RBI introduced a separate category, known as "NBFC-MFIs", for providing microfinance on the basis of '**JLG**' concept.

Today we can see a variety of institutions providing microfinance services to SHGs and JLGs such as : - NGOs, All banks, Voluntary private organizations, Co-operative Credit Societies, Government Departments, NBFC – MFIs etc.

Out of the total advances from all these resources, 92% consists of loans through SHG-Bank-linkage programme and loans by NBFC-MFIs. As observed, out of around 10000 SHGs working in Pune city, around 8000 are formed by and registered with UCD Department of PMC. Hence, this study is restricted to SHGs registered with UCD department of PMC and financed by banks and to JLGs operating in Pune which are formed and financed by NBFC – MFIs.

As noticed by the researcher, at present, all SHGs and JLGs are working satisfactorily and are contributing largely to the socio-economic empowerment of women, along with an entrepreneurial development among them.

1.2 Concept of Entrepreneur

The word 'entrepreneur' is derived from the French word 'Entreprendre' which means 'to undertake'². Thus he is a person who undertakes the risk of new enterprise.

The concept of entrepreneur can be defined as, the person who creates his own business enterprise by organizing land, labour and capital and by assuming the risk of business venture.

According to Peter Drucker, an entrepreneur is one who always searches for change, respond to it and exploits it as an opportunity³.

The concept of entrepreneur changes from country to country as well as from period to period. It also depends on the level of economic thoughts and their perceptions.

In early 16th century, the term entrepreneur was applied to those who were engaged in military expeditions. In 17th century, it was used to denote civil engineering activities like construction. In 18th century, for the first time, it was applied to business.⁴

Richard Cantillon, an Irishman, living in France, used the term ‘entrepreneur’ to refer it to a dealer who undertakes economic activities, that is who buys and sells goods at uncertain prices. Cantillon defined the term entrepreneur as “An entrepreneur is a person who buys factor services at certain prices with a view to selling its products at uncertain prices.”⁵ Thus according to Cantillon, Entrepreneur assumes the risk which is of non insurable nature and hence he is an economic risk taker.

Entrepreneur plays a great role in all countries – developed or developing. However, he assumes a special and unique place in backward or developing economies, because, in addition to generation of income and employment opportunities, he plays an effective role in coping with many socio-economic problems too. As observed, resource constraints is generally not a problem for many economies, but the required skill to convert physical resources into useful enterprise seems to be lacking. Hence, the need of capable entrepreneurs is felt more in developing economies. He plays a pivotal role in discovering new ideas and business opportunities in order to provide goods and services to the public.

The most appreciated quality of entrepreneurs is that they have strong conviction, self motivation and the will to grow and prosper tremendously. They have courage of dealing with the possibility of looming bankruptcy and again to come up with flying colours like a ‘Phoenix Bird’. That is why, they are regarded as an important input and catalyst of economic development. Due to this incredible position of entrepreneurs, **Henry Ford**, The manufacturing miracle that launched a modern era in industry, has very well said that, **“Entrepreneur can do anything with passion and enthusiasm. Enthusiasm is the yeast that makes his hopes rise to the stars. Enthusiasm is the spark in his eye, the swing in his gait, the grip of his hand, the irresistible surge**

of his will and his energy to execute his ideas. Enthusiasts are fighters, they have fortitude, they have strong qualities. Enthusiasm is at the bottom of all progress. With it there is accomplishment. Without it there are only alibis.’’⁶

1.3 Women as entrepreneur

“In order to awaken the people, it is the woman who has to be awakened, once she is on the move, the household moves, the village moves, the country moves and thus we build the India for tomorrow’’⁷

Jawaharlal Nehru.

1.3.1 Historical position of women

Women represent around fifty percent of world’s population and constitute around thirty percent of the world’s official labour force. However, they are mostly concentrated in the lowest paid occupations and are more vulnerable to unemployment. As observed, they perform sixty percent of working hours, grow half of the world’s food, but receive ten percent of the world-income and own even less than one percent of the world-property.⁸

However, in spite of this, the contribution of women either in the family or in economic activities was neither sufficiently recognized by the family nor by the society, though they were possessing great skills and capabilities. In fact, women possess a considerable entrepreneurial talent. Women’s domestic skills of handling family members could have helped them in building and maintaining healthy relations with customers and employees. Their knowledge of time management and intelligence in household budgeting could have supported them in advancement in this field. In addition, balancing and prioritizing of different tasks by using their sixth sense could have been an added advantage for them. Hence, they could have definitely managed a micro enterprise or any other economic activity. What needed was the window of opportunities which they could tap to unearth their skills and talent for productive purposes. But this didn’t take place till 1980s. This was mainly due to their secondary position in the economy and tradition-bound expectations of the society. In spite of the Constitutional provision, the dominating nature of men and docile attitude of women kept the tradition-bound system intact. For years together nurcharing of the family was treated as the responsibility of the women only and this was acceptable to all including women. Literally, they were not having any social life.

They were not expected to participate in the decision-making process relating to any matter and even to express their opinion in the situations concerning themselves. They were enjoying only that much freedom which was acceptable to men. Hence, though India was developing economically and technologically by leaps and bounds, yet women still continued to be discriminated and their current status in the economy was a cause of concern. The economic crisis of 1980s however, changed this scenario. It gave them an opportunity of entering in micro-enterprise field. The economic crisis created many problems, such as, huge unemployment and resultant widespread poverty in the whole economy, but the poor class felt the heat more. This compelled the women to find out some income generating activities to support their families. By the time, the process of commercialization and modernization got the momentum and it has picked up the speed. Similarly, economic, social and technological advancement all over the world created a situation where women's participation in the economic activities has ought to be substantial. All this situation forced all the constituents of the economy to give a second thought to the position of women and the need of their participation in the economic activities. Practically, this was not an easy task as they were illiterate, tradition-bound and economically weak. However, in this whole process, her quest for 'economic independence and better social life' which were hidden till date, became strong enough to push her in undertaking some economic activity. The policy makers also realized that, emancipation of women is now absolutely essential for economic and social progress of the country as a whole. They observed that, the widespread poverty can be eliminated to a certain extent with the gainful economic participation of women. The Government then initiated the following steps to improve the situation and as a result, positive changes are taking place in the role of women towards the progress of the economy : -

1. RBI and NABARD started giving financial support to banks and other financial institutions so that, they in turn, can support the micro-enterprises. As a result, financial institutions are now supporting the viable projects of women entrepreneurs as well, on large scale.
2. In order to provide financial support to women, specialized schemes like Mahila Udyog Nidhi (MUN) – a scheme of SIDBI and Stree Shakti Package of SBI for women entrepreneurs, are introduced on concessional terms.

3. Central and State Governments have made provision in their policies for providing special training to women in order to develop their entrepreneurial skills. This has also helped a woman in strengthening her personality and capacity.
4. Central Government, through Planning Commission, has also made different provisions in the 'Five Years Plans' for overall development of women. The Fifth Five Year Plan (1974-79) shifted the approach from 'welfare' to 'development', recognizing women as participants in the process of development. The Seventh Five Year Plan (1985-1990), for the first time, placed an emphasis upon qualitative aspects, such as inculcation of confidence, generation of awareness with regard to their rights, and training in skills for better development. The Eighth Five Year Plan (1992-97) shifted the emphasis from 'development perspective' to 'empowerment of women'. The vision of the Eleventh Five Year Plan (2007-12) was to end the multifaceted exclusions and discriminations faced by women and children and to ensure that every woman and a child in the country must be able to develop his/her full potential and share the benefits of economic growth and prosperity. To achieve this goal, Eleventh Plan took many steps, among them the most important ones being (1) availability of micro-credit to women in the unorganized sector and (2) strengthening SHGs initiatives.
5. Even various State Governments are helping women by providing basic education and training in marketing of their products.
6. There is a marked positive change even in the attitude of the society and her other family members, especially men. They seem to be supporting the women in undertaking micro-enterprises.

As a result of all these initiatives, women today are doing a wonderful job by striking a balance between their family and career. The myth that, women lack entrepreneurship has been totally exploded and this is proved by the long list of successful women entrepreneurs like Dr. Kiran Mazumdar Shaw, Chairman and MD of Biocon, Indra Nooyi, CEO, Pepsico, Chandra Kochar, MD and CEO, ICICI Bank, Neelam Dhawan, MD of Microsoft India, Sellajja Firodia Motwani, joint MD, Kinetic motors, Jyoti Nayak, President, Shri. Mahila Griha Udyog Lijjat Papad, etc. Day by day more names are being added in this list.

1.3.2 Definition of Women entrepreneur

It must be noted that as far as entrepreneurship is concerned, women stand on the same footing as men.

Ms. Kamal Singh, an entrepreneur from Rajasthan, defines woman entrepreneur as, “a confident, innovative and creative woman, capable of achieving self economic independence individually or in collaboration, generates employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with her personal family life and social life.”⁹

Government of India (2006) has defined women entrepreneurship as “an enterprise owned and controlled by women having financial interest of 51% of capital and giving at least 51% of the employment to women in the enterprise.”¹⁰

Thus, Government has defined the concept in terms of participation in equity and employment of a business enterprise.

Hence, a woman entrepreneur is one who starts business and manages it independently and tactfully. She takes all the risks, faces the challenges boldly with an iron will to succeed. In fact, she helps in mobilizing the capital resources in the economy. Thus it can be observed that, in comparison with men, women are not at all different in terms of personality, cognition, motivation, achievement etc. They are equally energetic, goal oriented and independent. In fact, it is observed that, in many situations they are more flexible and talented than men.

Hence, it goes without saying that, the process of economic development of a country would be incomplete and lopsided unless women are fully involved in it. Thus, emancipation of women becomes an essential pre-requisite for economic development and social progress of the nation as a whole. In fact, women are expected to play even more challenging role in present dynamic world, which is experiencing the effects of globalization, privatization and liberalization.

Her participation in the economic activity has definitely empowered her economically as well as socially. The resultant economic empowerment of women, due to entrepreneurial activities, has not only helped the society, but it has many positive effects on the personal lives of women as well. Today, they are enjoying a better social life and respect in the family. It has offered them a mental satisfaction and a diversion from their routine household work. It has enhanced their identity in the society which is an indicator of their economic independence. Hence, in this 21st

century, multi-skilled and innovative women entrepreneurs are playing a great role in the overall economic development of the country.

In this scenario, the researcher wishes to focus her study mainly on the women entrepreneurs as members of Self Help Groups and Joint Liability Groups.

1.4 Role of Indian Banks as the main finance - suppliers

A well known philosopher once said that, 'you cannot step into the same river twice.' This truly applies to the Indian Banking scenario. During the last two decades, developments in the banking industry of our country have taken an exponential jump. With all equities and liabilities, India, at the time of independence, inherited an extremely 'fragile' banking structure. Most of these banks were urban-oriented, prepared to offer substantial finance to the trading sector.

The establishment of a central bank called the RBI (1935) as a private sector bank, was an important beginning of a disciplined banking era, for which the British Government has to be given credit. After independence, this bank became a State-owned central bank for accepting a major challenge of giving the desired shape to the banking industry in the country. The passing of the Reserve Bank of India Act in 1949 provided significant fillip to the RBI to act as the apex banking institution in the country. The enactment of the Banking Regulation Act in 1949, was a milestone in the historical development of commercial banking in India.

The idea of the nationalization of banks for hastening the very slow pace of the economic development of the country was mooted. The first step in this direction was taken on 1st July 1955, when the Government of India nationalized the Imperial Bank of India and converted it into the State Bank of India. Later in 1959-60, the seven banks of seven different States, were also nationalized to form the SBI Group. In 1969, fourteen other major banks were nationalized at a stroke and then six more banks were nationalized in 1980. The move of nationalization of banks led to convert the role of commercial banks as mere money lenders, to development bankers and to assume a pivotal role of the catalyst and development agents of the country's economy. At present there are 27 public sector banks which include SBI group, 19 Nationalised banks and 2 other public sector banks¹¹.

The banking industry has made rapid strides after nationalization. Nationalization has given birth to a socially motivated banking system in which, the objective of spreading the banking habit throughout the country is clearly underlined. It has

provided a new philosophy for banking business particularly to public sector banks, who have to lay more stress on the purpose of borrowing, the viability of the project and the entrepreneurial ability of the borrower, rather than on his means, status reputation, influence and other traditional criteria. It is a slow but sure movement of banks from 'class banking to mass banking' and from 'big customers to small customers.' The nationalization has also transformed traditional banking into innovative banking and has caused a noticeable change from its profit motive to service motive. Indian banks' significant growth is characterized by geographical expansion and functional diversification as well.

The post-nationalization period in the banking sector witnessed a substantial amount of resources being earmarked towards meeting the credit needs of the poor. As a result of this strategy, the banking network has undergone an expansion phase without comparables in the world.

Deposits have been heavily mobilized from every conceivable sector of the economy. This task has proved to be very competitive. The development of banks in terms of large and distant branches has been phenomenal. The growth in number of branches have had the effect of increasing specialization in types of services, both in credit and deposits.

However, with the passage of time, it was observed that, this mighty structure of commercial banks seems to be weak, specially in providing funds to farmers, micro-entrepreneurs and to the poor class of the society.

In spite of having a wide network of rural branches in the country, and even after implementing many credit linked poverty alleviation programs, a large number of the very poor continued to remain outside the fold of the formal banking system. According to an estimate, till 1990 these formal sources met only 16% of the credit usage, while the informal services cater to the remaining 84%

Although, many of the loans extended to the poor by the public sector financial institutions were subsidized, their ultimate cost to the borrowers was high. These costs normally include, the payment to the middlemen, wage and business loss due to time spent in getting the loans approved etc.

Similarly, the procedures, systems, rules and attitude of formal financial institutions were not matching with the expectations and requirements of the poor. They found these procedures complicated, time consuming and cumbersome. In addition to this, these financial institutions were not providing a mix of credit for both consumption

and productive purposes which was their basic expectation. They felt scared of even going to public sector banks, dealing with them was out of question.

Hence, the need was felt to develop such financial institution, which will take care of the low income group, who do not have access to the formal financial institutions, but have the urge of getting purposeful financial help. This has resulted in the evolution of microfinance institutions.

1.5 Concept of Micro-finance and Micro credit

Micro finance is a broad concept which includes micro credit. Micro credit means provision of small loans to poor with little or no collateral securities. Whereas, microfinance involves provision of a wide range of financial services to poor such as provision of credit, inculcating the habit of saving among poor, provision of insurance, remittance of funds etc. It also includes non-financial services, like training and counseling.

In a way, micro finance can be treated as a complete kit of economic development. The aim of micro finance is to enable the poor to undertake some economic activity, which may increase their income level, resulting into improved standard of living. The concept of microfinance works on the belief that, poor have the capacity to relieve themselves from poverty, provided they get access to financial services in a manner they require.

The poor entrepreneurs generally do not possess any assets which they can offer as security and as such, they do not qualify for the loans from formal banks. Hence, micro finance aims at enabling micro entrepreneurs to stand on their own feet with the help of array of financial services.

It must be added that, as per the observations, majority clients of micro finance are women. The main reasons understood from the secondary data are that, the women are better borrowers in terms of repayment, in utilization of loan and in honesty in attending group meetings. Even the social developmental studies have observed that, women reinvest income in the household only, which benefits the entire family. Hence, the scope of the study has been restricted to women beneficiaries from micro-financing.

The explicit information regarding microfinance, based on the study of the researcher, is detailed in the following chapters.

1.6 Mechanisms for delivering Micro Finance Services in India

The concept of microfinance has gained much popularity in recent years. It has proved to be successful to a large extent in reaching to the poor as well as non-poor (but having low income) households across the country. There are two most prominent models of delivering microfinance in India which are as follows :-

(A) Conventional Weaker Section lending by Banks

(B) Lending through Microfinance institutions

(A) Conventional Weaker Section lending by Banks

In this category, the most important source of micro credit is ‘**SHG – Bank Linkage Program.**’ SHG is a small voluntary association of poor people, generally from the same socio-economic background. SHG works on the principle of self help and mutual help. Every member of the SHG saves a small amount every month which is kept in the name of the SHG in bank and from these pooled resources loans are given to the needy members.

In the process of development, members learn the basics of accounts-keeping and also imbibe the essentials of financial intermediations. The members slowly start handling the huge resources and understand the fact that the resources are limited and have a cost. Within a period of around six months, the group gets stabilized and shows matured financial behavior.

Once they become confident about their ability to handle larger volumes of credit, they approach banks for more sizeable loans. Then banks are also encouraged to provide loans in certain multiples of the accumulated savings of the SHGs. Such SHG is effectively ‘linked’ to the banks and thereby to the mainstream credit market of the economy. The loans are given without any collateral as the peer pressure in the group ensures timely repayment of loans. Banks also find it convenient to give loans in the name of SHG as every member is responsible jointly for the repayment of loan. This is the mechanism of working of SHG-Bank-Linkage Programme. In fact, it is in a way a sort of partnership between 3 agencies i.e. SHGs, Banks and SHG Promoting Institutions.

(B) Lending through Micro-finance institutions

This is a second major source of micro-financing in India. In this category, the most important source of micro financing is advances given by Non-Banking-Financial-

Companies, now renamed as Non Banking Financial Companies-Micro Finance Institutions, following Joint Liability Group concept. The micro-finance institutions primarily aim at providing micro financial services to the poor. Their services include credit, saving, insurance, investment and remittance facilities to households, having low income. In a way they perform majority of the functions of a bank. In fact, they take care of those who find themselves distanced from the services of traditional banks. In this form of lending, NBFC-MFIs encourage poor women entrepreneurs to form themselves into Joint Liability Groups. And then NBFC-MFIs give loans to the individual members of these groups.

A joint liability group is an informal group comprising preferably of 4 to 10 individuals from the same socio economic background. The rationale behind the working of JLG concept is that, each member in the group is responsible for the loan taken by any member in that group. If any one member defaults, then other members have to repay the loan. This group concept is very helpful in keeping watch on the utilization of funds by each member. Hence, every borrower utilizes his money properly. This form of lending is very safe for NBFC-MFIs also because the individual loans are jointly and severally guaranteed by the other members of the group. Due to this, NBFC-MFIs are following JLG concept for micro-financing.

The details of these two mechanisms based on the study of the researcher are given in the following chapters.

1.7 Concepts of SHG, JLG, NBFC, UCD and Empowerment of Women

(1) Self-Help Group

Self help group, commonly known as ‘Bachat Gat’, is a voluntary association of individuals coming mostly from the common socio-economic background. Generally it is a group of poor people, containing between 10 to 20 members. This association aims at solving their common problems through self and mutual help. As per the decision of the group, each member saves a fixed sum of money every month, and this amount is deposited in the bank. From this common fund, then loans are given to the needy members with the unanimous decision of the group. ‘Self-help is the best help and self employment is the best employment’ is the principle behind the success of SHG. The success of this model depends upon the confidence and trust of members on each other.

(2) Joint liability Group.

A joint liability group is also an informal association of individuals coming mostly from the common socio-economic background. It comprises preferably of 4 to 10 individuals. They come together for the purpose of taking loans either singly or through group mechanism against mutual guarantee. Hence, savings by the members is not compulsory. JLG members are expected to provide support to each other in carrying their business and social activities. The success of this model also depends upon the confidence and trust of members on each other.

The rationale behind the working of JLG model is that, each member in the group is responsible for the loan taken by any member in that group. If any one member defaults, then other members have to repay the loan. This group concept is very helpful in keeping watch on the utilization of funds by each member. Hence, every borrower utilizes his money properly.

(3) Non-Banking-Financial Companies as providers of micro finance

NBFCs are financial institutions that provide banking services, but do not hold a banking license. In other words, legally they can not be called as bank, though they render majority of the banking services.

Under NBFC Model, NBFCs encourage people to form JLGs and give loans to the individual members of the JLG for undertaking entrepreneurial activity. This form of lending is very safe for NBFCs because the individual loans are jointly and severally guaranteed by the other members of the group.

(4) Urban Community Development (UCD) Department :- A special department of Pune Municipal Corporation.

Pune Municipal Corporation was established on 15th February 1950. Since then, it is administering the city and serving its citizens.

According to the 74th amendment to Indian Constitution, poverty alleviation programmes in urban areas is now an additional responsibility of the civil bodies.¹² Hence, according to the guidelines of Central and State Governments, PMC is now held responsible for implementing poverty alleviation programmes with special focus on socio-economic empowerment of women. In order to implement its development

schemes, PMC has established a separate department called as Urban Community Development (UCD) Department.

Over the period of time, this department realised that, it is easy to reach poor women through self-help group mechanism as SHG is an association of poor women only. Hence, it will become easier for the PMC to implement its development schemes through SHG mechanism. With this thought, UCD Department started taking great efforts, not only in forming SHGs, but also in overall supervision of their working.

The seeds of SHG movement were sown in the Pune's soil in the year 1999-2000 which is to coincide with the United Nations Organization's special programme for women empowerment as well. At present, majority of the development schemes of PMC are implemented through SHG mechanism only.

The researcher has specially focused on the characteristics and the overall working of this special department and her findings are elaborated in chapter 5.

(5) Concept of empowerment of women

In general, empowerment refers to increasing the economical, political, social, educational and spiritual strength of an entity. It is a process of change by which individuals or their groups gain power and ability to get control over their lives. It involves access to resources, resulting into increased participation in decision making process with improved bargaining power, and increased control over benefits, resources, and own life. It also increases the self-respect and self-confidence resulting in overall well being of a human being.

Women empowerment means, making the women self-reliant, giving them liberty to make choices in their life, and providing them with information and knowledge to take decisions.

This study specially emphasizes on the empowerment of women in this respect.

1.8 Significance of the Study

Pune, with more than a hundred educational institutes and nine universities has rightly acquired a reputation as 'The Oxford of the East'. It is also recognized as the cultural capital of Maharashtra, which reflects a perfect blend of traditions with modernity. It is one of the historical cities of India, which has a glorious past, an innovative present and the promising future. Pune city, the second largest metropolitan city in Maharashtra, is fast changing its character, from Pensioner's city to Educational

Administrative Centre and now to an important industrial hub with reference to the IT Centre. However, it has a confounding scenario in respect of development.

Due to the plethora of existing educational institutions, Pune has emerged as a prominent location for IT and manufacturing companies. Pune is the 7th largest metropolitan economy, 26th in per capita income level, with 77% literacy rate, as per the last census.¹³

However, PMC's Environment Status Report (ESR) shows that, even today, nearly 40% of the total population lives in slum areas.¹⁴ A recent study, undertaken by Corporation, depicts the fact that, there are about 477 slum pockets in the city, lying on just 2.34% of total land area.¹⁵ The analysis of the growth of slums in Pune reveals that annual growth rate of slums (6.06) is higher than annual growth rate of city (4.14). It is also observed that, the density of the slums (persons/sq. km) is about 6 times that of the overall density prevailing in the rest of the city. A city based NGO, **'Maharashtra Social Housing and Action League'** (MASHAL) has prepared a unique slum atlas of Pune city which shows that, nearly 32.5% of population i.e. 11,50,000 people (2,11,423 families) lives in slums.¹⁶

The city might be an IT hub and a centre of learning, but it is rapidly gaining another epithet, i.e. a city of slums also. The Town and Country Planning Organization (TCPO), the technical arm of the Ministry of Urban Development, Government of India, ranks Pune as 3rd in total cities with the largest number of slums in India.¹⁷ This is an alarming situation which needs immediate attention of the Local Government. Accordingly, PMC is trying its best for the overall progress and development of its citizens.

The two departments of PMC, The Slum Improvement Department and UCD Department are taking great efforts in changing this scenario. However, the researcher has focused her study on the working of UCD Department only.

It is clear from the earlier analysis that, PMC can change this scenario only through the upliftment of people living below poverty line. For this, increasing participation of women in income generating activities becomes a necessary condition, as total success is impossible if economic engine operates only at half power. In such a situation, Micro Financing has proved to be a successful model for eradicating poverty and unemployment to a large extent.

As already stated, the mechanism of micro financing operates through two main models i.e. :-

- (1) SHG – Bank – linkage model and
- (2) JLG model followed by NBFC – MFIs.

Hence, the study has been undertaken to analyse the role played by these models in achieving the primary objectives of micro-financing.

1.9 Scope and Limitations of the study

The scope of the study is geographically restricted to Pune city only. The researcher has observed that, the SHGs and JLGs are being formed by different organisations such as NGOs, Government departments for development, Association of Individuals, MFIs etc. They are also financed by different financial institutions such as banks, MFIs, Credit Societies, Self-help group Promoting Institutions, Non Government Organisation and through various Government-programmes. However, the researcher has restricted her study to the working of the following two models only : -

1. Self-Help Groups registered with Urban Community Development Department of Pune Municipal Corporation and linked to and financed by banks.
2. Joint Liability Groups formed and financed by NBFC- MFIs.

The reasons for such selection are as follows : -

- a) PMC and NBFC-MFIs are legal entities. Hence, exhaustive data about their working is available.
- b) As SHGs and JLGs are registered with these two organisations, they follow proper rules and regulations in its working. Hence, the systematic study becomes possible due to their organised structure.
- c) The information collected from UCD Department and NBFC-MFI is reliable.
- d) The overall share of Self-Help Group-Bank-Linkage model and Joint Liability Group model followed by NBFC–MFIs in the total outstanding loan portfolio is maximum.
- e) The number of SHGs formed by UCD Department and the number of JLGs formed by NBFC-MFIs is maximum in Pune city.
- f) In spite of the sincere efforts, researcher could not get the reliable list of SHGs and JLGs formed by NGOs or by Credit Societies or by individuals.

As observed by the researcher, more than 95% of the SHGs and JLGs are women based groups, hence the study has excluded SHGs and JLGs formed by male members.

As the title suggests, the study has been undertaken to analyse the appropriate model of entrepreneurship for women. Hence, only those women who lay their hands on activities involving entrepreneurial skills are covered.

In order to give the proper direction to the study, as well as for proper analysis of the data, the researcher has covered the period from 2010 to 2014 for her research work.

1.10 Summary

Poverty is one of the major problems in India and women make-up a substantial majority of the poor. In fact, poverty is a root cause of many socio-economic problems. In India, even today, in certain regions and states, majority of the women are plagued by illiteracy, poverty and lack of basic amenities of life. Hence, poverty alleviation should be the main target for the nation so as to make it a prosperous and developed country. It has been observed that, poor people can save and also have desire to save, and when they do not save, it is because of the lack of opportunity rather than lack of capacity. Hence, the job of financial service providers towards the poor is actually to provide them the opportunity to turn small savings into lump sums for a wide variety of uses. Good financial services for the poor are those, that do this job in the safest, most convenient, most flexible and most affordable way. Micro-finance is one such financial service offered mainly with an aim to help such poor people who suffer from financial problems. The micro-finance revolution, a recent product of development, ensures the availability of institutional credit and financial inclusion to the poor, who were so far excluded from the institutional credit system. Micro credit, thus has become, a popular tool of not only of anti-poverty policy, but also in socio-economic empowerment of women in the last decades.

Hence, the researcher has undertaken the present study relating to “entrepreneurial development among women, resulting into their socio-economic empowerment through micro-financing.”

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Chapter 2

REVIEW OF LITERATURE

2.1 Introduction

2.2 Review of related literature

2.2.1 Review of books

2.2.2 Review of Journals

2.2.3 Articles Review from Daily Newspaper 'Sakal'

2.2.4 Review of existing Ph. D. thesis

2.3 Summary

2.1 Introduction

A thorough review of available literature is of paramount importance to any research-endeavor. It helps him to acquire a broad general background of the given field. A review of research studies, already done in the area, always gives a proper direction for the further research. The researcher has identified the major research studies focusing her attention on self-help groups and the different aspects of the development of SHGs along with micro financing, and has presented it with a view to get better insight for the research problem. However, a very less literature was available on the JLG model financed by NBFC-MFIs.

The researcher found that, most of the studies pertaining to SHGs are evaluative in nature, focusing mainly upon the quantitative dimensions of different aspects of self-help groups. Some studies have examined the economic aspects of the groups functioning, while some other discuss the psychological aspects, in particular the “group dynamics”. Certain other studies link the groups’ functioning to achieve the ultimate objectives of rights and empowerment.

Hence, in order to get the proper insight of the subject, the researcher has reviewed the following literature from different sources such as books, journals, newspapers, magazines and PhD thesis submitted to different universities.

2.2 Review of related literature

2.2.1 Review of books

Arjun Yallappa Pangannavar¹

Self-Help Groups (SHGs) and Women Empowerment in India

Dr. Arjun Yallappa Pangannavar is the Associate Professor of Economics in JSS Arts, Science and Commerce College, Gokak, Karnataka. His findings are based on the case study of Belgaum District of Karnataka.

Pangannavar has focussed on the role of SHGs in the socio-economic empowerment of poor rural women in India. The author has covered four aspects of rural poverty, viz poverty, rural development, women empowerment and women self-help group programme. He opines that, our efforts for development are meaningless unless we remove poverty. According to the author, women play a critical role in the family and as such they should be protected properly. One such way is the successful working of

SHGs. He has viewed SHGs as a strategy for both women's empowerment as well as poverty reduction. The major findings of his study are as follows:-

- a. Majority of the rural poor women feel that, a lot of positive changes have taken place in their life-style after joining SHGs.
- b. After joining SHGs, there is a marked increase in the income level of women which has helped them in crossing the poverty line. Hence, SHG programme is superior to the other previous anti-poverty programmes.
- c. The SHG programme has been playing a master role in micro-financing because, it has inculcated savings habits among the rural poor women and has also paved the way to micro-credit.
- d. The SHGs have undertaken productive activities which has resulted into entrepreneurial development among women.
- e. Majority of the members of the SHGs have gained economic self-reliance after joining the SHGs.
- f. The other family members have extended their full co-operation to SHG members to participate in the SHGs business transactions and routine activities.
- g. After joining SHGs, the members decision making power at the family and village level has increased which indicates that, SHG programme has empowered the rural women socially, economically and to some extent even politically.

The author has given the following suggestions for improving the working of SHGs.

- a. Self help group promoting institutions (SHGPI) should identify the right business or economic activity and impart sufficient training to the beneficiaries. Similarly, they should identify and offer new technology to the groups, so as to enable them to improve their competency level in different aspects, like production function, marketing functions, resource management functions etc.
- b. The education level of the beneficiaries should be improved by making a learning process, a part of the SHG programme.
- c. RBI and NABARD should formulate a SHG-friendly interest rate policy. In addition, Government should develop SHG estates so that, infrastructural

facilities like business shed and supply of water and electricity etc. can be made available to SHGs easily. It should also develop a well organised market for marketing the products of SHGs.

- d. Social security schemes like provident fund, medical benefits, pension etc. should be made available to the members of SHGs.
- e. The government, bank and NGOs should act like a guide, an agent and as promoters of SHGs and should support their functioning through continuous follow-up.
- f. A separate Act should be enacted to provide legal framework for the functioning of SHGs in the country.
- g. Seminars, conferences and workshops should be conducted relating to different aspects of working of SHGs for the benefit of the members. They can be organized by Universities and colleges or even by Government and banks.
- h. Government should set-up a separate organization to record all the activities of SHGs. Even banks should appoint separate field officers to look into the matters of SHG's financial affairs with the bank.

However, inspite of many challenges, the author appreciates that, SHGs have achieved basic objectives of micro-financing to a great extent.

PITTA USHA ²

Empowerment of women and self-help groups

Dr. P Usha is the assistant professor in Dr. Durgabai Deshmukh Centre for women's studies, Andhra University, Visakhapatnam. The author has covered two districts of Andhra Pradesh for presenting her findings.

Pitta Usha has made a very comprehensive study on empowerment of women through self-help Groups. The study focuses on the working of SHGs at group level and it also analyses the efficacy of SHGs' approach to micro credit in empowering the poor women. The author has compared the performance of SHGs in Andhra Pradesh, formed by two different Self-Help Group Promoting Institutions (SHGPI) within the same district. Similarly comparative analysis of the performance of the SHGs belonging to two different regions is also made with a view to know the influence of the regional background on the performance and functioning of the SHG.

The author found that there is no significant difference in the performance of SHGs formed by two different SHGPIs within the same district or even between the two districts. However, the author found that, SHG approach to micro credit is influencing five spaces in members' life, which are economic, social, cultural, political and mental, which eventually have empowered the women.

The members covered under study reported that :-

- a. They are now saving regularly,
- b. There is a positive change in their attitude towards formal education,
- c. Their income level has increased due to the economic activity undertaken with the help of loan from SHG,
- d. They are relieved, to a great extent, from the grip of the moneylenders.

Hence, the author concludes her research by highlighting the importance of SHG in helping the poor women for their comprehensive development. However, the author has strongly recommended the creation of support institutions, both at the state and district level, to cater to the needs for skill improvement and capacity building of the members of the SHGs. Similarly, necessary training should be given to them to take up micro-enterprises which will have more positive impact on the economic position of these household and which would pull them permanently from poverty trap.

The Author has covered the following literature which is important for the researcher's study also :-

- **Osman (2000)** in an article titled "Micro-finance Institutions: Effective Weapon in the War against Rural Poverty", has expressed a different opinion about micro-finance schemes. According to him, micro-finance schemes alone can not alleviate poverty. The battle for total eradication of poverty requires combining micro-finance schemes with parallel, complementary programmes addressing the social and cultural dimensions of want, privation, impoverishment and dispossession.
- **Shashidharan and Gangadarappa (2004)**, in a paper titled "Women Empowerment through Microfinance - A Critical Review of the Issues" have elaborated on the state of microfinance in the country. According to them, providing access to microfinance is a precondition for poverty alleviation, as well as for women empowerment. However, they also feel that, it is not a

magic skyhook that takes out poor women out of poverty. There are several other measures also like: (i) mobilisation of indigenous financial resources; (ii) high indigenous human resources mobilization; (iii) village-based genuine cooperative approach; (iv) professional support and high risk aversion; and (v) simple and transparent project organization; which should be adopted for the successful functioning of microfinance institutions.

- **Kumaran (2002)** in his study titled “Role of Self-Help Groups in Promoting Micro Enterprises through Micro Credit: An Empirical Study” has documented the experiences of the SHGs in promoting micro enterprises through micro credit intervention. The study was conducted in the Pune district of Maharashtra State. The study found that, due to the technical training and escort services provided to the entrepreneurs, the micro enterprises set up by the members of SHGs promoted by NGOs and banks, were more viable and sustainable as compared to those formed by the DRDA promoted groups where these services were lacking. Hence, the study highlights the role and importance of technical training and availability of supportive services in the success of micro enterprise.
- **Yelne (2002)** in a paper titled “Women’s Participation in Self-Help Groups” examines the process of women’s participation in self-help groups (SHGs) and their empowerment. The study was an outcome of a research project on “Promoting Thrift and Saving among Women : Women’s Participation in Self-help Groups”. The project was funded by Participatory Research in Asia (PRIA), New Delhi. The study was focused on various situational factors that influence the women to participate in the credit groups and to control the savings made by them. The study found that, SHGs have provided a platform to the members from different castes and religion to work together. The author also found that the educational background of SHG members play a small role in their level of participation in the development programmes. The study also revealed the fact that, the saving habit was developed among members only after joining SHGs. Hence, it is understood that inculcating the habit of saving among members is the major success of SHGs and the level of education has less relevance in the process of development.

- **Ramalakshmi (2003)** in an article “Women Empowerment through Self-Help Groups” has given a detailed account of the state of SHGs in Andhra Pradesh and their role in empowerment of women. The paper clearly states that, the SHGs have not only resorted to thrift but it is also giving small loans out of the corpus available with the group. This has helped the members in getting the loans easily which has relieved them from their financial difficulties.
- **Malhotra (2004)** in her book titled “Empowerment of Women” has examined various aspects of women entrepreneurship such as ‘how women entrepreneurs affect the global economy,’ ‘why women start business and how women’s business associations promote entrepreneurs.’ The book also explores the potential of micro-finance programmes in empowering and employing women. It also discusses the opportunities and challenges of using micro-finance to tackle the issue of poverty mainly faced by women. According to the author, the micro-finance programmes aim at increasing women’s income levels and their control over their income which leads to a greater level of economic independence. Economic independence ultimately enhances the perceptions of womens’ contribution to household income and family welfare. This many times leads to a greater expenditure on women’s welfare which is a welcome phenomenon for any economy.
- **Narasaiah (2004)** in a study titled “**Women and Micro Credit**” mentioned that the positive change in women’s contribution to society is one of the striking phenomena of the late twentieth century. According to the author, micro-credit plays an important role in empowering women. SHGs have given an opportunity to women to realize their potential in all spheres of society and SHG acts as a platform to prove their talent. According to the author, this is a positive effect of micro credit.
- In a similar study **Cheston and Kuhn** have also expressed the same opinion about the role of micro finance in empowering women. In their study titled, “Empowering Women through Micro-finance”, they have commented that micro-finance programmes have been very successful in reaching poor women. This gives micro-finance institutions an extraordinary opportunity to act intentionally to empower poor women and to minimize the potentially

negative impacts which some women might have experienced. Thus, MFIs can play a significant role in helping poor women to stand on their own footing.

- **Manimckalai (2004)** in his article has highlighted the role of NGOs and banks in the success story of SHGs. He feels that, NGOs and bank officers should play a promising role in building confidence among members of SHGs. He expects that, the NGOs should help the SHGs in running the income generating activities successfully. The bank officials should also counsel and guide the women in selecting and implementing the income generating activities. He has appreciated that the formation of SHGs have boosted the self-image and the confidence of rural women.
- **Srilakshmi and Babaji (2004)** in a study titled ‘Social Empowerment of Women through Thrift : A study of SHGs in a municipal block of Visakhapatnam’ have covered the effects of savings due to SHG movement in alleviating the poverty of slum dwellers. They found that, after joining SHGs, women have become aware about their health, children’s education, hygienic and nutritious food. SHGs have motivated the members to save even from their meager earnings. SHG movement has also developed leadership qualities among women. Now, their empowerment has increased to the extent of asking questions to local authorities about non-availability of marketing or training facilities. Hence, SHGs have brought positive changes in the lives of its members.
- **Sahu and Tripathy (2005)** have stated that, 70 per cent of world’s poor are women. Hence, poor should have access to banking services not only for poverty alleviation, but also for optimizing their contribution to the growth of regional as well as the national economy. They consider Self Help Groups (SHGs) as the most vital instrument in the process of participatory development and women empowerment. They are of the opinion that, rural women are the marginalized groups in the society. Because of socio-economic constraints, they remain backward and at lower position of the social hierarchical ladder. Hence, they can lift themselves from the morass of poverty and stagnation through micro finance and formation of Self-Help Groups.

- **Das Gupta (2005)** in an article titled “Micro-finance in India: Empirical Evidence, Alternative Models and Policy Imperatives”, has commented that, a paradigm shift is required from “financial sector reform” to “micro-finance reform”. He suggests that, the priority sector should be made lean and micro-credit must be monitored rigorously. Simultaneously, competitive environment should be created in the economy for providing micro-finance services. For this, RBI should play a major role and it should create extensive database for understanding micro-finance activities.
- **Sinha** has however, a mixed opinion about the role of microfinance in promoting SHGs in the country. **Sinha (2005)** in a study titled “Access, Use and Contribution of Micro-finance in India: Findings from a National Study”, has observed that, micro-finance is making a significant contribution to both the savings and borrowing of the poor in the country. According to the author, the main use of micro-credit should be for direct investment. However, some times the loan is used for household credit problems, which may arise at the time of loan disbursement. In addition to this, he also observes that, some micro-finance programmes have negative impacts also on women. Hence, micro finance concept should be applied systematically, carefully and honestly.
- In a study titled “Entrepreneurship Qualities of Members of Self-Help Groups in Dharwad District of Karnataka State” **Hasalkar, Rao and Badiger (2005)** have focussed on the various enterprises taken up by the self-help groups. The study revealed the fact that, the women as the members of SHGs are undertaking different types of businesses and they have also developed the entrepreneurial qualities like decision making, communication skill and leadership qualities and risk bearing. Hence, SHGs have helped women members to become entrepreneurs.
- **Jessica and Sireesha (2005)** in a study titled “Role of Nationalised Banks in Promoting Self-Help Groups for Self-Employment” have discussed the strategies of SHGs, with context to SWOT analysis. Authors expect that, the nationalized banks should act as a facilitator for ‘Providing Urban Amenities in Rural Areas’ (PURA). The authors suggest that, banks should create the partnership of Government, Non-Governmental Organizations (NGOs) and

SHGs and then nationalized banks should act as a one-shop for all managerial services for SHGs, under the umbrella of PURA enterprise.

- **Nair (2005)** in an article titled “The Transforming World of Indian Micro finance” has argued that, the micro-finance is at the top level at public agenda and hence, India is a home to one of the largest microfinance programmes in the world. However, she opines that, the SHG-bank linkage is getting blurred due to the precedence of commercial prospects over the social development and poverty alleviation focus. The author feels that, the entry of public sector banks in this competitive scenario will lead to standardization of this model.
- **Varman** has analysed the SHG-Bank-Linkage-program from a different angle. **Varman (2005)** in a paper titled “Impact of Self-Help Groups on Formal Banking Habits” has made an attempt to examine ‘whether there is any association between the growth of SHGs and the increase in female bank deposit accounts’ and ‘whether SHGs have a tendency to influence account holding in formal banks.’ In the process the author has also tried to trace the socio-economic factors that determine deposit and credit account holdings (banking habits) in formal banks among individuals and households.
The author found that, the microfinance in India, which is classified under informal organizations; intentionally or unintentionally, has helped formal banks in increasing the number of bank accounts. It has inculcated the banking habits in rural people, especially in women. It is also found that, the banking habits are a positive function of the years of experience of microfinance programmes through SHGs in that particular area. The analysis also reveals that, being a member in SHG, and more importantly, having leadership experience in SHG, has greatly influenced the bank account holding. The author also observed that leadership experience in SHG has improved an individual’s banking habits much more than simply being a member of SHG.
- **Chandra (2008)** in a paper titled “Institutional support for women Empowerment in India – Special Reference to Mahila Cooperative Bank” has explained the concept of empowerment. The paper has focused on the institutional interventions for women empowerment in India – the Government, the NGOs, SHGs and the financial institutions. The paper addresses the question ‘Do the organisations that are led by women for women

respond to women's needs and help in their empowerment?' The author has given a positive answer for the question and suggests that SHGs should get genuine support from the Government along with the availability of training facilities for upgrading managerial capabilities.

- **Karmarkar (2007)** in a paper titled “financial Empowerment through SHG – Bank Linkage Programme in India and its implications / challenges to financial Institutions” has highlighted the concept of SHG and the findings of an action research project. The author found that, SHG-Bank linkage model is a core strategy that can be utilized by the banking system for increasing access of the poor to the formal banking system. He observes that, this strategy involves forming of small, cohesive and participative groups of the poor, encouraging them to pool their savings regularly and using the pooled savings to make small interest bearing loans to members, and in the process, learning the nuances of financial discipline. He also notices that, bank credit follows and does not precede this stage. This is the base of SHG-Bank linkage programme.

P Sindhuja ³

Economic Empowerment of women through self-help groups.

Dr. P. Sindhuja is a Professor in the Department of Home Science, Sri Venkateswara University, Tirupati. She has published many articles and has presented many research papers at National and International Seminars.

P Sindhuja agrees with the fact that, SHGs serve as a source of inspiration to poor women and a viable alternative for achieving the objective of their socio-economic empowerment. However, she claims that all SHGs have not successfully contributed to the upliftment of poor women. Hence, in order to find out the factors contributing to the success of SHGs, the present study was undertaken in Andhra Pradesh and Kerala.

The author found that, the literacy level of members is an important factor in determining the success of SHGs. Similarly, she also noticed that, they should be given proper training to improve the quality of their products. According to the author, the success also depends on the cooperation extended by the Government officials, for proper implementation of the schemes. Similarly, conducting

awareness programmes for the members regarding health, education and environmental conditions, is also a major factor contributing to the success of SHGs as observed by the author. Hence, the author suggests that, the Government, NGOs, Educational institutions should jointly take the responsibility of implementing and monitoring the self-help groups successfully.

The Author has covered the following literature which is important for researcher's study also.

- **Medha (2001)** has undertaken a study of the SHGs promoted by Government agencies in Maharashtra state. The title of the study was “Mobilising women SHGs through Government and Non-Government organisations”, which attempted to focus on how various Governmental and Non-Governmental organizations have stepped forward to empower women through Self-help Groups.

The study identified two major obstacles in the development of SHGs,

1. Enterprise training
2. Marketing.

The author has observed that various Government and Non-Government organisations are helping women groups to become sustainable and viable. She also observed that Pune Zilla Parishad has established a ‘Savior Centre’ for marketing the products made by SHGs and is also giving them training to manufacture chinks, brooms, paper bags etc. She has found that, for the first time in Pune district, a market at the taluka level was being set up which would cater to the various requirements of that taluka. She has also given the references of few other SHGs financed by banks and who are working very successfully by undertaking entrepreneurial activities at national or even at international level. For example one SHG, managed by the Jijamata Research Centre of Gyantrabodhini at Shivapur, had a market in California, USA. Similarly the members of Shree Lakshmi Group at Jregan contribute Rs.25 per month and deposit the amount in the Central Bank, Shikrapur who has given them loan for undertaking business. Another SHG formed by the NGO, named Gramin Mahila Va Balak Vikas Mandal (GMVBM) is funded by the Bank of Maharashtra. The Bank of Maharashtra had taken the initiative for marketing the items like papad, chilly and turmeric powders etc manufactured by these members. Thus, the study reveals

that due to the efforts of Government and NGOs, the SHGs are working successfully and the members have become economically stable and active.

- **Jyothy (2002)** has made a study on SHGs in Tamil Nadu titled “Self-help Groups under the Women’s Development programmes in Tamil Nadu: Achievements, Bottlenecks and Recommendations”. She found that, women development depends upon capacity building, awareness regarding health, education, environment, legal rights, functional literacy and numeracy, communication skills, leadership skills for self and mutual help. Thus, the study highlights the fact that, the success of SHGs depends upon the skills of members of SHGs. The author also feels that external credit linkages are essential to foster the financial sustainability of the SHGs and for this, each bank should create a special cell to assess the activities of SHGs.
- **Kaur Dil Bash (2002)** has made a study in Tamil Nadu on Women Entrepreneurs in rural areas. The title of the study was “Rural Women Entrepreneurs: A Study in Rural Tamil Nadu.” The objectives of the study were, to identify the entrepreneurial talents of rural women and to find out the willingness of women entrepreneurs to learn new skills or improve their existing skills and entrepreneurial interests. The study depicted the fact that, rural women entrepreneurs are willing to take new challenges provided they get proper training and support from banks and the Government.
- **Reddy (2002)** in his study on “Empowering Women Through Self-Help Groups and Micro-Credit: The Case of NIRD Action Research Projects” has made an attempt to find out ‘how Self-Help Groups promoted among women as a part of Action Research leads to women empowerment.’ The study was conducted in Ranga Reddy district of Andhra Pradesh. The study describes that, thrift and credit was strategic entry point for the action research programme. The study observes that, the Self-Help Group approach has definitely helped women to overcome their difficulties and follow the path of self-development successfully. The study also confirms that, participation of women in Self-Help Groups would certainly lead to development of certain social skills, besides providing economic independence to women. Thus, NIRD Action Research Projects are successful in their mission.

- **Puyalvannan (2003)** made a survey of SHGs in two districts of Tamil Nadu. The study was focused on Micro-credit Innovations in SHGs and also the link between Micro credit and women empowerment. It has also studied the link of SHGs with cooperative banks and its social impact on SHGs operations. The study observed that, the members have been granted loans for a variety of purposes, both productive and unproductive. The author found that, women are creditworthy and are responsible users of credit. Recovery of loan is monitored by the group members and the relevant issues are discussed regularly in the group meetings. In case of social impact of SHGs operation in the area, it is seen that the women members have achieved political empowerment by winning elections in panchayat boards. SHGs have also established effective networking with other Government organisations, NGOs etc. Many SHGs were given micro entrepreneurship training and they in turn have equipped the members to do variety of activities. Further, women members attended literacy camps, conducted meetings of the groups regularly, discussed freely their problems with officials and go to the extent of meeting District Collector frequently with written complaints about required developments in their respective areas. The study, thus supports the view that as far as micro-credit is concerned, women are at most advantageous stage and if, at initial stages, they are loaded properly through awareness, training etc. they can cross all the hurdles and can take care of their own economic development. Puyalvannan is happy with the working of NGOs and co-operative banks and says that SHGs in the study area are successful because of the positive support of these institutions only.
- **Sarada Devi and Rayalu (2002)** have conducted a research in Andhra Pradesh to find out the factors involved in the empowerment of women. For this, they made a case study of working and non-working women, in the perception of women's empowerment. They observed that the power ratio was better for the working women. As a result, working women perceived problems properly due to more power in the family, whereas non-working women faced problems due to powerlessness. Both working and non-working women felt that, their personal freedom and self-interest were their first priority in power persuasion. Majority of the non-working women perceived discomfort in performing their daily roles and experienced more restrictions on them, such as lack of freedom to spend money,

inability to pursue self-interests, loss of personal mobility and authority of spouses on personal affairs as compared to the working women. This shows that, women should get more and more employment opportunities so that they will become economically independent and can experience self-respect, freedom and power.

- **Sudharani (2003)** has also conducted a study on SHGs and empowerment of women. She found that, the participation of women in the self-help groups have enriched them in house managements, health and sanitation. There is a marked improvement in their leadership qualities and they have become economically independent also. She also observed that, the decision-making capacity of the SHG participants has increased with the period of participation.
- **Rizwana (2002)** has examined the economic empowerment of women through her study on “Economic empowerment of women through Women Development Corporations : a study of Maharashtra Women Development Corporation.” Author made the study of the working of Mahila Arthik Vikas Mahamandal limited, (MAVIM), the activities undertaken by it and the benefits derived by the women from the working of MAVIM. The study was carried out in Amavati district of Maharashtra. As observed, MAVIM has undertaken many activities such as kerosene scheme, offering dealership to sell Kerosene, setting up of canteens for selling eatables, provision for accommodation for working women by setting up working women’s hostel, and assistance in sale of stationery articles etc. Support was also extended by way of supply of nutritious food (snacks) to primary school students. The study showed that, MAVIM has played a promising role in all round progress of women but its impact and success was less than expected.

Appa Rao and Sai Kumar ⁴

Women Empowerment Through Self-Help Groups And Micro Finance

Mr. Appa Rao is the Associate Professor in the Department of economics, Vishakhapatnam, Andhra Pradesh and Mr. Sai Kumar is the general Manager in a Private company.

This book covers the 22 research articles published by different authors. The articles have commented on the core issues relating to women empowerment. In general the articles suggest that, majority of the population including women, live in rural areas and as such they are excluded from India’s mainstream development process. Hence,

the SHG activity has become the hope as well as despair for rural women. However, the articles argue that the micro financing of SHGs through Bank linkage programme could not take-off as expected and the banks in their own business principles could not come to the rescue of women. The articles have also discussed the problems of micro-finance sector in helping SHGs.

N. K. Barik ⁵

Micro-credit and SHG and Women Empowerment.

The book has taken a overall review of micro-credit activities in India. According to the author, micro-credit is the best alternative for empowering the women. However, he is of the opinion that just providing credit is not sufficient for the empowerment of women. In addition to credit, a provision of other services like education, training, marketing, and transportation should also be made. He also says that, SHG concept will go a long way in empowering women socially and economically.

Kartick Das, Gopal Sharma ⁶

Financial Inclusion, Self-Help Groups and women Empowerment

Kartick Das is presently working as the Assistant Professor and Head, Department of Political Science, Mathabhanga College, Mathabhanga, Coochbehar District, West Bengal.

Gopal Sharma is currently working as the Assistant Professor of Political Science, Sitalkuchi College, Sitalkuchi, Coochbehar District, West Bengal.

The present book contains 10 papers, authored by experts in the field, which provide valuable insights into the importance and functioning of SHGs to ensure financial inclusion and thereby economic empowerment of women. According to the authors, women's lack of economic empowerment not only impedes growth and poverty reduction, but also negatively impacts education and health outcomes for children. Thus, it is extremely important to ensure that women are economically empowered. The authors have highlighted the objectives of Self-Help Group, Bank Linkage Programme and it's importance in reducing poverty and empowering women.

Neeta Tapan ⁷

Micro Credit, Self-Help Groups (SHGs) and Women Empowerment

Neeta Tapan is the Assistant Professor, Department of Economics, Higher Education Department, Government of Madhya Pradesh. She has published more than 50 papers in reputed journals and has edited many books. At present, she is working on a project as a recipient of UGC Post-doctoral Research Award in Economics for 2009-2011

The present book deals with the role of micro-credit and SHGs in the socio-economic empowerment of women. The author has explained the concepts of micro-credit, empowerment and mechanism of working self-help groups in detail.

The author has covered the SHGs in Ujjain district, Madhya Pradesh. The study was conducted to know the socio-economic profile of the members and to trace out the factors responsible for motivating the women to join SHGs. It has also tried to assess the level of economic independence attained by the SHG members and their level of association with banks and the resultant benefits to both the parties. It has also studied the socio-economic empowerment of women through SHGs.

The author has highlighted the strengths and weaknesses of the model from the experiences of the women members.

Strengths

1. Their ability to save regularly has increased.
2. Access to internal loans during emergency has shifted them from informal sources of borrowing to group borrowing
3. Some respondents have gained self-confidence and respect through association with SHGs.
4. Few members have got financial assistance from banks and few reported their involvement in income generation activities.

Weaknesses

1. Lack of financial help extended by banks
2. Lack of training
3. Few problems relating to conducting of meetings of SHGs, contribution towards savings, and repayment of loan.
4. Sometimes there are group conflicts, or problem relating to non-availability of market or problems in storing the products etc. which obstruct the group activities indirectly.

According to author, this book was a journey to explore, whether there exists a confluence between credit, gender and empowerment. Since, credit to poor women is disbursed through SHGs, the linkages had to be sought with respect to the organisational and functional structures of group mechanism.

Rais Ahmad ⁸

Agriculture, Rural Banking and Micro Finance in India.

Dr. Rais Ahmad was formerly the Associate Professor and the Head of the Department of Agricultural Economics and Business Management, Aligarh Muslim University, Aligarh. He has recently completed a major research project on micro-finance and SHGs which was financed by UGC, New Delhi.

This book contains 12 well-researched papers, authored by experts in the field of agricultural finance, which provide an indepth analysis of current state of agricultural rural finance in India, emergence of micro finance, financial inclusion efforts and related matters.

The book has helped the researcher in understanding the concept of micro-credit and its emergence as a visible credit channel to the poor, as their access to conventional credit channels is constrained by the requirement of collateral and high transaction cost.

Mithilesh Kumar Jha ⁹

Microfinance and Rural Development : Role of Self-Help Groups

M. K. Jha is the Asstt. Prof. and the Head of the Department of Economics, Yingli Government college, Longleng, Nagaland. He has contributed more than 30 research papers in leading journals of economics and in seminars and conferences.

The present book has covered almost all the aspects of microfinance and micro credit, with special focus on their present problems and their solutions. It has also focused on the role of NABARD in fostering the microfinance and rural development through SHGs.

The author has given the following suggestions by keeping in mind the constraints being faced by SHGs/micro credit movement.

1. Loans should be provided for productive as well as non-productive purposes.
2. A proper identification of beneficiary under Government sponsored schemes be made and the credit institutions should ensure adequate and continuous supply

of credit, along with supervision and follow up action, after disbursement of loans.

3. Credit institutions should develop schemes in which provision be made to give marketing finance, so that distress sale may be avoided.
4. Proper training should be provided to at least one woman among the SHGs to understand banking operations and also to maintain records properly.
5. In order to boost the moral of members and to expand the business of SHGs, frequent visits of bank officials and personnel of NGOs, should be arranged for. In addition to this rotational leadership should be encouraged. Similarly exhibition and sale promotional activities should be encouraged for increasing their sales.

According to the author, there is a massive mobilization of women due to the SHG movement. The SHG movement has a good potential to serve both as a human face of the economic reforms as well as a contributor towards women emancipation. The author however, argues that there is a need of major investment in capacity building of SHGs and in proactive policies to overcome the constraints faced by SHGs. Hence, there is a major onus on all actors involved in SHG promotion and development to further intensify their efforts in enabling SHGs to reach a mature stage.

2.2.2 Review of Journals

Tandon and Grag¹⁰ in their article ‘Inclusivity and Sustainable Development’ have highlighted the importance of sustainable development in the overall progress of the economy. They stressed that poverty has multi-dimensional effects, causing hunger and malnutrition, lack of access to education, employment, health services etc. which ultimately affects their productivity.

Dsouza¹¹ in his article ‘SHGs and Micro-credit in the tribal context’ has studied the extent to which the goals of micro-credit institutions and social empowerment are compatible. He observed that, there is an all round progress of women after becoming a member of SHG, due to the savings and availability of micro-credit. However, he observed that SHGs have not resulted into ensuring the entitlement to financial resources or assets to members.

Meenai¹² in her article has commented that the field of micro-credit and women’s empowerment is inter-disciplinary, hence, profession and discipline should come forward to contribute to this growing field.

Reddy¹³ has focused his study on the purposes for which the huge amounts of loans are being utilized by the SHG members. He observed that, some portion of the loan taken is utilized for consumption purposes, whereas the major amount of it is used for education of children and for health purposes. He has taken this as a success of SHG-Bank-Linkage Programme.

Arun¹⁴, however in his article, has criticized the micro-finance institutions for charging high rates of interest and making members overburdened.

Reji¹⁵ in his article has appreciated the SHG movement and has labeled it as a 'national movement'. He says that, the phenomenal growth of the number of SHGs is an indication of the success of this movement.

Hanumantha Rao¹⁶ is of the opinion that poor can save, may be small amounts, and as such concerted efforts must be made to help them to do so, in a systematic manner. Moreover, the poor can be benefited from financial services, such as savings and insurance, in smoothening consumption pattern and to take up economic activities and manage risk resulting into growth. He suggests that, this can be done effectively through SHGs.

2.2.3 Articles Review from Daily Newspaper 'Sakal' ¹⁷

9th March 2015

- Chief Minister of Maharashtra, Mr. Devendra Phadanvis, on the occasion of women's day, has highlighted the importance of the all-round progress of the women for the overall development of the society. He said that, progress of the society is linked to the progress of women in that society.
- This article covers the opinions expressed by Marathi actresses in a programme organised by Pune Shramik Patrakar Sangh on the occasion of world's women's day. The Marathi actresses expect that there should be a positive change in the attitude of society towards women. They feel that, women are generally excluded from the decision making process. They expect that empowerment of women should not become a mere event of the women's day. In fact, women should be made aware about their rights and power and they should get respect as a member of the society and this should be the outcome of celebrating women's day.
- On the occasion of Women's Day a programme was organised for felicitating the successful women in Pune city.

At that time, the Hindi writer Dr. Kantidevi Lodhi while highlighting the importance of power of women said that, women have great capacity and qualities and this has been observed and proved from ancient days till modern days. However, she expects that, even women should keep faith on their work and should try to become independent and then only they will prosper.

10th March 2015

- In a special, programme organised for paying tribute to the work of Savitribai Phule, the experts in the education field expressed their views on education facilities and schemes available to the girls.

They are of the opinion that even today large number of girls drop out from higher education. Hence, they should be given vocational training right from the school days so that, they can select the field of their own choice right from beginning. In addition to this, special efforts should be taken to retain them in colleges. All the related Government schemes should be made known to the parents so that, they can take the advantage of these schemes. They feel that, socio-economic backwardness of the citizens is the main reason behind the dropping out of girls at higher education level.

11th March 2015

In a programme organised on the occasion of Women's Day, the Ex Mayor of Pune, Chanchala Kodre expressed her views on the status of women in the society. She said that, today women are working along with men on equal terms. Hence, they should be respected every time, instead of such one day occasional respect. For this, there should be a positive change in the attitude of society towards women.

9th April 2015

Mr. Narendra Modi, P. M. of India in the opening ceremony of the Mudra Bank said that, more and more employment opportunities should be created in the country for reducing poverty. This is possible by starting micro enterprises on the large scale. He announced that, the financial support will be provided upto Rs. 10 lakhs to small entrepreneurs, at low rates of interest, in order to give them momentum. He specifically highlighted that Self-Help Groups will be benefited out of this new project named as 'Micro Units Development And Refinance Agency'.

5th August 2015

This article focuses on the achievements of various Mahila Bachat Gat working in different districts of Maharashtra state.

SHGs working under Nagari Samuday Vikas Prakash of Corporation in Solapur district from Vaidi Samaj, have become entrepreneurs through self-help groups and now they are working very confidently in getting returns for their services instead of working like beggars.

In Parbhani District, Mahila Bachat Gats have made white revolution, by undertaking business relating to dairy products. Around 18 Mahila Bachat Gats are carrying different businesses, and banks have sanctioned them huge loans relying upon their transparent accounts keeping and regularity in repayment of loans.

- SHGs in Nashik have crossed the national boundaries and are getting orders from Dubai and America for their seasonal products. The special item prepared by them called as 'Haldi-Kumkum Brosh' having modern touch has been appreciated in the market.
- SHGs from Kolhapur district are trying to develop a market for their products in major cities of the country.
- SHGs from Dhule District are marketing their products even in other States and they have taken an exponential jump in their business.

All the above examples prove that, the SHGs are helping women to become entrepreneurs and become economically and socially powerful.

7th September 2015

Mr. Mohamad Yunus, the initiator of Grameen Bank in Bangladesh and Nobel prize winner has expressed his views about the role of micro-finance in reducing poverty and empowerment of women, in a programme organised in Mumbai on analyzing the role of microfinance sector in reducing poverty.

Mr. Yunus commented that, poverty, uneven distribution of income, illiteracy are still the major issues in all parts of the world. He feels that, the objective of complete eradication of poverty is difficult to achieve, but at least to reduce poverty, one way out can be the opening of separate banks for poor because existing banking systems are working for rich people.

He has appreciated the role of SHGs and importance of micro-finance in eradicating poverty. He observed that, loan recovery ratio of poor is very satisfactory, yet majority of poor are still away from banking services. For this, he suggested that the banks and the Government should show confidence in poor and should help them in becoming empowered.

2.2.4 Review of existing Ph. D. thesis

- “The role of SHGs in the socio-economic empowerment of women, with reference to Indapur and Baramati Talukas of Pune District,” by **Mulani Umrao**¹⁸,
- The main objectives of the research were to evaluate the functioning of SHGs in the context of socio-economic status of women, creation of leadership qualities and overall development of female members. The researcher observed that, the SHG is a powerful instrument for overall development of the village. The social problems like illiteracy, early marriage practices, ignorance about Government programmes etc. can be solved through SHGs. The researcher also observed that, these female members get economic security and psychological support through SHGs and because of the linkage of SHGs with banks, there is a change in loaning pattern. The researcher suggests that the Local Self Government and all banks should take efforts in strengthening the SHGs, as they have a great potential in improving the overall status of women.
- “A study of Empowerment of Rural Women Through Self Help Groups in Belgaum District of Karnataka State” by **Mr. Prakash Malaganve**¹⁹.
The research was undertaken to analyse the role of SHGs in the economic, social and political empowerment of women and to explore the status of empowerment among Non-backward and back ward class of women. The researcher observed that, the self-help group movement has influenced the number of savings bank accounts significantly and because of the policy of collateral free loans, the number of borrowers also has increased substantially. The study also reveals that, the awareness of members towards education, cleanliness, food habits etc. has increased a lot. The study also shows that

there is a positive change in quantitative and qualitative aspects in the sphere of women's social contacts.

- “स्वयंसहायता महिला बचतगट आणि रोजगार निर्मिती : सांगली जिल्ह्याच्या संदर्भात चिकित्सक अभ्यास.”

संशोधक प्रा. सौ. मंगल माळगे^{२०}

The main objectives of this research were to find out the development of saving habit among women, the possibility of supply of bank loan to members for undertaking entrepreneurial activities, and ability of women to use savings for education, social and business purposes. The researcher observed that SHGs have developed saving habit among women and it has now become possible to make individual and family progress through joint association. Similarly, it has helped in the entrepreneurial development among women, resulting into creation of employment opportunities and also in understanding the importance of education.

2.3 Summary

The researcher accepts the fact that the foregoing study of related literature made by the researcher is no way complete. It is rather impossible to cover it in full due to various constraints. It is therefore illustrative and not exhaustive. What is observed in a nutshell is that :-

- SHGs have proved to be a principal source of financial assistance to the poor women by inculcating the habit of saving. The mechanism of SHG is successful not only in improving the economic conditions through income generating activities, but also in creating awareness about health, hygiene, sanitation, education, specially girl-child's education, and better response to development schemes of the Government among the women.
- Existing literature relating to income generating activities, income benefits, saving habits and the decision-making through SHGs, reveals that many strides have been made in the right direction and women are definitely in the process of empowering themselves.

However, it is also observed that, there are many grey areas which need improvement to make the women truly empowered. If women empowerment is to be pursued as a serious objective by SHG programmes, then greater emphasis should be placed on training of women and on creating general awareness among them, in order to achieve a larger and more lasting impact of empowerment.

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Chapter 3

OBJECTIVES, HYPOTHESES AND METHODOLOGY

3.1 Introduction

3.2 Need for the study

3.3 Objectives and Hypotheses

3.4 Brief description of the variables

3.5 Selection of groups and respective entrepreneurs

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3.8 Working of SHG and JLG

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3.1 Introduction

A review of the research literature reveals that, poverty has remained the biggest challenge in India's development efforts to bring about a perceptible change in the quality of life of its teeming population. Women, the large segment of the society have to bear the burnt of the ill-effects of perennial poverty. In India, even today, in certain regions and states, majority of the women are plagued by illiteracy, poverty and lack of basic amenities in addition to the major responsibilities of maintaining the family. It is also observed that, women have less access to education, to formal sector employment, to social security and towards government employment programmes. Their lower earning capacity and limited control over their spouse's income has contributed to this disturbing phenomenon. These observations clearly bring to surface the fact that, the growth strategies have bypassed the women, the important section of the society and they are typically neglected from institutionally provided resources such as credit and training. As pointed out by critics, the direct credit programmes are proved to be ineffective in achieving the desired goals as it didn't cover poor women.

It is also observed that, the economic support to women and their economic independence, changes the status of women, both, in the family and society. From the literature reviewed it is also clear that, the income earned by women directly meets the family needs relating to consumption, education and health. Hence, all development policies, particularly credit and financial policies should be revamped to maximize the productivity of women's work and their earnings. In this respect 'Organizing the poor women into separate cohesive groups managed by themselves' was considered as an important institutional change that could ensure involvement of poor women in development process. The whole idea here was that, the credit should be used as an instrument in bringing a major breakthrough in the social, economic and living conditions of the poor women.

In this context, 'micro credit' has emerged as a visible credit channel to the poor, as their access to conventional credit channels is constrained because of the requirement of the collateral securities and high transaction cost. It is considered as an alternative for effectively pursuing the objective of growth resulting into empowerment of poor, especially women.

3.2 Need for the study

Micro-credit programmes through SHGs and JLGs are different from other poverty alleviation programmes. It targets the rural and urban households below the poverty line and assures the poor women of employment and income. It also helps the poor women to build their skills and capacities and provide access to finances without collateral. It empowers them not only economically but also socially. The programme has been providing access to the formal banking system to the poor, and has achieved several milestones in terms of gender sensitization, empowerment and poverty alleviation.

Microfinance sector has traversed a long journey from micro savings to micro credit and then to micro enterprises and now entered in the field of micro insurance, micro remittance and micro pension. This gradual and evolutionary growth process has given a great opportunity to the poor in India to attain reasonable economic, social and cultural empowerment, leading to better standard of living and improvement in quality of life for participatory households. Financial Institutions have also joined hands proactively with informal delivery channels to give microfinance sector the necessary momentum.

Thus, SHG and JLG approach to micro credit has emerged as a powerful potential instrument for poverty alleviation. These institutions have acquired a prominent place in the development circuit and have spread across the globe in many countries and in different forms in the last two decades.

In the light of the above facts, the present study aims to examine the role of SHGs and JLGs in women's economic and social empowerment through entrepreneurial activity. In addition to this, the researcher has also pointed out the major differences between the two models and has suggested the appropriate strategy for their overall development. According to the researcher, there is comparatively less research done on the NBFC-MFIs following JLG model, though there is plethora of literature on SHG model. The present study has tried to fill this gap.

3.3 Objectives and Hypotheses

Taking into consideration the importance of the present study and the researches in the topic related to the study, the following broad objectives have been framed and the corresponding hypotheses have been put forth.

Objectives:

- a) To study the functioning of SHG and JLG models in the process of developing women entrepreneurship.
- b) To Study the status of socio - economic empowerment of women, as a result of self employment.
- c) To study the problems, challenges and opportunities of SHGs and JLGs.
- d) To suggest viable measures for the improvement in the functioning of SHGs and JLGs.

Hypotheses :

The objectives of the study necessitates the testing of the following hypotheses.

1. SHGs and JLGs are the important and powerful instruments in the development of women entrepreneurship.
2. SHGs and JLGs have contributed largely to socio-economic empowerment of women.
3. Self – employment of women has resulted into the development of personality and skills of women entrepreneurs.

3.4 Brief description of the variables

1. **Entrepreneur and Entrepreneurship :** It is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence.
2. **Woman Entrepreneur:** Woman entrepreneur is a confident, innovative and creative woman, capable of achieving economic independence individually or in collaboration, generates employment opportunities for others through initiating, establishing and running the enterprise, by keeping pace with her personal, family and social life.
3. **Self-Help Group :** SHG is a small informal association of individuals, formed with the purpose of enabling its members to reap economic benefits out of mutual help, solidarity and joint responsibility. The group- based approach not only enables the poor to accumulate capital by way of small savings but also helps them to get access to formal credit facilities.

4. **Joint Liability Group :** A joint liability group is an informal group comprising preferably of 4 to 10 individuals coming together for the purpose of taking loans either singly or through the group mechanism against mutual guarantee from financial institutions. JLG is intended to be a credit group, therefore, savings by the members is voluntary.
5. **Poor :** A person who lives below the average standard of living is considered as poor. He does not get a minimal income to obtain the basic requirements of life like food, clothing, shelter, education and health.
6. **Poverty :** Poverty means deprivation - primarily from food, clothing and shelter and secondarily from so many other social, economic and political rights and claims of human individual.

Under the modern age of globalization, poverty means the deprivation of opportunities and choices that denies social, political, economic and human rights and claims and a decent standard of living.

7. **Urban Poor :** On the basis of location, poor are categorised as ' Urban Poor' and Rural Poor.

According to the Planning Commission of India, the people in Urban area such as cities, towns, cantonment boards, notified areas etc whose per month per capita consumption expenditure on minimum requirement of physical quantity of food that gives intake of calorie 2100, is less than Rs. 165.58 at 1987-88 price level, were classified as "Urban Poor".

(Source : Pangannavar Arjun Yallappa (July 2012) : ‘Self-Help Groups (SHGs) and Women Empowerment in India.’)

8. **Slum areas :**

The term ‘slum’ has been defined by many in different ways. But the common features of slum are

- Inadequate access to safe water,
- Inadequate access to sanitation and infrastructure,
- Poor structural quality of housing,
- Overcrowding,
- Insecure residential status.

Source : <https://en.m.wikipedia.org/unhabitat.org>

9. Urban Community Development (UCD)

The Urban Community Development Department established by the Pune Municipal Corporation is a striking example of government's proactive role in the welfare of people living in Pune City. The UCD programme precisely provides opportunities to the people living on the edge of sustenance to put their best foot forward. All the development schemes of PMC are now implemented through this department only. The UCD is all about providing long ropes to the proletarian segment of society, especially women with lesser academic and financial credentials who desperately look for succour. It comes in the shape of schemes of special genre to provide much needed relief to women, such as formation and supervision of self help groups.

- 10. Empowerment :** Empowerment refers to increasing the economic, political, social, educational or spiritual strength of an entity. It is a process of change by which individuals or groups gain power and ability to get control over their lives.

It involves access to resources, resulting into increased participation in decision making and bargaining power and increased control over benefits, resources and own life, increased self - confidence, self - esteem and self - respect and increased well being. Thus 'empowerment' is a multi - fold concept that includes economic, social and political empowerment.

- 11. Woman Empowerment :** Women empowerment means the authorization of the women, that is making them self reliant and providing them with information and knowledge to take decisions independently.

3.5 Selection of groups and respective entrepreneurs

SHG Model :

As observed by the researcher, SHGs are formed by different organisations such as NGOs, UCD Department of PMC, Individuals, Patpedhis, banks etc. However, the study has been restricted to the working of SHGs formed by UCD Department as their number is maximum and being a legal entity, reliable information is available from the Corporation.

For proper implementation of the development plans, Pune city has been divided into 4 zones with 15 ward offices, sub-divided into 76 prabhags. In all, there are around

8000 women SHGs and 600 to 700 male SHGs working successfully in different parts of the city.

As observed by the researcher, every SHG has around 12 to 15 members, of which around 40 to 60% of the members carry some type of business. In order to have a sample representing the entire Pune city it was decided to select more or less equal number of SHGs from each prabhag. Accordingly 200 SHGs were selected in consultation with the Corporation authorities and prabhag incharge called as 'Samuhsanghatika'. The groups working efficiently were given preference and other groups were selected by Simple Random Sampling method.

As the study is restricted to women entrepreneurship, it was decided to select only women entrepreneurs in the selected SHGs. Out of the selected entrepreneurs, some members could not be contacted and some refused to give information. The data was collected from selected entrepreneurs with the help of questionnaire. After scrutinizing the questionnaire, those questionnaires which were incomplete were discarded and then the researcher could finalise the data of about 500 entrepreneur members from SHGs.

JLG Model :-

This is another model of micro-financing which is followed by NBFC - MFIs. There are around 10 to 12 NBFC - MFIs working on large scale in Pune city of which, researcher has covered 7 NBFC - MFIs. As all the NBFC - MFIs are registered under Companies Act and regulated by RBI, their working mechanism is more or less similar with minute differences.

The researcher has collected the information of every NBFC - MFI through the personal interviews of the regional managers. From this, the researcher could collect the data regarding their working mechanism, number of branches, total staff, number of groups formed and total borrowers and total loan portfolio for Pune city as a whole. The researcher has also collected the information about their goals and their expectations from RBI.

As observed by the researcher, on an average, every NBFC-MFI has formed JLGs ranging between 2000 to 5000. The number of members in each group vary from 5 members to 20 members. Accordingly, every NBFC-MFI has a customer base of around 30000 to 40000. These groups are formed mainly with women entrepreneurs only and as such almost all members are micro entrepreneurs.

As the working rules for all the groups are similar, it was decided to collect a data from 30 to 40 members from every NBFC-MFI. Hence the data was collected from 250 member entrepreneurs, as a sample. This sample is a prefect representation of the whole population as terms and conditions are same for all the JLG members and as such their would be differences only in their opinions about socio-economic empowerment.

3.6 Data Collection:

As SHGs and JLGs are bound to follow certain rules and regulations of Corporation, Central and State governments, and RBI, the working method is same for all. Hence, in order to collect the data from members, the survey method has been followed, and two separate questionnaires were prepared for SHG and JLG entrepreneurs. The questionnaire is divided into 5 sections as follows:

Section A : Personal information of the Member.

Section B : Information about their group.

Section C : Information about their businesses.

Section D : Information about the loan taken

Section E : Information about their opinion regarding Socio-economic empowerment.

3.7 Pilot Survey :

Initially, a pilot Survey was conducted for 20 SHG entrepreneurs and 10 JLG entrepreneurs. Accordingly suitable changes were made in both the questionnaires after considering the difficulties in collecting the data. According to the answers of pilot survey, the questionnaires were finalised. The data was collected with the help of questionnaires only and at the same time, the researcher has noted down her own observations through discussions with members wherever she felt it necessary.

3.8 Working of SHG and JLG

The working of SHG and JLG was noted down by the researcher by interviewing the appropriate authorities of SHGs and JLGs. The information was also collected from prabhag incharge and leader and initiator of SHGs and JLGs which is given in a separate chapter.

3.9 Analysis and Statistical tools:

For recording the data, Excel sheets were used. Initially simple frequency tables and percentages were used. Since the nature of data is of qualitative type, hypotheses are being supported by qualitative analysis. However, to support them statistically, 'Z' test for proportion is being used.

Chapter 4

CONCEPTNAL FRAMEWORK OF SHG AND JLG MODELS

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4.1 Introduction

Micro finance is considered as an entry point in the context of a wider strategy for women's socio-economic and political empowerment which focuses on gender awareness and feminist organization.

A recent World Bank report confirms that, societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance and a lower living standard for all people. Hence, women should be given a chance to access to the micro credit loans. This will increase the impact of micro finance institutions in developing entrepreneurial possibility among women and this in turn will generate a multiplier effect benefiting multiple generations. Micro finance is mainly routed through Self help group and Joint liability group models. Hence, this chapter explains these concepts in detail.

4.2 Self-Help-Groups

4.2.1 Introduction

The Government of India has so far taken different steps for reducing poverty. However, these different projects got mixed success. Government then felt that, efforts on individual level are inadequate to improve the status of the poor as a whole. Hence, it started organizing the poor in various groups through which they could get the benefit of collective perception and collective decision making. The group as a whole, always hold more power and enjoys more strength as compared to an individual and as such it can work as an antidote to the poor. Such groups are basically known as 'self help groups.'

Self help group, commonly known as Bachat Gat, is a voluntary association of individuals, mostly coming from the common socio economic background. Generally, it is a group of people containing between 10 to 20 members. This association aims at solving their common problems through self and mutual help. As per the decision of the group, each member saves a fixed sum of money every month, and this amount is deposited in the bank in the name of that group. From this common fund, then loans are given to the needy members with the unanimous decision of the group. This is the simple format in which SHG works. 'Self - help is the best help and self employment is the best employment' is the principle behind the success of SHG.

In the process of development, members learn the basics of accounts keeping and also imbibe the essentials of financial intermediations. The members slowly start handling

the huge resources and understand the fact that, the resources are limited and have a cost. Within a period of around six months, the group gets stabilized and shows matured financial behavior.

Once the members become confident about their ability to handle larger volumes of credit, they approach banks for more sizeable loans. Then banks are also encouraged to provide loans in certain multiples of the accumulated savings of the SHGs. Such an SHG is effectively 'linked' to the banks and thereby to the mainstream credit market of the economy. The loans are given without any collateral, as the peer pressure in the group ensures timely repayment of loans. Banks also find it easy to give loans in the name of SHGs, as every member is responsible jointly for the repayment of loan. The SHG decides the terms and conditions for the internal distribution of loan. These funds help the members in undertaking some micro economic activity and thereby generate income and employment opportunities over the period of time. Ultimately, it results into improved standard of living of the family as a whole and socio economic empowerment of the women in particular.

4.2.2 Definitions of SHG

- NABARD¹ (1995) has defined SHG as, a homogenous group of rural poor voluntarily formed to save a fixed amount per month which they can conveniently save out of their earnings and thus mutually agree to contribute to a common fund, from which loans are given to the members for productive and emergent credit needs.
- Singh² (1995) has conceptualized SHG as an informal association of individuals which come together voluntarily for the promotion of economic and social objectives.
- Dwaraki³ (1996) has described a self-help group as, an unregistered body of people, preferably the disadvantaged members, who willingly contribute an agreed sum of money which would be lent at a price, for a short period as fixed by the group itself.
- Shylendra⁴ (1998) has defined SHGs as, SHGs are small informal associations, created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity and joint responsibility. The group-based approach not

only enables the poor to accumulate capital by way of small savings, but also helps them to get access to formal credit facilities.

4.2.3 Need and importance of SHGs

Self help groups are essential in developing confidence among the neglected poor people, especially the women members. These groups enable members to come together for a common objective and to derive strength from each other to combat with exploitation. A group becomes a basis for action and change. A self help group takes initiative for the following tasks :-

1. To mobilize the individual resources for the collective economic empowerment of its members.
2. To create a habit of savings, and encouraging the local resources to be used for local development.
3. To uplift the general living conditions of the poor
4. To provide financial assistance to the members in their crunch times.
5. To organize special training programmes for development and thereby encourage them to undertake some entrepreneurial activity.
6. To build up teamwork by developing their skills, mutual understanding, trust and self-confidence.

4.2.4 Features of SHGs.

The principle underlying the working of SHGs is, 'the activity of the people, by the people and for the people.' Hence, SHG enjoys certain distinguishing features as follows:-

1. It is built on the participants own resources.
2. The management and control of the group is in the hands of its members themselves.
3. Every member of the group participates in the decision making process.
4. The members of the group meet periodically for collecting savings and for sanctioning loans to the members.
5. Registration of SHG is optional.
6. All the members are collectively responsible for the loan, when taken from the outside sources.

4.2.5 Functions of SHGs

The mechanism of SHG is extremely successful not only in providing micro credit to its members, but also in helping them in their overall development. It helps the members in following ways :-

1. It assists the members in becoming self reliant and self – dependent.
2. It provides a platform for members for discussing their social and economic problems.
3. It encourages the members in improving their decision making capacity.
4. It enhances the social status of the members, by virtue of their being a member of the group.
5. It gives an opportunity to the members to exchange their ideas and views.
6. It provides organizational strength to members in solving their common problems.
7. It improves their literacy level, which ultimately results in increasing general awareness among them relating to cleanliness, education, health care, nutrition etc.
8. It improves the basic knowledge of its members, which is required for understanding various monetary transactions.
9. It leads to increase in the income of the individual member as well as of the group.
10. It is a powerful source of getting linked with the banks and thereby having easy access to credit.

4.2.6 Formation and Categorization of self-help groups

Self help groups can be formed by NGOs, social workers, health workers, village level workers, informal association of local people, development oriented Government Departments, banks or by other development institutions. But, the aim of all the Self-help Group Promoting Institutions (SHGPI) is common i.e. to help the poor, and to assist them in their overall growth process.

Categorization of Self-help Groups

On the basis of nature, functions, structure and formation, self-help groups may be categorized as follows :-

A. Gender-based classification :

- 1 Women Self-help Groups (WSHGs): Only women are the members of such SHGs. These are more popular all over the country.

- 2 Men Self-help Groups (MSHGs): Only men are the members of such SHGs. However, these groups are not so popular in the country.
- 3 Mixed Self-help Groups (MXSHGs): Men and women from homogeneous group are the members of such groups. But as there are always clashes or conflicts among such members on decision-making, these groups normally do not survive.

B Linkage-Programme based SHGs:

1. Self-help Groups with Banking Linkage Programmes:

- a) NABARD - Bank – SHG (SHGs formed and financed by banks)
- b) NABARD – Bank – SHG (with NGO as facilitating agency) This is the most popular model in India. In this model, SHGs are formed by NGOs and they are linked with banks. Banks then directly give loans to these SHGs.
- c) NABARD – Bank - NGO – SHG (NGO as financial intermediary)

2. **Self-help Groups with Development Linkage Programmes :** Government Organizations or Government Departments actively form self-help groups to carry out their developmental programmes like urban development, rural development, irrigation development, public health, forest development etc.
3. **Self-formed Self-help Groups:** Formed by some enthusiastic persons in their individual capacity.

C Location-based Self-help Groups

- 1 Urban Self-Help Groups - if it is located in urban areas.
- 2 Rural Self-Help Groups – if it is located in rural areas.

4.2.7 Summary

As observed, the SHGs have taken firm roots in India with the strong support from Central and State Government along with the NABARD as a strategy for women empowerment. The movement is eventually expected to reduce gender inequalities in the country.

As noticed from the above analysis, the major elements of the SHG approach to micro-credit include the following:-

1. Provide a cost effective approach to formal institutions for expanding and reaching out to poor.

2. Offer an effective alternative to pursue the objective of growth by facilitating the empowerment of poor women.
3. Make micro-finance available to cater to the consumption and production needs of poor women.
4. Provide a platform for poor women to participate in mainstream economic activity
5. Help in capacity building by providing greater awareness on various development and welfare programmes, relating to women and child health in general, and education of children in particular.

Hence, it appears that, SHGs have a bright future in India for the overall development of poor people especially women.

4.3 Joint Liability Groups

4.3.1 Introduction

Till 2004 -05, SHGs had shown a remarkable progress and the concept of mutual help was proved to be very successful, especially in developing saving habit among women. However, the main limitation of SHG mechanism, as experienced was that, the loan amount is tied up with the amount of savings of its members. This restricted the size of loan which the micro entrepreneurs could get from SHGs. Though the SHGs are linked with the banks, there are restrictions on the number of beneficiaries and the amount of loan approved to them by the banks, as again it has some linkage with the savings of SHGs. Similarly, every SHG is not in a position to get loan from the bank, as the loan procedure is slightly complicated and time consuming. It was also observed that, there is an another segment of population in the society, which is officially above the poverty line, but are also in the dire need of credit due to comparatively low income. In addition to this, there were many people, who could not form SHGs for want of the required number or other criteria. Similarly, poor people who were interested in starting their own micro enterprise were deprived of loans from formal credit sector, as they couldn't offer any security. Even if the business was started it could not expand due to shortage of funds. Hence there was a need to develop some alternative source of credit which would suit the requirements of all these clients. Hence, based on the same principles underlying the SHG, NABARD has developed another credit model based on the mechanism of 'joint liability group' for all these segments of the society.

The JLGs were first pioneered by Bank of Agriculture and Agricultural Co-operatives (BAAC) in Thailand as a methodology to finance large number of small farmers. Hence, based on the JLG concept of BAAC, the NABARD formulated a pilot scheme based on JLG model. On experimental basis, NABARD undertook a pilot project in 2004 - 05 with the help of 12 RRBs in 8 states of India, for trying out this model. The pilot project was successful beyond expectations. As a result, the concept was operationalized by RBI and NABARD in 2006 – 07 on a mass scale, all over India.

Under this model, the quantum of credit is not linked to savings and no collateral will be insisted by banks against their loan to JLGs. So, at one level, JLG takes care of the needs of mid-segment clientele like micro entrepreneurs, and at another level, it also takes care of the more marginalized sections of the society who do not have access to proper documents.

A joint liability group is an informal group comprising preferably of 4 to 10 individuals. They are generally from the same socio economic background. They come together for the purpose of taking loans either singly or through group mechanism against mutual guarantee. JLG members are expected to provide support to each other in carrying their business and social activities. The success of this model depends upon the confidence and trust of members on each other. In the process of formation of the group, JLG selects a person who can become a leader and can handle the group properly in the best interest of all the members. A JLG is expected to conduct regular meetings, which must be attended by all the members. The members are expected to discuss issues of mutual interest. As a result, every member gets the benefit of group dynamics.

The rationale behind the working of JLG model is that, each member in the group is responsible for the loan taken by any other member in that group. If any one member defaults, then other members have to repay the same. This group concept is very helpful in keeping watch on the utilization of funds by each member. Hence, every borrower utilizes his money properly.

JLGs can be promoted by Business Facilitators, NGOs, Farmers clubs, Bank Branches, cooperative societies, MFIs etc. The JLG is primarily a credit group and as such savings are not compulsory as in the case of SHGs. However, the promoting agency may encourage the members to save some amount regularly, as it is always in the best interest of the members. In that case, such groups have to open a savings

account in the name of JLG which can be operated by the specific members as decided in advance on behalf of the group.

4.3.2 Objectives of the JLGs

1. To extend collateral free loans to members who can be tenant farmers, small farmers, micro entrepreneurs in rural and urban areas.
2. To build mutual trust and confidence between the lending institutions and the group.
3. To minimize the risk in the loan port-folio of the lending institution, through group approach, cluster approach, peer education and credit discipline.
4. To provide self employment by undertaking micro activity with the help of such loan.

4.3.3 Features of JLGs

1. Members should have a common activity.
2. Members need not have a land title.
3. Only one member of a family can become a member of JLG.
4. Members should not be a defaulter of bank loan.
5. Members should hold regular meetings.

4.3.4 JLG Models : - There are two main models followed by the microfinance institutions for financing to JLGs.

Model A: Financing Individuals in the group - In this model, every member gets loan separately from financing company, but as a member of the group. The loan amount depends on the activities undertaken by the member and his credit absorption capacity. In the 1st cycle of loan, amount of loan is same for all the members. Thereafter, members may get differentiated amounts based on their performance.

Model B: Financing the group - In this model, the group as a whole is eligible for getting a loan. The loan amount is calculated on the basis of credit requirements of all the members. However, the group functions as one borrowing unit only.

In both the models, there has to be a mutual agreement and consensus among all the members about the amount of individual debt liability. In both the cases however, all the members bear the debt liability jointly and severally. Micro finance institutions, mostly follow JLG model for micro-financing.

4.3.5 Role of JLG Promoting Institutions

1. Maintaining 'Account Register' and 'Repayment Details Register.' for credit Linkage.
2. Organising capacity Building programme for JLG members.
3. Explaining the benefits of JLGs to members.

4.3.6 Summary

Thus, it can be summed up that, JLGs, as one of the major form of micro-financing, play a vital role as savior for the poor in India. The main advantage of this mechanism is that, it solves the problem of informational asymmetries, as members are screened and selected by group only. Hence, it shifts the burden from the lender to the clients resulting in lower transaction costs for the lending institution. At other side, it has helped poor in solving their important problem of non-availability of funds also.

4.4. Major points of differences between SHG and JLG Model

Table 4.1 : Major points of differences between SHG and JLG Model

Point of Difference	SHG Model	JLG Model
1. Model	Home-Spun (Sa-dhan model).	Adapted Grameen model.
2. Origin	Poverty alleviation school of Micro-finance, affinity based credit and savings groups.	Financial system school.
3. Basic Structure	Savings are pre-requisite to initiate internal loaning and subsequent linkage with bank.	NBFC-MFIs are not allowed to collect deposits, hence they start lending to them right away.
4. Capacity Building	Substantial capacity building is brought about through group meetings and training sessions.	Not much capacity building is aimed at, as most group meetings are restricted to the distribution of loans only.
5. Sources of funds for the End-clients	Clients may obtain credit from the internal funds of the SHG, bank loans and loans from SHG-Federations.	The sources of funds are the MFI alone, which may have borrowed from banks, donors, investors and other sources.
6. Quality of services	Internal loan – instantly available External Loan – Lengthy Process.	Easy and quick processing of loans.
7. Interest Rates	Comparatively lower, and ranges between 12% to 24% p.a.	Considerably higher. It starts at around 24% p.a. and could be much higher than that.
8. Other Agendas	SHGs have other agendas like skill development and capacity building of its members, as its overall goal is socio-economic empowerment of its members.	Activities of an MFI are generally restricted within the financial domain only.
9. Financial focus and growth	Savings –led, Slow growth model	Credit-led, Fast growth model.

Source : Comparative Analysis of MFI and SHG-Banking Models by George Paul and Sara John P.

4.5 Summary

From the above analysis, it can be pointed out that,

- SHGs are useful in developing saving habit among poor. It has helped poor women in developing their personality due to typical method of working of SHGs.
- JLGs have given poor people a chance of getting loans immediately and easily as per their requirement. This has solved the problem of poor of non-availability of funds for business at least to some extent though at higher cost.

Hence, the researcher is of the opinion that, both the models have their own strengths and weaknesses. And both the models are equally important for catering to the needs of all the sections of population of the country. As such, they should go hand-in-hand for the overall progress of the country. Hence, RBI and NABARD should think of some third model which will be a combination of the best points of these two models.

4.6 Empowerment of women through provision of micro finance

4.6.1 Introduction

In general, empowerment refers to increasing the economical, political, social, educational or spiritual strength of an entity. It is a process of change by which individuals or their groups gain power and ability to get control over their lives. It involves access to resources, resulting into increased participation in decision making and bargaining power and increased control over benefits, resources and on own life. It eventually results into increased self-esteem, self-respect and self-confidence resulting in overall well being of a human being.

Women empowerment means making the women self-reliant, giving her liberty to make choices in their life and providing them with information and knowledge to take decisions. This study specially emphasizes on the socio-economic empowerment of women.

Empowerment involves the use of strategies that increase the personal, interpersonal or political power of people so that they can improve their own life situations. It assumes that, people have the right to power, ability and authority to achieve self-determination.

The work of Amartya Sen⁵ (1998s) has also been influential in broadening the understanding of empowerment and deprivation. He argued that poverty led to denial

of rights and opportunities to poor for full participation in society. To arrest this kind of social exclusion, there is a need for improving their capabilities and entitlements.

- Women empowerment concept was first brought in the limelight in International Women's Conference held in Nairobi in 1985.⁶
- Global Conference on Women Empowerment held in 1988 defined women empowerment as "the surest way of making women, partners in development."⁷
- According to UNIFEM, gaining the ability to generate choices and exercise bargaining power, developing a sense of self-worth, a belief in one's ability to secure desired changes, and the right to control one's life are the important elements of women's empowerment.⁸ Thus 'empowerment' is a multi-fold concept.

4.6.2 Types of Empowerment

- **Economic Empowerment :** A woman is economically empowered when she has both the ability to succeed and advance economically and has the power to make and act on economic decisions and has the control over resources and profits. In order to succeed and advance economically, women need the skills and resources to compete in markets as well as fair and equal access to economic institutions. In order to get benefits from economic activities women need to have ability to make and act on decisions and control resources and profits. This is possible only if she enjoys some degree of financial autonomy.
- **Social empowerment :** It is understood as the process of developing a sense of autonomy and self-confidence and acting individually and collectively to change social relationship. In other words, woman should get an important place in her family and society and should have a right to enable her to make use of available resources.
- **Political Empowerment :** Women are said to be politically empowered when they get the power of changing the surrounding situation for social transformation.

4.6.3 Empowerment in Competence

Now a days **empowerment in competence** is an another concept discussed in the management context, which refers to the process of developing skills, knowledge and

attitudes required to carry out tasks successfully and efficiently. By developing capabilities of people their job competence could be improved.

To summarize, it can be endorsed aptly that, sustainable development can be made possible by making women an equally important paradigm of the development process. Hence, more stress has to be given as regards to the empowerment of women, particularly rural women by our planners. The self-help group movement in the country has made the mission of women empowerment successful. JLG model is helping them by providing funds to undertake entrepreneurial activity.

4.6.4 The Role of group mechanism in empowerment of women

1. Group model provide the poor women access to economic resources like money, and thereby enable them to spend them on productive and consumption needs.
2. It enables the women to participate in decision-making process on economic and financial issues, like family financial needs, supplementing of family income, consumption pattern, raising of loan, sale and mortgage of assets etc. -
3. Group mechanism enhances the economic and social status of women at family and society level.
4. The groups give the women the opportunities for self-development by imparting them education, training and practical knowledge. Working in the group is an opportunity for women to develop herself.
5. It gives them the chance to participate in socio-political decision-making at local level through their participation in village Gram Sabha, Panchayat meetings, and political activities.
6. The groups have changed the status of woman from housekeeper to organizer, manager, and decision-maker as women learn and develop skills and abilities from group activities.
7. It has changed the outlook of the women as well. It has brought unity and integrity among the members, as it removes any type of disparities like caste, religion, language, age, etc. It has improved the general welfare of family and community.

As highlighted in various research studies on women, the empowerment of women has been recognized as the central issue in determining the status of women. To

safeguard the rights and legal entitlements of women, the Government of India has set up the 'National Commission for Women' in 1990 through the enactment of an Act of Parliament.

In addition to this, to improve the status of women in the society, the following events are celebrated through-out the country :

- Women's Day : March 8th every year;
- Women's Week : March 1st every year;
- Women's Year : 1975
- Women's Decade : 1975-1985;
- Women's Empowerment year 2001.

The first international Women's conference was held in the city of Mexico in 1975, the second in Copenhagen in 1980, a decade later a closing conference in Nairobi in 1985. The Conferences have defined women's concerns and called for the empowerment of women as agent of social change and development. At the Fourth world conference on women held in Beijing in 1995, the platform for Action concerned the human rights of women as right to education, food, health, greater, political power and freedom from violence.

All this highlights the importance of the concept of empowerment of women and the role of micro-finance in this total process.

4..7 Summary

From the above analysis, it is clear that, micro credit programmes through SHGs and JLGs are different from other poverty alleviation programmes. It targets the rural and urban households below the poverty line and assures the poor women of employment and income. The group mechanism has helped the poor women in developing their skills and in building capacities. It has provided access to finances without any collateral and has empowered them not only economically, but also socially. As a result, India has become one of the countries where SHGs and JLGs play an effective role not only in women's development but also in their empowerment.

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Chapter 5

CONCEPT OF MICRO-FINANCE AND ITS APPLICATION IN INDIA WITH SPECIAL REFERENCE TO PUNE CITY

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5.1 Introduction

After Independence in 1947, till 1990, Indian economy was characterized by extensive regulations, protectionism, public ownership, pervasive corruption and slow growth. Since 1991, continuing economic liberalization has moved the economy towards a market-based system. By 2008, India has proved itself to be the world's second fastest growing major economy.

However, though the euphoria of India's steady progress is a concrete truth, there are some vital issues that need to be addressed in the context of social justice. Indicators of health, nutrition, hygiene, and quality of education reveal that, a large number of marginalized and somewhat neglected class of the society has not gained much from the recent economic development upsurge. Hence, an urgent need has been felt to place emphasis on inclusiveness of this class in the economy, society and polity, with a special focus on women.

Government over the period has realised that, availability of sufficient funds and its easy access to poor as well as to the needy class, at an affordable cost, is one of the pre-requisites for the all-round growth and development of our country. In efforts towards achieving this important goal, financial institutions can play a great role by ensuring a smooth flow of funds from savers to borrowers. But when majority of the population is deprived of this benefit, it becomes a serious issue as a whole.

Even today, majority of our population has no easy access to credit from the formal sources. This shows that, India has a long path ahead in achieving the objective of complete financial inclusion of the whole population. This also indicates that, there is a need of introducing some innovative idea, which will link the poor households to the mainstream of financial institutions. And 'Microfinance' is one of the major approaches towards this, which has a considerable potential, in 'reaching to the deprived population'.

5.2 The Concept of Micro-Finance

Micro-finance is a broad concept which includes the provision of financial services such as micro-credit, micro-saving, micro-insurance, and also non-financial services such as training and counselling. Micro-finance mechanism operates on the basis of group mechanism. It assumes that, a group of individuals is more bankable than a single individual. In addition to this, a group of individuals is more traceable to the lending institutions also, and the peer dynamics within such a group would ensure

compliance and credit discipline to a considerable degree. This is so because the group is jointly made liable for the loan taken by any member in that group. This group assurance for repayment of loan reduces the risk of lenders as well.

The concept of micro finance is characterized by :-

- Small amount of loan
- Group lending
- Collateral-free loan
- Joint liability of all the members
- Pressure of other members

5.3 Historical review of the concept of micro-finance

Microfinance concept was first used by Prof. Muhammad Yunus of Bangladesh. He gave a first loan of US \$ 27 to a group of 42 families, during the Bangladesh famine of 1974. The main purpose behind this loan was that, these families would use this money as start-up amount for producing items for sale, without the burden of high interest. These families repaid the loan in time. This fact developed the confidence in the mind of Mr. Yunus. He started believing that, making such loans to a larger population would help them in undertaking small businesses. These small businesses would generate income which would ultimately reduce the widespread poverty in Bangladesh. In order to test this belief, he undertook a research project in Bangladesh University, Chittagong. He wanted to check his method of lending which was based on the concept of joint liability of a group. From his research experience, Mr. Yunus then developed the principles of the Grameen Bank which were initially not approved by Bangladesh Government.

In 1976, Grameen Bank gave its first loan to the village of Jobra and other villages near the University of Chittagong. This project was extremely successful. Then, with the help of Bangladesh Bank, the service of giving loan was extended to other districts of Bangladesh.

The Bangladesh Government authorized the project in 1983, and then the Grameen Bank became an independent bank providing banking services across the nation. The success of the Grameen Bank inspired the other countries around the world, including India. Thereafter, the World Bank used the Grameen bank's microfinance schemes as template.

Grameen bank works on the principle that, the loans are better than charity, to reduce poverty. Loans give an incentive and opportunity to people to undertake business activity. This helps them in generating income, from which they can repay their loans also. The bank also believes that, people have talent and endless potential. What they need is finance on reasonable terms and conditions.

Grameen Bank offers loans to all types of people to promote financial independence. Mr. Yunus also encourages people to save, so that their own capital can be converted into new loans to others. The Bank targets the poorest of the poor, with a particular emphasis on women. Mr. Yunus experienced that lending to women generates considerable other secondary effects also, such as empowerment of women and overall betterment of the family.

In 1994, Grameen Bank received the 'Independence Day Award', which is a highest Government award of Bangladesh. In October 2006, the nobel committee awarded Grameen Bank and its founder, Mr. Muhammad Yunus, the '2006 Noble peace prize' for their efforts in achieving economic and social development.

The success of Grameen bank motivated India to follow their model for development of the country.

5.4 Need for Micro Finance Activities in India.

After independence, India had to face some challenges, like an underdeveloped rural economy, high level of indebtedness, and lack of efficient financial services. This forced the Union Government to take up some measures to address these problems. The first was the nationalization of banks in 1969; the second was the opening of a large number of bank branches in rural areas; and, the third was the introduction of a mandatory system of priority sector lending. However, in spite of all these measures, it was revealed in 1975 that, the poor still lacked access to credit. The rural branches of commercial banks were not effectively able to reach out to the poor. Hence, the Government introduced a new network of Government owned Regional Rural Banks, (RRBs), each covering, with its branches, a designated service area of 1 to 3 districts. However, the problem persisted. The RRBs and Cooperative banks were catering to the farmers, whereas vast number of landless, migrant labourers and illiterate women were left out of their reach.

In early 80s, the Government of India launched the Integrated Rural Development Programme (IRDP), 'a massive poverty alleviation credit programme' which provided

Government subsidized credit to the poor through banks. IRDP was described as "the world's largest micro finance programme." However, the biggest problem with this programme was the element of a substantial subsidy, which led to extensive malpractices, and mis-utilization of funds. The illiterate, poor and small borrowers lost credibility as borrowers and they felt the indirect impact. As a result, the marginalized community faced a major hindrance as, an access to micro credit from formal financial institutions was refused to them. During this period, the National Bank for Agriculture and Rural Development (NABARD) conducted a series of research studies independently, and in association with MYRADA, a leading Non-Governmental Organization from Southern India. These studies showed that the existing banking policies, systems, procedures, deposit and loan products, were not well suited to meet the most immediate and urgent needs of the poor. The studies also revealed that, the poor really needed and deserved better access to these services and products, rather than cheap subsidized credit. With this background, need was felt for alternative policies, systems, procedures and a delivery mechanism, which could fulfill the requirements of the poorest of the poor, especially the women members. The emphasis should be on empowerment and on facilitating the access to the poor to microfinance, rather than just dishing out micro credit. This speeded up the process of formation and growth of micro-financing in India.

5.5 Indian Scenario with respect to development of micro-financing models

India has adopted the Bangladesh's model in a modified form to match it with Indian conditions. In India, banks are the predominant agencies for delivering micro-credit. In 1970, Ilaben Bhat, founder member of SEWA in Ahmadabad, had developed a concept of 'Woman and micro-finance'. The 'Annapurna Mahila Mandal' in Maharashtra and 'Working women's forum' in Tamilnadu and many other groups sponsored by NABARD have followed the path laid down by 'SEWA'. SEWA is a trade union of poor but self-employed women workers. Since 1987, MYRADA has promoted Credit Management Groups (CMGs) which are the forerunner of the SHGs. The main aim of CMGs is to bestow social empowerment to women. The basic features of CMGs are : - Affinity, Voluntarism, Homogeneity and Limited membership.

Development of SHG Model

From 1987 to 1992, NABARD had focused on supporting NGO initiatives to promote SHGs and on analyzing their potential and performance. In 1987, NABARD first gave grants to MYRADA, an NGO from Ahmadabad, to invest resources, to identify affinity groups, to build their capacity, and match their savings. In 1989, NABARD launched 'an action research project' in which, similar grants were provided to other NGOs also. On the basis of this action research, in 1990 the Reserve Bank of India (RBI) accepted the SHG strategy as an 'alternative credit model'. In 1991-92 NABARD started promoting self-help groups on a large scale and it was the real take-off point for the SHG movement. Then, NABARD issued the guidelines to provide the framework for a strategy that would allow banks to lend directly to SHGs. Based on this initial experience the 'SHG Bank Linkage Programmer' was launched in 1992. In 1993, the RBI allowed SHGs to open saving accounts in banks and banks were encouraged to give loans to SHGs and this was a major boost to the movement of SHGs in India. Thus, NABARD is a promoter and regulator of SHG – Bank linkage program. The rapid progress achieved in SHG formation, and the resultant considerable empowerment movement for women across the country, laid the foundation of the second source of micro-financing i.e. lending through MFIs following JLG Model.

Development of JLG Model

Micro finance sector caters to the need of poor people and the loans given by micro finance institutions are always unsecured i.e. they are not backed by any security. Poor people utilize this money for setting up some small business to earn their livelihood. In this type of lending, there is always a risk as, if poor don't repay the loan, lending institution can not do anything. To concur this challenge micro finance industry has adopted the concept of JLG. In this concept, every member is responsible for the loan taken by any other member of the group. Hence, all the members are jointly liable for all the loans of that group.

Due to this, the JLG concept helps the micro finance institutions in reducing the default risk and at the same time inculcates the habit of disciplined management of finance among the poor.

5.6 Mechanisms for delivering Micro Finance services in India

Micro finance is a source of financial services for those entrepreneurs and small businesses who lack access to banking and related services. It is banking the unbankables and bringing credit, saving and other essential financial services within the reach of millions of people. It is mainly for those who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral.

There are two most prominent modes of delivering microfinance in India, which are **‘Conventional Weaker Section lending by Banks’** and **‘Financing through Micro Finance Institutions’**.

A. Conventional Weaker Section lending by Banks

Introduction

In this form of micro financing, loans are given by different categories of banks to poor people either directly or indirectly for undertaking some income generating activity. It includes the following sources.

- Loans given by private and public sector banks, cooperative banks, and RRB, as a part of Priority Sector lending.
- Loans through SHG – Bank Linkage program.
- Loans to microfinance institutions which ultimately give microfinance to poor.

In this category the most important source of micro credit is ‘SHG – Bank linkage programme.’ SHG is a small voluntary association of poor people. They are generally from the same socio – economic background. SHG works on the principle of self help and mutual help. Every member of the SHG saves a small amount every month which is kept in the name of the SHG in a bank and from these pooled resources, loans are given to the needy members.

Similarly, banks are encouraged to give loans to SHGs to increase their resources. In a way, it is a sort of partnership between 3 agencies i.e. SHGs, Banks and SHG promoting institutions.

There are 3 models of this linkage :-

1. NABARD - Bank – SHG (Which are formed and financed by a bank)
2. NABARD – Bank – SHG (with NGO as facilitating agency)

In this model, SHGs are formed by NGOs and they are linked with banks. Bank then directly gives loans to these SHGs. This is the most popular model of micro financing in India.

3. NABARD – Bank - NGO – SHG (NGO as financial intermediary) Bank gives loans to NGOs and NGOs in turn give loans to SHGs.

NGOs are considered as the promoters of the concept of SHG. They are the voluntary organisations, working for social, cultural, economic, educational, and religious development of the society as a whole.

B. Financing through Micro Finance Institutions

Introduction

This is a second mode of microfinance in India. The basic aim of these institutions is to provide thrift, cheap credit, and other financial services of small amounts to the poor. Their services include credit, saving, insurance, investment and remittance to households having low income. In fact, they cater to the needs of those who find themselves distanced from the services of traditional banks. In a way, they perform majority of the functions of a bank.

A wide range of institutions offer micro-finance services in India, both in public and private sector. They can be broadly classified into two groups :-

- **Formal institutions called as service providers** – These include :
 - (a) Apex developmental financial institutions like NABARD, SIDBI and RMK. They are bulk lenders and are referred to as the wholesale bankers.
 - (b) Commercial banks, regional rural banks, co-operative banks, who provide micro-finance services, in addition to their general banking activities. They are referred to as the retail bankers.
- **Semi-formal Institutions** – The institutions who undertake micro-finance services as their main activity are called as the Micro-finance Institutions (MFIs).

The NGOs are the key players in this field also. Their experimental activities in 1970s had showed that, lending to a group of women, where every member of the group guarantees the repayment for all the members, can be a good method of micro-credit. Their experience proved that, poor people, without collateral, could also be credit worthy and what is needed is that, these poor women should be given an opportunity, and then they would willingly and speedily repay their loans with interest. This belief helped NGOs to develop a business model, which is based on the joint liability concept of the Grameen Bank of Bangladesh. This model proved to be sustainable and

it did not need a subsidy also. These institutions proved that the poor also are creditworthy.

Over the period of time, NGOs realized that poor people require a range of services to meet their different needs, in addition to micro credit. Hence, they started offering variety of products to match their demand pattern. The ever increasing need and popularity of this model has attracted many MFIs in this field. Of course, they differ in their structure, legal status and functions that they perform. The existing NGOs slowly started finding it difficult to provide sufficient funds to the ever increasing need of this sector, due to their limitations in raising funds. This forced them to convert themselves into 'For Profit NBFCs'. Thus today, micro-finance is used as a medium for retail banking for the poor people.

Types of MFIs –

1. Not – For profit Microfinance Institutions :

- Societies Registered under Societies Registration Act 1860.
- Public Trusts registered under Indian Trust Act 1882.
- Not Profit Companies registered under section 25 of the Companies Act, 1956.

2. Mutual benefit MFIs :

- State Credit Co-operatives Societies.
- National Aided Co-operative Societies established under NACS Act.
- For Profit microfinance institutions like NBFCs, registered under Companies Act, 1956 and regulated by RBI.

By the end of 2006-07 the Government and all other financial institutions have realized that the microfinance as a tool of economic development is the most suited model for reducing poverty in Indian conditions. It not only provides micro credit, but also renders all other services essential for the overall development of the poor section of the society.

5.7 Two Prominent Models of Micro-Financing in India

Based on the above analysis, the players in the microfinance sector based on their contribution in the micro financing can be broadly classified into the following categories.

1. SBL model i.e. the SHG – Bank Linkage Model, which contribute about 58% of the outstanding loan portfolio.
2. JLG model i.e. Joint Liability Group Model followed by Non Banking Financial Companies, which contribute about 34% of the outstanding loan portfolio.
3. Others, including Trusts, Societies etc. which contribute the balance 8% of the outstanding loan portfolio.

(Source : <https://m.rbi.org.in>)

As the major micro financing is done through SBL and JLG model, the researcher has selected these two categories of micro financing for her study with special reference to Pune city.

These models work in following ways.

SHG-Bank Linkage (SBL) Model

The SBL model is homegrown model of micro-financing in India. This was conceptualized and initiated by NABARD in 1992 through the linkage of existing SHGs with banks. This process was speeded up with the permission of RBI in opening of bank accounts in the name of SHGs. An SHG is a voluntary association of individuals generally from common socio-economic background to achieve the common objectives and deal with common problems. The group members contribute a fixed sum of money every month to a common fund and from these pooled resources loans are given internally to needy members. Once they become confident about their ability to handle larger volumes of credit, they approach banks for more sizeable loans. Banks are also encouraged to give loans to the SHGs. Such an SHG is effectively 'linked' to the banks and thereby to the mainstream credit market of the economy. In this way, the SHG-Bank-Linkage Model works.

JLG Model - followed by NBFCs.

The institutions who undertake micro-finance services as their main activity are called as MFIs. They may range from benign and socially responsible NGOs to Profit Oriented NBFCs. There has been an explosive growth in **For Profit NBFCs** over the past decades. And today major financing is done through these NBFCs only. In India, **For profit microfinance institutions** are specially labelled as **NBFC-MFIs** as per the recommendations of the 'Malegam Committee' appointed by RBI to review the overall working of microfinance sector.

NBFC-MFIs like SHGs, operate on the principle of group lending whereby they form 'joint liability groups' of interested borrowers. The group is jointly liable for the loan taken by every member of the group. NBFC-MFIs structure these groups in such a way that the peer pressure works very effectively in recovering the loan.

Selection of the SHGs and JLGs for the study

In Pune city, majority of SHGs are formed by Urban Community Development Department of Pune Municipal Corporation and they are linked with the Nationalised Banks for financial support. Hence, the researcher has covered such type of SHGs only for her study.

Similarly, there are around 10 to 12 NBFC-MFIs working prominently in Pune city following JLG model. Out of these, the researcher has covered 7 NBFC-MFIs.

The detailed working of these two models is given below :

5.8 The working of SHGs registered with Urban community Development Department of Pune Municipal Corporation.

5.8.1 Introduction

One of the mega-cities syndromes is that in villages, a few live together while in cities, millions stay alone! The problems of unbridled expansion of cities have posed new challenges before the government machinery. The modern cities are colonised by people of all hues; the rich, the middle-class, the poor and the under-privileged. The common thread running through these souls is that people on the move are ready to jettison obsolete traditions. They do not brood but look forward with optimism. The Pune Municipal Corporation (P M C) has become a shredding machine of outdated ideologies. The Urban Community Development programme launched by

the PMC is a striking example of government's proactive role in the welfare of people living in mega cities like Pune.

Pune, closed to Mumbai in Western India, is known as the cultural capital of Maharashtra. It has a population of about 3.2 million and is ranked as the 9th largest city in India by population as per Registrar General and Census Commissioner 2011. According to the 74th amendment to Indian constitution, poverty alleviation programmes in urban areas is now an additional responsibility of the civil bodies and as such PMC is now responsible for implementing poverty alleviation programmes as well.

In order to implement various development schemes, PMC has established a special department known as Urban Community Development Department in 1984. Over the period of time, PMC realized that, its schemes can be implemented well through a group of poor, especially women, as group mechanism has proved to be successful in many parts of India in solving poverty related problems. This motivated PMC to form SHGs on large scale and implement its development schemes through SHG mechanism. This task was then assigned to UCD Department now renamed as Samaj Vikas Vibhag.

UCD Department works on the basis of certain guidelines issued by Government in this regard which are as follows :-

1. Developmental schemes should be implemented through the association of beneficiaries only.
2. The support to the needy person should be provided only through Gat and as a member of Gat.
3. The preference should be given for the activities undertaken by Gat.
4. The participation of beneficiaries in the decision making process should be insisted on.
5. The priority should be given for the empowerment of women.

Hence, at present, UCD Department is implementing its schemes through various Mahila Bachat Gat with special focus on their socio-economic empowerment.

Bachat gat is an association of economically weak persons for achieving common objectives through mutual help. As such this mechanism has helped UCD Department a lot, not only in routing all the government grants available for self-employment but

also in catering to the genuine needs of the poor beneficiaries as recommendations of the beneficiaries come from the other existing groups only.

The SHG movement was introduced in the year 1999-2000 which coincide with the United Nations Organization's special programme for women empowerment as well. The credit of introducing the concept of SHG for the first time in Pune city goes to Late Mr. A. V. Kalmakar, Assistant Municipal Commissioner and In Charge of UCD Programme. To begin with, the concept was introduced in slum areas of Pune city. However, at present, it has spread its wings successfully almost in each corner of the city.

UCD is following Kerala model, involving mainly the association of women from economically weaker sections of the population.

5.8.2 Administrative Structure of UCD Department of PMC

Introduction

Prior to 1950, the 'Pune City Municipality' and 'Pune Sub Urban Municipality', governed the city of Pune. Since the population of both these Municipalities reached a considerable number, the State Government constituted the PMC on 15th Feb 1950. PMC is one of the largest and leading Urban Local Governance Body in Maharashtra. PMC covers an area of over about 237 square kms, catering to the civic needs of over 25 lakh citizens. The Bombay Provincial Municipal Corporations Act, 1949, governs PMC. The Chief Executive of the PMC is the Municipal Commissioner. It consists of directly elected corporators headed by the Mayor. The General Body of PMC is involved in policy making and its Standing Committee takes financial decisions.

Hence, since 1950, Pune Municipal Corporation, the city Governing Body, is administering the city and serving its citizens.

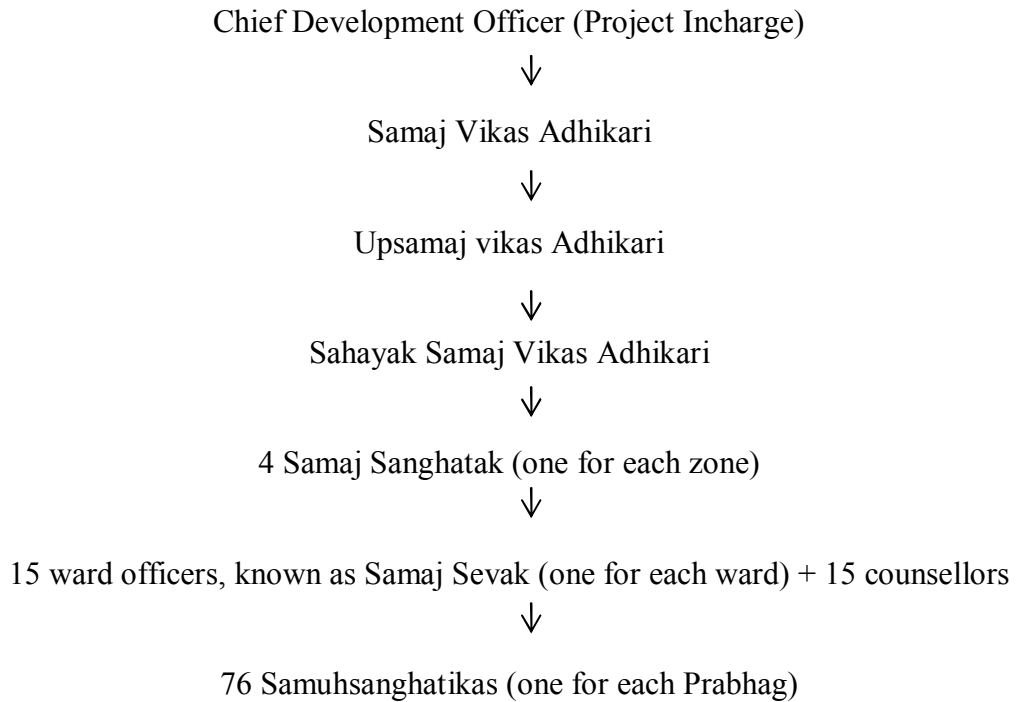
The governing body which is elected for five years in normal circumstances, has 152 elected representatives who form the PMC General Body, elected from 76 prabhags. Each prabhag has a population of about 42000, which is monitored by 2 elected representatives.

For proper administration and implementation of the development schemes, Pune city has been divided into 4 zones. The administrative wing of PMC is divided into 15 wards each headed by a ward officer. The wards are further subdivided into 76 prabhags administered by prabhag incharge known as Samuhsanghatika. Each ward office has 1 samaj sevek, assisted by 1 counselor. Accordingly, there are 15 samaj

sevek, 15 counsellors and 76 samuhsanghatikas. Samaj Sevek and Samuhsanghatikas are employees of the Corporation. However, Samaj sevek are permanent employees of Corporation, where as, appointment of Samuhsanghatikas is subject to renewal after every six months, on the other hand counselors work as volunteers.

The Administrative Hierarchy of UCD Department is as follows :-

Administrative Hierarchy



5.1 : Table showing Distribution of Prabhags according to Ward No. and Ward Name

Zone No.	Ward No.	Ward Name	Prabhag No.
1	1	Aundh	6, 7, 8, 9, 10
	2	Ghole Road	11, 12, 13, 24, 25, 36
	3	Kothrud	26, 27, 28, 29, 34
	4	Warje-Karve Nagar	30, 31, 32, 33, 35
2	5	Dhole Patil Road	21, 22, 23, 40, 20
	6	Nagar Road	2, 3, 4, 17, 18, 19
	7	Yerawada	1, 5, 14, 15, 16
3	8	Bhawani Peth	47, 58, 59, 60, 65, 39
	9	Sahakar Nagar	57, 66, 67, 68
	10	Vishrambag wada	37, 38, 49, 50, 51, 58
	11	Tilak Road	52, 53, 54, 55, 56
4	12	Hadapsar	42, 43, 44, 45
	13	Bibwewadi	64, 70, 71, 72
	14	Dhankawadi	69, 73, 74, 75, 76
	15	Kondhawa	46, 41, 61, 62, 63

Source : Pune city sanitation plan 2011, prepared by PMC.

The main responsibility of Samaj sevak is to implement all the schemes of Corporation in their ward. For this, they take the help of Samuhsanghatikas because, they are in direct contact with the beneficiaries. Being an employee of Corporation, the Samuhsanghatikas are responsible for implementing all the schemes of Corporation in their prabhag, one of which is formation of SHGs. However, over the period of time, SHG movement has gained much importance, as it is all about providing long ropes to the proletarian segment of society, especially women with

lesser academic and financial credentials who desperately look for succor. Hence most of their duties and responsibilities move around the working of self-Help groups. The job of Samuhsanghatikas in relation to SHG, starts with a survey of their Prabhag. They search for the group of women having meagre resources and who remain confined to the round-the-clock efforts to redeem their families from sinking into abject penury. Such areas create a possibility of forming an SHG.

By visiting different houses, they make an appeal to the economically disadvantaged women to gather at one place and explain them the concept of self-help group and its role in the socio-economic empowerment of women. Thereafter, the interested women decide to form a gat and make an application to the Corporation. Through the application they communicate their desire to form a gat along with a request, to organise the meeting under the guidance of Samuhsanghatika of their prabhag to explain the next procedure.

Then, Samuhsanghatikas conduct the meeting of interested members and explain the rules and regulations of working of SHG. Three representatives are then selected from the interested members to work as Sanghatika, Sahsanghatika and Hishobnis for operating the bank transactions and for overall management of the gat. Corporation then organises a three days training programme for these 3 representatives, which helps them in managing the gat smoothly.

After successful completion of the training programme, Corporation issues them training certificate and a letter in favour of a convenient nationalised bank, requesting the bank to open savings A/c in the name of bachat gat. At this stage, bachat gat gets registered with the Corporation. After depositing the initial amount of savings in the bank, bank issues pass book and cheque book in the name of bachat gat. Corporation issues personal pass book to every member of the gat. At the end of the year, again one day training is given to the representatives of the gat for preparing annual accounts which are then submitted to the Corporation.

After successful completion of one year, every gat gets a revolving fund from Corporation equal to Rs. 1000 per member. This fund increases the saving amount of the gat and enables them to issue loans of higher amounts. The amount received as revolving fund is to be refunded to Corporation at the time of closing the gat.

At present, there are two types of gat working in Pune City.

- (1) Gats, working in slum areas are known as Shejar Samuh Gat.
- (2) Gats, working in the Gaothan area are known as Bachat Gat.

5.8.3 Guidelines issued by UCD department regarding formation and working of Bachat Gat.

1. Any person between the age group of 18 to 55 years can become a member of gat.
2. A person can be a member of only one bachat gat at a time and 2 members from the same family can not be the member of same bachat gat.
3. There can be 10 minimum members and 15 maximum members in one gat.
4. Every bachat gat will be registered with its own distinguishing name with UCD department.
5. Every person will have to pay Rs. 25 as entrance fees and Rs. 25 as annual fees for becoming a member of the gat and there after Rs. 25 every year as annual fees.
6. There should be minimum savings of Rs. 50 per month.
7. The member can decide the name the nominee, who will receive the savings in case of death of a memeber.
8. Every gat should get their accounts checked from Samuhsanghatika of their Prabhog in the monthly review meeting of the gat.
9. Monthly meeting of the gat should be conducted on the date, time and place as decided by the gat in their earlier meeting.
10. Minutes of the meeting must be in writing.
11. Members can participate in the joint life insurance scheme of the gat.
12. Every member will receive a passbook from Corporation and it will be the duty of every member to get entries done in the passbook relating to savings, refund of loan, and interest thereon in the monthly meeting of the gat from Sanghatika.
13. Saving amount will be same for every member and it will be collected in the meeting only, for which all members should remain present. The amount collected should be deposited in the bank immediately.
14. All the loans should be disbursed through cheques only. Interest should be charged between 1% to 2% p.m. reducing balance method. Loan should be repaid in 10 equal instalments.
15. Gat will remain in force for a minimum period of 5 years, before which, no member is allowed, either to cancel his membership, or to withdraw his savings. Individual savings will be returned back only after 5 years to all members.

However, total amount of interest i.e. on savings and loan, can be distributed at the end of every year, but only after verification of annual accounts by UCD Department.

16. Internal distribution of loan can take place only after completion of first 6 months of the gat. The amount and preference of distribution of loan will be decided unanimously by all the members of the gat.

From the above guidelines it is clear that, Corporation is helping the gat in all possible ways for its successful working and in no way it is interfering in the autonomy of the gat.

In fact, Corporation expects that gat should not be formed only for getting financial benefits (Anudan) from Corporation but they should aim at,

- The overall development of its members.
- To develop the capacity of managing the gat independently among members.
- To get the help of society and Government in the process of development of the gat.
- To improve the literacy level of the members.
- To remain away from the tradition bound systems, superstition, beliefs etc.
- To empower the members to take decisions on their own at least relating to their own life.
- To discuss the major problems of the families and to find out the viable solutions for the same.

In addition to the formation and overall control over SHGs, Corporation organises exhibitions, 2 times a year, for marketing the products of bachat gat. Exhibitions are organized at different locations of Pune city in which stalls are allotted, free of cost to the members of bachat gat in that area. Similarly, in order to create a market base for SHGs, PMC is organizing 'Bachat Bazar' for last six years during Diwali season. It is also planning to erect additional permanent platform to sell the products of SHGs in various parts of the city. Corporation also arranges training programmes for entrepreneurs through eight institutions covering around 46 courses. Training is given by experts in respective fields.

Presently, UCD Department operates through 5 institutions as follows:

1. **Savitri Bachat Gat Mahasangha** – This is an apex institution of bachat gat. At present, there are around 4800 members of Savitri Mahasangha. The Mahasangha

has been entrusted with the responsibility of providing mid-day meals for municipal children of schools and Balwadis (nurseries). In addition to this, it is also responsible for giving training to the members of newly formed gat relating to working procedure of the group. It also provides loans to the members of different gats for undertaking entrepreneurial activities.

2. **Pragati Audhyogik Prashikshan Sanstha** – The main objective of forming this institution was to create employment opportunities for a women by giving training in tailoring field. At present, this institution is working very satisfactorily and is entrusted with the job of stitching school uniforms with the help of members of different bachat gats.
3. **Smart Seva Sahakari Santha** – This institution was formed as per the Swarn Jayanti Shahri Rojgar Yojan of Central and State Government. The objective of this institution was to provide employment to skilled and unskilled persons in the areas of plumbing, wireman, carpentry, repair service etc.
4. **Smile – Savitri Marketing Institution for Ladies Empowerment** – Smile offers a permanent marketing place for the products of bachat gat. At present, there are 2 such outlets in Pune city, one in Lokmanya Nagar and another on Sinhagad road.
5. **Pune Mahanagar Samaj Vikas Sanstha** – This is an apex institution of Shejar Samuh Gat (operating in slum areas) It provides financial assistance to families below poverty line for implementing different projects like career development, health-care programmes etc.

At present, corporation is implementing 22 development schemes for the benefits of its citizens especially for economically backward women through Bachat Gat mechanism.

Conclusion:

In general it is observed that, UCD Department has understood and underlined the potential of women with the sole objective of utilising it for their own best. It believes that, people living on the edge of sustenance may have black and bleak past but their present need not be blank. Infact, they should get a chance to breathe better. Hence, the SHG programme precisely provides them with opportunities to put their best foot forward.

It is observed that, the UCD Department provides not just the activities to be undertaken, but more importantly, generates the confidence among the women with low academics, social and financial profile. It is very well said that, there are never easy journeys, but great destinations! Accordingly, the UCD Department is providing much needed impetus to the women who can translate their dreams into reality. The safer milieu of Pune and the munificent PMC have a huge impact on the transformation of women ready to fight their fate. The PMC needs to be complimented for fixing the problem.

To sum up, it can be said that, UCD Department of PMC is working very efficiently and successfully towards achieving the goals regarding poverty alleviation through entrepreneurial development resulting into socio-economic empowerment of women.

And that is why, the PMC was ranked 8th out of 21 cities for best governance and administrative practices in India in 2014.

(Source : <https://en.m.wikipedia.org/wiki/pune>)

5.9 The working of JLGs formed and financed by Non-Banking Financial Companies-Micro Finance Institutions (NBFC-MFIs)

5.9.1 Introduction

NBFCs are financial institutions that provide banking services but do not hold a banking license. In other words, legally they can not be called as bank though they render majority of the banking services. There are three basic differences between banks and NBFCs which can be cited as follows :

1. NBFCs can not accept demand deposits.
2. NBFCs do not form a part of the payment and settlement system and cannot issue cheques drawn on itself.
3. Deposit Insurance facility of 'Deposit Insurance and Credit Guarantee Corporation' is not available to depositors of NBFCs, unlike in case of banks.

In actual practice though it is not a bank, the responsibility of regulating and supervising the NBFCs is vested with RBI only, through the provisions in chapter III B of the RBI Act, 1934. The major objectives behind this control are,

- a) To ensure healthy growth of these financial companies.
- b) To ensure that these companies function as a part of the financial system, within the policy framework, in such a way that their existence and functioning do not lead to systematic aberrations.

- c) That the quality of surveillance and supervision exercised by the bank over the NBFCs is sustained by keeping a pace with the developments, that take place in this sector of the financial system.

5.9.2 NBFCs as per RBI's definition

A NBFC is a company registered under the companies Act, 1956 and engaged in the business of offering loans and advances, acquisition of shares/stocks/bonds/debentures/ securities etc. issued by Government or local authority, or other marketable securities as a like nature, leasing, hire purchase or insurance business, chit business but does not include an institution, whose principal business, is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non- banking institution, which is a company and has principal business of receiving deposits under any scheme, or arrangement in one lump-sum or in installments by way of contributions, or in any other manner, is also a NBFC (Residuary Non-banking Company).

In terms of section 45-IA of the RBI Act, 1934, no NBFC can commence or carry on its business without obtaining a certificate of registration from the RBI and without having a Net Owned Funds of Rs. 5 Crore. However, certain NBFCs such as Insurance companies regulated by IRDA, Merchant Banking Companies regulated by SEBI, Housing finance Companies regulated by NHB, Nidhi Companies regulated by DCA and Chit fund companies regulated by state Government, which are regulated by other regulators, are exempted from the requirement of registration with RBI, in order to avoid dual regulation.

(Source : https://www.rbi.org.in/scripts/FAQ_view.aspx, Microfinance Institutions (NBFC-MFIs) Annual Report.)

5.9.3 Different Categories of NBFCs registered with RBI

NBFCs are categorized on the basis of type of liabilities, size of the business and the kind of activity they conduct. Within this broad categorization, the different types of NBFCs are as follows.

- (1) Asset Finance Company
- (2) Investment Company
- (3) Loan Company
- (4) Infrastructure Finance Company
- (5) Systematically Important Core Investment Company
- (6) Infrastructure Debt Fund
- (7) Non Banking Financial Company –Micro Finance Institution (NBFC – MFI)
- (8) Non Banking Financial Company – Factors.

Under NBFC Model, NBFCs encourage people to form JLGs and give loans to the individual members of the JLG. This form of lending is very safe for NBFCs because the individual loans are jointly and severally guaranteed by the other members of the group. Earlier, the major players in this field were non profit entities, mainly NGOs providing micro credit to poor. However, due to growing demand for loan, they found themselves unable to raise sufficient funds to meet the requirement. Hence, they converted themselves into For- Profit NBFCs. Due to the promising ambience in the field, many others looked this as a viable business proposition and they entered the field directly as For-Profit NBFCs only. Later on significant amounts of private equity funds got attracted to this sector.

5.9.4 NBFCs in Micro finance renamed as NBFC – MFIs.

Need

Till 2009, all the NBFCs were regulated by RBI, but there was no separate category for NBFCs operating in the micro finance sector. The situation in micro finance sector is very typical which is as follows :-

1. The borrowers of micro finance are vulnerable and they lack individual bargaining power. In addition to this, they are financially illiterate and live in an environment which is fragile and exposed to external shocks. These borrowers are ill – equipped and as such, they cannot absorb this situation and can get easily exploited.

2. NBFCs need huge funds in order to lend it to the poor. RBI observed that over 75% of finance obtained by NBFCs is provided by banks and other financial institutions including SIDBI.
3. Credit to microfinance sector is important plank in the scheme for financial inclusion. Hence, a fair and adequate regulation of NBFCs will help in achieving the objectives of financial inclusion policy.
4. RBI, over the period of time, also realized that, NBFCs are not only competing among themselves but they are also competing with SHG-Bank-Linkage Programme.

Thus, to review the overall situation of the microfinance sector, The Board of Directors of the RBI, at its meeting held on 15th October 2010, formed a sub-committee of board under the chairmanship of Mr. Y. H. Malegam.

The Committee recommended that, a separate category be created for NBFCs operating in the microfinance sector and then NBFCs were designated as NBFC – MFIs. Majority of the recommendations of the Committee were accepted by RBI with certain modifications, in the best interests of the borrowers as well as of NBFC – MFIs .

An NBFC – MFI is defined as a non-deposit taking NBFC (other than a company licensed under section 25 of the Indian Companies Act 1956) with minimum Net Owned Funds of Rs. 5 crore, (for NBFC – MFIs registered in the North Eastern Region of the country, it is Rs. 2 crore) and having not less than 85% of its net assets as “qualifying assets.”

Net Assets: Net Assets are defined as total assets other than cash and bank balances and money market instruments.

Qualifying Assets: Qualifying Assets means :-

1. Loan disbursed without collateral by an NBFC – MFI to a borrower with a rural household annual income not exceeding Rs. 100000 or urban and semi-urban household income not exceeding Rs. 160000.
2. Loan amount does not exceed Rs 50000 in the first cycle and Rs. 100000 in subsequent cycles.
3. Total indebtedness of the borrower does not exceed Rs. 100000.
4. Tenure of the loan not to be less than 24 months for loan amount in excess of Rs. 15000 with prepayment facility without penalty.
5. Loan to be extended without collateral.

6. Aggregate amount of loans, given for income generation, is not less than 50 percent of the total loans given by MFIs.
7. Loan is repayable on weekly, fortnightly or monthly installments at the choice of the borrower.

(Source : https://www.rbi.org.in/scripts/FAQ_view.aspx, Microfinance Institutions (NBFC-MFIs) Annual Report.)

5.9.5 Guidelines and Instruction issued by RBI for the working of NBFC – MFI.

1. RBI has deregulated interest rates to be charged to borrowers by financial institutions other than by NBFC-MFIs. The NBFCs have to be transparent in their policies in the rate of interest to be charged and the method followed for arriving at the rate of interest applicable for different categories of borrowers. All these details should be disclosed to the borrower in the application form and communicated explicitly in the loan sanction letter.

The interest rates charged by an NBFC – MFI to its borrowers will be lower of the following two rates :

- a. Cost of funds plus margin between 10% to 12%
- b. The average base rate which will be announced by RBI at every quarter end.
2. A part (i.e. maximum of 30%) aggregate amounts of loans may be extended for other purposes such as housing, repairs, education, medical and other emergencies.
3. An NBFC –MFI can levy only 3 types of charges to the borrower i.e. interest charge, the processing charge and the insurance premium (which includes administrative charges in respect there of)
4. Processing charges by NBFC – MFI shall not be more than 1% of gross loan amount.
5. NBFC – MFI should issue a ‘loan card’ to every borrower which will cover all the terms and conditions of the loan.
6. A borrower can not be a member of more than one SHG/JLG.
7. Every NBFC – MFI has to be a member of at least one Credit Information Company (CIC) like High Mark or Equifax established under the C I C Regulation Act, 2005. It should provide timely and accurate data to the C I Cs relating to their borrowers and should use the data available with CICs to ensure compliance with the conditions regarding membership of SHG/JLG, level of

indebtedness and sources of borrowing. Every credit information company keeps a record of loan repayment history on credit facilities extended to an individual across the board. Hence, their services will help the lenders to analyse the risk profile of individuals before extending credit.

8. There will be no penalty charged on delayed payment.
9. There should be a standard form of loan agreement.
10. Not more than two NBFC-MFIs should lend to the same borrower.
11. The RBI expects that, every NBFC-MFI should voluntarily become the member of at least one SRO, holding recognition from the RBI. The Self Regulatory Organization (SRO) is held responsible for ensuring compliance with the regulations and code of conduct for NBFC-MFIs in the best interest of the customers.

5.9.6 NBFC-MFIs covered by researcher

At present around 10 to 12 NBFC-MFIs are working prominently in Pune city. Out of which, the researcher has covered the following 7 institutions.

Table 5. 2 : List of NBFC-MFIs covered by researcher

No.	Place and year of formation and its operations	No. of branches and total staff	No. of groups formed with total borrowers	Loan cycle	Rate of interest	Tie-up for Insurance
1	H.O. –Mumbai Started operations in Pune in 2008.	4 branches with total staff of 34+.	900 Groups with around 50000 to 60000 borrowers.	Loan cycle- Rs. 25000 to 50000 per member.	26% p.a Reducing balance.	HDFC
2	H.O. – Pune. Started operations in 1993.	9 branches total staff of 350+.	10000 groups with 30000 to 40000 borrowers.	Rs. 7000/- to 150000/-.	14.4% p.a Flat rate	LIC
3	H.O.- Bengaluru Started its operations in Pune in 2007.	9 branches. Total staff of 100+.	2000 groups with 50000 to 60000 borrowers.	Rs. 10000 to 50000/-.	23% p.a Reducing balance	Bajaj Allianz.
4	H.O.- Bengaluru Started its operations in Pune in 2010.	4 branches. With total staff 300+.	3500-4000 groups with around 40000 borrowers.	Rs. 30000 to 50000.	22.72% p.a Reducing balance	UTI.
5	H O –Mumbai Started operations in Pune in 2009.	8 branches. With total staff 70+	4000 groups with around 45000-50000 borrowers.	Rs.7000 to 50000.	25% p.a Reducing balance	HDFC
6	H.O.-Chennai Started operations in Pune in 2008.	9 branches. With total staff 100+	5000 groups and total borrowers 60000 to 65000.	Rs.15000 to 50000.	23% p.a Reducing balance	LIC.
7	H.O. - Kolkata Started operation in Pune in 2009.	4 branches. With total staff of 84+.	It has total number of groups around 4000 and borrowers around 45000	Rs. 10000 to 50000	22.4 % p.a Reducing balance	LIC, Bajaj Allianz

From the above table it is clear that these NBFC-MFIs are covering around five lakh poor women for giving loans charging interest between 22 to 26% p.a. reducing balance, which are as follows :-

1. Hindustan Micro-finance Pvt. Ltd.

HMPL, a Mumbai based NBFC, is a private limited company, that has been established in 2008. The aspiration of Mr. Anil Jadhav to reach out to poor in a large scale has resulted in the formation of HMPL. He at present, is a Chairman and Managing Director of HMPL supported by other four directors. HMPL operates exclusively to provide enterprise based income generation loans to people from low income stratum of society within Maharashtra. It has been providing customized products that suit client needs within the urban slum, areas of Mumbai and Pune city. HMPL's vision is to become the best Micro Finance Service Provider in India by providing need driven financial services in a sustainable, ethical and socially responsible manner. It feels that, such support will help the economically weak sections of India in improving their income and socio-economic status, which will ultimately contribute to the overall development of the country. The HMPL claims that, it would strive for community welfare and will provide the product and services that meet the real needs of its clients as they are at the centre of all the activities of the institution.

The mission of HMPL is to provide appropriate financial services to 2,00,000 poor clients by 2017 by opening branches in different areas.

HMPL has formed a 'Hindustan Co-operative Credit Society,' through which it collects saving of Rs. 200 per month from each member till the loan period. On these deposits, interest at 3% p.a. is allowed. These savings are then utilised for giving loans to members. The total loan disbursement till date is around 10 core in Pune city with default rate of .5% which is very negligible as claimed by HMPL

2. Annapuran Pariwar

Annapurna Pariwar, a Pune based organization, is a group of 5 Developmental Organisations working since 1993 and covering around 1000 slum pockets in Pune and Mumbai. Its main aim is to empower poor women and their families in terms of finance, education, health etc.

Dr. Medha Samant, Chairman of Annapurna Pariwar, set up Annapurna Mahila Mandal, a charitable trust in Pune in 1993. In the beginning, she formed a group of 9 vegetable vendors who were borrowing from the private money lenders at exorbitant rates of interest. They were under the clutches of local money lenders in spite of presence of many banks and financial institutions in Pune. She gave the initial capital of Rs. 9000 as the first loan to the members of the first group of borrowers. Then, Annapurna Pariwar started giving a package of various services for the benefit of slum dwellers, which are completely need based. In addition to Micro finance, Annapurna Pariwar has been imparting training in financial literacy to its members. With the help of its 5 independent Developmental Organisations it renders a package of diverse services to the urban slum dwellers as follows :

- Annapurna Mahila Multi State Cooperative Credit Society : This society gives a small repetitive loans to Common Goal Groups (CGGs) of poor self-employed women and men. Through this society, Annapurna also accepts their savings on which they are paid interest.
- Annapurna Pariwar Vikas Samvardhan : It is a Not-For-Profit company, owned and run by the borrowers of Annapurna Credit Society. Annapurna Pariwar Vikas Samvardhan has insured the members against death, accidents and health hazards. Every borrower and her family is insured for Rs. 60000 for health problems plus on death, a loan write off and Rs 15000 assistance to the family. This is against a contribution of Rs. 635 p.a. per family. Annapurna operates a pension programme in partnership with LIC of India under the NPS – Life Swavalamban Scheme of the GOI- meant for the unorganised sector. Community Social Protection Program of Annapurna, thus offers a complete social security blanket to the poor.
- Vataslyapurna Service Co-op-society : It runs Day Care Centres for the children of domestic servants and other self-employed women in slums.
- Vidyapurna Project : It gives scholarships to children of single mothers so that, these children can pursue their education and have a better future.
- Dada Puro Research and Training Institute : This institute undertakes research studies and various activities like lectures workshops etc for promoting and encouraging social security measures and health care services for poor.

Thus, Annapurna Pariwar endeavours to enrich the lives of the poor through a comprehensive development approach. Their mission is to make their members

sustainable and happy in their professional and personal lives through loans along with business guidance and skill training. Their goal is to ensure smiles on the faces of poor working women.

3. Ujjivan Financial Services Pvt. Ltd.

Ujjivan, a Bangluru based company started its operations in Pune in 2007. Ujjivan, formed by Mr. Samit Ghosh, aims at providing full range of financial services to the economically active poor to build better lives.

Ujjivan prides itself on being a customer-centric organization that follows a strategy of developing products that directly address customers needs. They believe that their portfolio of loan products encompasses solutions for the exact need of their target segments. The product development process extensively relies on rigorous market research. It also undertakes product pilot projects to gather information about customer insights in the field. This is used as inputs in product development. Once the product is launched, regular customer feedback is solicited and products are reengineered as required to complete the loop.

Ujjivan undertakes many programmes in partnership with its sister organization – Parinaam Foundation. It includes the following.

- Financial literacy programme that creates financial awareness, cash flow and debt management skills among their customers.
- The Urban Ultra Poor Program (UUPP) is undertaken to help those who are excluded from developmental initiatives.
- An Academic Adoption Program provides grant and scholarships to poor students.
- Health camps support those customers who need critical medical care or surgery support.
- This foundation also provides livelihood and other support to those who are affected by natural disaster.
- It also helps the customers in opening saving account with banks.

Parinaam Foundation was recently declared the Asia-Pacific Winner for the 2013 Financial Times and Citi Ingenuity Award for the Urban Ideas in Action Program which highlights solutions to urban challenges.

Ujjivan was adjudged the 9th Best Company to work for, in India and 2nd in the Financial Services Category by the Great Place to Work Survey 2014. Great Place to

Work is the World's largest and most respected employee survey representing over 10 million employees across 45 countries. It also got a Micro Finance India Award in 2011 which is India's most prestigious MFI award. (Source : Leaflet of Ujjivan)

4. Janalaxmi Financial Services Pvt. Ltd.

Janalaxmi, a Bangalore based Pvt. Ltd. formed by Mr. Ramnathan, started its operations in Pune in the year 2010. Janalaxmi has its roots in an incubated initiative called 'Sanghamitra Urban Programme' (SUP), housed in an outstanding microfinance institution called 'Sanghamitra Rural Financial Services' (SRFS), set up by one of India's most respected rural NGO called 'Mysore Resettlement and Development Agency' (MYRDA).

Janalaxmi claims that, their first group loan, in October 2000, is possibly the earliest instance of urban micro finance in India. In 16 months they loaned one core rupees to urban poor. During this period, they understood the aspirations and challenges of the urban poor and the role financial services could play, in enabling them to script their success. This experience resulted in the formation of Janalaxmi as we see today.

Janalaxmi observed that, the large urban underserved also need a 'full service financial institution' to fuel their dreams. The Janalaxmi aims to become one of such institutions for the growing and inspirational urban underserved. For this, they have made partnership with leading global institutions.

Janalaxmi offers Pension Bachat facility to its members in association with Unit Trust of India. The Bachat amount is collected along with the monthly instalment of loan in multiple of Rs. 100. Pension bachat remains with the UTI for a period of five years on which interest is paid between 8% to 13% p.a. After 5 years the amount gets deposited directly in the bank account of the member.

5. Suryoday Micro Finance Ltd.

Suryoday, a Mumbai based company was formed by Mr. R. Bhaskar Babu. Suryoday started its operations from Pune only, in 2009, seeing it as a gateway to the Western Region.

Suryoday, the Sanskrit word for sunrise, signifies the dawn of a new beginning. It believes that, this word encompasses with their objective of giving an impetus to the economically disadvantaged women to make a fresh start by utilising their loans for income generating activities and enabling sustainable socio-economic progress. Its

vision is to become a world class financial services organisation that provides products and value added services to the economically challenged, helping them generate higher incomes, build an asset base and achieve a sustainable better standard of living. It's mission is to cater to one million household by the year 2016.

Suryoday operates through two business models.

- JLG Micro finance Loans for Income Generation Activities : In this model loan amount ranges between Rs. 7000 to Rs. 50000 at 24% to 26% p.a. rate of interest.
- Individual Loans for Business Activities : In this model loan amount ranges between Rs. 35000 to Rs. 100000, interest rate ranging between 25% to 28% p.a.

In order to achieve the aim of overall social well being, Suryoday had a separate dedicated 'social initiatives team' which works directly with their customers. It endeavours to nurture a relationship with them so that, the customers feel comfortable in reaching them for their problems within the sphere of financial and social well being. The team undertakes the following programs.

1. Guidance to inculcate a regular saving habit amongst their customers.
2. Provides assistance in opening bank accounts.
3. Encouraging them to improve their savings ratio.
4. Preparing the repeat customers, mentally, to receive the next loan through formal banking system which is a sign of their improved financial literacy.
5. It conducts various skill training programs, which help their customers to improve their current businesses or in starting a new venture.
6. It also organizes 'Health Check Camps' for their customers.

6. Equitas Micro finance Pvt. Ltd.

Equitas, a Chennai based company, has been formed by Mr. P. N. Vasudeon in 2007. It started its operations in Pune from 2008 onwards. The company has been formed for the purpose of extending micro credit to people who are otherwise unable to access finance from the mainstream banking channels. The alternate source of finance for such people normally is the private money lenders whose rates of interest ranges anywhere from 30% to 100% per day. The objective of the company is to make available finance at reasonable cost and in a transparent manner to such customers and aim to achieve acceptable returns on investment so that, the company can

continuously attract mainstream capital and human resources to better serve the chosen client segments.

The company has formed an 'Equitas Development Initiatives Trust' (EDIT), a Not for Profit Organisation, for the purpose of promoting education amongst poor children. It also seeks to play a positive role in the lives of ultra poor such as pavement dwellers and beggars. Every year the company contributes 5% of its annual profits to this trust.

Equitas claims that, their business model, since inception, has been a fore-runner to regulations for the sector and has been validated by RBI's Malegam Committee on micro sector financing.

The company argues that, it gave a first loan in 2007 at 25% rate of interest all inclusive reducing balance when the industry operated between 35-40%. The Equitas highlights the fact that, it is a first MFI in the world to publish its real interest rate in the pass book of clients. The company also believes that, it is the only MFI in India, who publishes administrative fees for group insurance separately to clients.

The Equitas has been selected as partner for receiving of technical advisory services from Unitus Advisory Pvt. Ltd., a Global Micro Finance accelerator. The company's business model is based on Grammen Model with suitable adaptations in this system. The customers are formed into groups consisting of 5 members and 3 to 6 such groups are clubbed to form a Centre. Each group and Centre would have one leader. The groups would be joint liability groups with each member of the group guaranteeing the loan repayment of the other members of the group.

7. Bandhan Financial Services Ltd.

The Bandhan, meaning togetherness, was born in 2001, under the leadership of Mr. Chandra Shekhar Ghosh in Kolkata. It started its operations in Pune in 2009.

Bandhan was set up to address the dual objective of poverty alleviation and women empowerment. The microfinance activities are carried on by Bandhan Financial Services Pvt. Ltd. Bandhan started its operations from Bagnan, a small village in Kolkata. However, in 13 years, it has travelled a wide geography of 22 states and Union Territories with special focus on Eastern and underdeveloped states of North East.

Bandhan's commitment towards triple bottom line values is strongly asserted by its intervention in development activities in crucial fields such as education, health,

unemployment, livelihood etc. For this, it has formed a Not-For-Profit entity. In addition to this, Bandhan also undertakes an activity exclusively for the hard core group, bypassed even by the micro finance sector. For their noble activities, Bandhan has received various accolades which work as a motivating force for the entire team to march ahead towards achieving its mission and vision.

On 23rd August 2015, Bandhan has been converted into a 'bank' providing all banking services like any other bank. At present, they have opened 2 branches in Pune city to work as full-fledged bank. However, their services in the micro finance sector will continue as earlier. For this, their earlier 14 branches providing micro services have been converted into 'Door Step Services Centre Bank called as DSC – MFI.' Bandnan believes that, this structure will help the customers in getting all services under one roof. Even, the bank will be able to provide services to all types of customers. The special feature of Bandhan is that, the branch manager visits every house, explains them the procedure of getting loans, checks their credit worthiness and then decides the loan amount and thereafter a JLG is formed.

5.9.7 Working of NBFC – MFIs

Internationally, poor people in developing countries usually do not qualify for any type of services from the formal banking sector. Because, they typically have no credit history and most are not employed in the formal sector, so there is no record of employment. Moreover, they are unable to provide collateral also. Similarly, the systems and processes of formal banks are complex for low income people to comply with. Additionally, banks are not able to serve the customers at their doorstep. Effectively, the banking system remains inaccessible to such class of customers and therefore, they prefer MFI even with the existence of a bank branch. Gradually, MFIs emerged on large scale in 1990s and at present have become very popular though they differ in size and reach. As per the recommendations of the Malegam Committee, 'NBFC-MFIs' is a special name given to micro-finance institutions, undertaking micro financing as their main activity. These institutions are registered under the Companies Act, 1956 and are controlled by RBI. For smooth operation of these institutions, RBI has issued certain guidelines relating to their functioning, which are in the best interest of the borrowers. Based on the guidelines issued by RBI, all NBFC-MFIs have designed their own system of working right from the stage of

selection of clients till the recovery of loans. From the discussions with the regional managers, common procedure followed by all can be explained as follows :

1. Target clientele

As per the guidelines of RBI, income generation should be the predominant purpose for which loans should be given by NBFC-MFI. The client segment that is being served, should consist of economically active women, in the age group of 20 to 54 years. In addition, they should have a minimum of two years experience in their respective business activities.

The prospective borrowers fulfilling the above conditions are then screened through the following checks and balances.

- Before admitting a woman to the JLG product, NBFC-MFI, confirms itself that the women are fulfilling all the conditions put forth by RBI in relation to the annual income limit of the family, total outstanding loan amount from all the sources, upper limit on the number of membership of SHG and JLG, defaulter in repayment of loan etc. All these criteria are adhered to during client selection in order to minimise the risks associated with delivery of credit.
- All these checks are carried out by Customer Service Provider (CSP) and Centralised Processing Unit (CPU) on Credit Bureau System of the NBFC-MFI.

2. Enrolment of Clients

After identifying the clients as per the above guidelines, their enrolment process starts. This process consists of the following three steps.

A. Compulsory Group Training (CGT)

At this stage, the field staff of NBFC-MFI, explains the concept of JLG to the prospective borrowers along with their role and responsibilities towards the joint liability model. While explaining this, it is absolutely made sure that, the members understand the implications of group guarantee.

The field staff also explains the objectives, mission, the rules of working and special features of the NBFC-MFI offering the loan product.

They also explain the complete procedure of lending, along with the terms and conditions relating to rate of interest, tenure of loan, documents needed etc.

B. Know Your Customer Policy – KYC

If all the members agree to the terms and conditions of the loan product, the field staff then collects the identity proofs, photos and the residence proofs of the actual borrowers and of their spouse or guardian.

While collecting the documents, the borrower's signature or thumb impression is taken on the documents for confirmation and attestation. No member is admitted to the JLG product without proper and complete documentation.

Thereafter, the field staff completes the Loan Application Form, and takes the signature of the borrower and the spouse / guardian on it, with their clear acceptance to the terms and conditions of the loan product.

C. Group Recognition Test (GRT)

GRT is actually a tool of assessing the quality of group in order to make sure, about the eligibility of the group for the NBFC-MFI. GRT meeting is conducted either by the Area General Manager or by the Branch Manager of NBFC-MFI.

The GRT is conducted to achieve three objectives :-

1. To test the knowledge and understanding of the borrowers regarding the concept of JLG model and about the terms and conditions of the NBFC-MFI.
2. To check the familiarity of every member with all other members of the group.
3. To check their family background along with the member's current occupation, their family income, total family expenditure, other sources of income etc. in order to check their repayment capacity.

Based on the quality of the answers to the GRT questions, ABM or BM decides to approve or reject the group. If the manager is satisfied in all respects, he approves the group for the loan and then the 'Group Loan File' is sent to CPU for further processing.

3. Appraisal and Sanction

Appraisal of loans for the Joint Liability Group is done by a loan committee. The ABM or BM presents the 'case of the group' before the committee. The credit officer and his team, then make proper audit of the loan file relating to documentation and adherence to rules and regulations of the RBI as well as of the NBFC-MFI. If satisfied, the CPU officer will approve the file and load it in the system.

Then, CPU will send the list of selected customers and the disbursement kit, to the Branch Manager. The disbursement kit consists of Sanction Letter, Promissory Note, Loan Card and Disbursement Cheques.

4. Disbursement of Loan

On receiving the kit, the branch manager proceeds further for the disbursement of the loan. The disbursement takes place at the branch office only, for which the borrower should be present along with her spouse/guardian compulsorily. Before distribution of the loan, the staff reads the terms and conditions of the loan product and takes confirmation of the members about their responsibility in repayment of loan.

At the time of disbursement of the loan, the amount relating to processing fees and insurance premium is collected in cash from the members.

A Loan Card is issued to every member on which, all the terms and conditions relating to loan are clearly displayed. The entries relating to repayment of loan are also recorded on that Card. The Card also includes the information about the NBFC-MFI. The card also covers the procedure to be followed in case of any problem faced by the borrower along with the phone numbers of the Customer Grievance Redressal Officers.

5. Repayment of Loan

The repayment of loan starts from the next Centre meeting which generally falls after one month from the date of disbursement of loan. The amount of instalment along with interest is collected on the centre meeting day only. However, if any member, for any reason, fails to make payment of his dues, then the said amount will be paid jointly by all the members. In any situation, staff can not use any coercive methods for collecting the dues.

Customer Grievance Redressal Mechanism

Every NBFC-MFI has to set up a 'Customer Grievance Redressal Cell' in order to resolve the complaints of customers. This cell works at two levels, one at field office level and other at head office level.

As far as possible, the problem is solved at field office level only. If the problem is beyond the capacity of the field office level, then it is referred to head office. Head office then takes necessary steps to solve the problem.

If the members are not satisfied with the solutions given by the head office, they can make written application to the Officer-In-Charge of the 'Department of Non-Banking Supervision' of that regional office of the RBI where the NBFC-MFI is registered. From the above procedure, it is clear that, RBI is taking great efforts in controlling the working of NBFC-MFIs in order to achieve the basic objectives of micro-financing.

5.10 Role of Government and Financial Institutions in Promoting Micro Finance Programme

A : Central Government and Micro Finance

Government of India intends to promote micro finance institutions on a large scale. For this purpose, the Micro Finance Development Fund (MFDE) was created. The fund is utilized for promotional grant assistance to Self-Help Promoting Agencies, for training and capacity building for micro finance clients and stakeholders of SHG Bank Linkage Programme for funding support to MFIs, for Management Information System (MIS) for micro-finance, for research, studies and publications. Later on, the fund was re-designated as Micro-Finance Development and Equity Fund (MFDEF). The purpose of this fund, was to provide capital / equity support to MFIs and to enable them to leverage commercial and other funds from banks. The corpus of MFDEF, which was 100 crore in 2005-06 Union Budget, was raised to 400 core in the Union Budget of 2010-11.

The MFDEF is managed and administered by NABARD under the guidance of an MFDEF Advisory Board. The objective of MFDEF is to facilitate and support the growth of micro finance sector in order to provide financial services to the poor, particularly for women and vulnerable sections of society.

B. Reserve Bank of India and Micro Finance

The RBI has taken a pro-active role in promoting micro-finance activities. It has set up Four Groups in 2002, to look into various aspects of micro-financing. On the basis of recommendations of these groups, the RBI has given instructions to the banks that, they should provide adequate incentives to their branches in making the procedure of financing to SHGs simple and easy. RBI has also announced that, micro finance institutions should not accept public deposits, unless they comply with the extant regulatory frame work. On July 18, 2005 RBI prepared 'A Technical Paper on Policy relating to Development, Regulation and Supervision of Micro finance services' and it

was discussed with the representatives of MFIs. Similarly, an Internal Group of the RBI on Rural credit and Micro-finance was set up to examine the issues relating to micro finance.

The result of all these measures is that, the SHG-Bank linkage programme as well as the mechanism of JLG is now considered as a commercial proposition by a banking system. This business has lower transaction cost, near zero NPAs, and coverage of maximum number of the urban and rural clientele by the bank branches. It has also resulted in the other quantifiable benefits in business expansion. The programme now includes 27 commercial banks, 81 RRBs and 318 CCBs along with many MFIs till March end of 2010.

C. NABARD and Micro Credit

NABARD was set up in 1982 on the recommendations of ‘The Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD)’. NABARD is the apex institution accredited with all matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas of India. It also serves as an apex refinancing agency for the institutions providing investment and production credit in rural areas. One of the objectives of the NABARD is to extend formal banking services to the unreached rural poor by evolving a supplementary credit deliver strategy in a cost effective manner by promoting Self-Help Groups.

As per the observations of NABARD, SHGs’ Federations are playing a great role in nurturing SHGs and in enhancing the bargaining power of group members. In order to support these Federations, NABARD has introduced a flexible scheme, which includes grant support to the Federations for training, capacity building and exposure visits to SHG members.

NABARD has under taken the following steps in order to strengthen the working of MFIs also.

1. **Capital support to MFIs** – In 2007-08 NABARD formulated a scheme called Capital / Equity support to MFIs by creating ‘Micro Finance Development and Equity Fund.’ The purpose of creating this fund was to provide capital / equity support to MFIs and to enable them to leverage commercial and other funds from banks. This will help MFIs in providing financial services to the poor at an affordable cost. During 2009-10, NABARD introduced a new scheme, viz.

‘Capital Support to Start-up MFIs’ which aims to support those MFIs which have potential to start their activities but lack in capital, infrastructural facilities and managerial skills.

2. **Revolving Fund Assistance to MFIs** – Under this scheme, NABARD provides loan funds in the form of Revolving Fund Assistance (RFA) to MFIs. The MFIs are necessarily expected to use this loan fund for on lending to SHGs or individuals. The amount is to be repaid to NABARD along with the service charge, within a stipulated period. This enables MFIs to build a credit history and then they can access to credit facilities through the regular banking channels.
3. **Rating of MFIs** – MFIs function as intermediaries between the lending banks and their clients. For this it becomes essential for the banks to identify, classify and rate the micro finance institutions before lending them. Hence, NABARD has introduced a scheme for providing financial assistance by way of grant to CBs, RRBs and Co-operative Banks to avail of the services of accredited rating agencies for rating of MFIs.
4. **Special study under taken** - NABARD had assigned the job of studying the quality and sustainability of SHGs in Karnataka to the ‘Institute for Social and Economic Change (ISEC)’. The study pointed out that, SHGs need proper training for carrying their activities. The study also revealed the fact that, majority of the women have been relieved from the clutches of money lenders and the SHGs have led to social and economic empowerment of the rural poor.
5. **Centre for Micro Finance Research** – With the funding support from MFDEF, a ‘Centre for Micro finance Research’ has been set up at Bankers Institute of Rural Development, Lucknow’, to take up research studies in the field of micro finance. The purpose of the ‘Centre’ was to strengthen micro finance sector, through supply of research inputs to facilitate policy initiatives and improvements in design and delivery system that provide poor with sustainable access to quality financial services
6. **NABARD – German Technical Collaboration (GTZ) in Rural Finance** – Under this programme, a technical assistance is extended to NABARD for promotion and development of micro finance as well as for improvement in the quality and viability of financial services under the SHG- Bank Linkage Programme. A committee on ‘Financial Inclusion’ has explained the requirements of poor and it expects the assistance from NABARD in this situation. Accordingly

a quick study was undertaken on the present practices of remittance followed in various parts of the country. Based on this, NABARD and GTZ have commissioned a detailed study on remittance needs of the poor in different part of India. On the recommendations of the committee, the necessary changes will be made in the policy followed by RBI and NABARD in connection with micro-financing.

5.11 Micro-Finance – Current Status and Growing Concerns in India

5.11.1 Introduction

Microfinance sector has grown rapidly over the past few decades. With financial inclusion emerging as a major policy objective in the country, micro-finance has occupied a centre stage, as a promising conduit for extending financial services to unbanked sections of population. According to the latest research done by the World Bank, India is a home to almost one third of the world's poor (surviving on an equivalent of one dollar a day). Though, many central government and state government poverty alleviation programs are currently active in India, microfinance plays a major contributor to financial inclusion. In the past few decades, it has helped out remarkably in eradicating poverty. Reports show that, people who have taken microfinance have been able to increase their income and thereby their standard of living.

However, even today as observed, about half of the Indian population doesn't have a savings bank account and as such they are deprived of all banking services. Microfinance institutions serve as a supplement to banks and in some sense even better than banks. These institutions, not only offer micro credit, but also provide other financial services like savings, insurance, remittance and non-financial services like individual counseling, training and support to start own business and more importantly, in a convenient way. The borrower receives all these services at her/his door step and in most cases with a repayment schedule of borrower's convenience.

Although, the microfinance sector is having a healthy growth rate, there have been a number of concerns related to the sector, taking the form of grey areas in regulation, transparent pricing, low financial literacy etc. In addition to these, there are few emerging concerns also like cluster formation, insufficient funds, multiple lending and over-indebtedness which are arising because of the increasing competition among the MFIs.

5.11.2 Legal structure and regulation

Although, the SHG-Bank linkage model is well managed in India by NABARD, currently there is no proper regulatory body for the supervision of MFIs. The presence of many MFIs, with a variety of legal forms, makes it difficult for the regulation of all such institutions by a single regulatory body, especially with the current Indian legal structure. Though NBFCs, which cover the major part of the outstanding loan portfolio of the microfinance channel, are regulated by Reserve Bank of India, other MFIs like societies, trusts, Section-25 companies and cooperative societies fall outside the purview of RBI's regulation. The acceptance of the Malegam committee recommendations by the RBI is a big step in addressing the above concern but its coverage is again restricted to the working of NBFCs only. The microfinance bill which was introduced in the year 2007 is still pending. The most recent and the strongest step taken by the government is the introduction of 'The Micro Finance Institutions (Development and regulation) Bill, 2011' in the microfinance sector. The proposed bill is expected to clarify all the doubts pertaining to regulation of the MFIs as RBI is appointed as the sole regulator for all MFIs.

5.11.3 Issues relating to MFIs

- **Financial illiteracy** : One of the major hindrances in the growth of the microfinance sector is the financial illiteracy of the borrowers. Their ignorance creates difficulties not only in creating awareness among them about microfinance, but also in serving them as microfinance clients.
- **Inability to generate sufficient funds** : Inability of the MFIs to raise sufficient funds for micro lending, is one of the important concerns of the microfinance sector. NBFCs are allowed to raise funds through private equity investments. But because of the profit motive, they are not allowed to accept deposits from public. On the other hand, Not-for-profit companies, which constitute a major chunk of the MFI sector, have to primarily rely on donations and grants from Government and apex institutions like NABARD and SIDBI. Hence, in the absence of adequate funding from the equity market, the major source of funds for MFIs are the bank loans. This is the main reason for high Debt to Equity ratio of most of the MFIs.

- **Dropouts and Migration of group members :** Majority of the microfinance loans are disbursed on the basis of group lending concept and a past record of the individual as well as of the group plays an important role in getting new loans either through SHG-Bank linkage or through MFIs. The two major problems with the group concept are dropouts (when one or more members leave the group) and migration (when one or more members move to another group). In the absence of a decent past record of the group, the members are deprived of getting bigger loan amounts and additional services.
- **Transparent Pricing :** Non-transparent pricing by MFIs, though an older concern, is gaining significance with the growing size and the increasing competition in the sector. Absence of transparency in the pricing policy confines the bargaining power of the borrowers and their ability to compare different loan products, as they are ignorant about the actual price. In the absence of the proper understanding of the pricing, clients borrow more than their ability to repay, which ultimately results in over-indebtedness of the borrower.
- **Unfair Practices :** MFIs, in order to make their products look less expensive and more attractive, are disguising their actual or effective interest rates. They do this by declaring the Annualized Percentage Rates – APR. This includes pure interest rate plus other charges like service charge, processing fees etc. Some MFIs even take interest free deposits, for lending micro loans. There have been some cases, where the interest rates are linked with the size of the loan amount also, which means a higher interest rate for smaller loans will be charged because of higher transaction cost involved in transaction. This is resulting in highest interest rates being charged to the poorest clients, which contradicts with the social aspects of micro financing. Ambiguity in the pricing by MFIs is inviting regulatory bodies to implement strict controls over MFIs like interest rate caps. However, restriction on interest rate may encourage MFIs to look for clients with larger loan requirements only. This may deprive the clients with smaller loan requirements, who are supposed to be the actual beneficiaries of microfinance sector.
- **Cluster formation – fight to grab established market :** MFIs' drive to grab an established market is resulting in to the formation of clusters in some areas, leaving the others out of the microfinance outreach. By participating in already established microfinance market, MFIs reduce their initial cost in group formation

of clients, in educating them and in creating awareness about microfinance in them. This cluster formation is restricting MFIs from reaching to rural areas where there is the actual need for microfinance. People in urban and semi-urban areas are already having access to microfinance through SHG-bank linkage or individual lending, but in rural areas people don't have access to banks and so SBLP is not much active in such areas. However, due to the heavy initial cost involved in serving a new location, MFIs are not willing to go to such remote locations. That is why most of the MFIs have their branches in urban and semi-urban areas only, resulting in a very low rural penetration of microfinance.

- **Restricted Coverage :** It is high time for the MFIs to understand that, though microfinance is a resalable product, the real need of the present time is increasing the outreach of the microfinance sector by including new clients and serving new locations.
- **Multiple Lending and Over-Indebtedness :** Both these are the adverse effects of the competition among the MFIs. Though competition is good for many sectors, but in this case, it is going against the interest of both the parties. In order to eat away each others' market share, MFIs are ending up giving multiple loans to same borrowers which is leading to over-indebtedness of the borrower. On the other hand, MFIs are getting affected because, borrowers are facing difficulties in payments and hence their recovery rates are falling. In some cases, over-indebtedness is pushing the borrower in depression resulting into even committing a suicide which is really a horrible situation for them.

5.11.4 Recommendations

- **Proper Regulation :** The regulation was not a major concern, when the microfinance was in its nascent stage and individual institutions were free to bring in innovative operational models. However, as the sector completes almost two decades of age with a high growth trajectory, an enabling regulatory environment which will protect the interest of stakeholders as well as promotes growth, is highly needed.
- **Field Supervision :** In addition to proper regulation of the microfinance sector, field visits should be made by Government or RBI or NABARD as a medium for monitoring the conditions on ground, and on initiating corrective actions, if

needed. This will keep a watch not only on the performance of ground staff of various MFIs but also in their recovery practices followed. This will also encourage MFIs to abide by proper code of conduct and work more efficiently.

- **Encourage rural penetration :** It has been observed that, in order to reduce the initial cost, MFIs are opening their branches in those areas, where few MFIs are already operating. Encouraging MFIs for opening new branches in areas of low microfinance penetration will increase the outreach of the microfinance in the state and check multiple lending. This will also increase rural penetration of microfinance in the state. This can be done by providing financial assistance to MFIs.
- **Complete range of Products :** MFIs should be encouraged to provide complete range of products including credit, savings, remittance, financial advice and also non-financial services like training and support to clients. As MFIs are acting as a substitute to banks in areas where people don't have access to banks, providing a complete range of products will enable the poor to avail all these services.
- **Transparency in Interest rates :** It has been observed that, MFIs are employing different patterns for charging interest rates and a few are even charging additional charges and are accepting deposits without paying any interest on them. All this has made the pricing system very confusing and has made the borrower incompetent in terms of bargaining power. Hence, a common practice for charging interest should be followed by all MFIs which will make the sector more competitive and the beneficiaries will get the freedom of comparing different financial products offered by different MFIs before buying.
- **Technology to reduce Operating Cost :** MFIs should use new technologies and IT tools & applications to reduce their operating costs. Initiatives like development of common MIS and other software should be taken to make the operation more transparent and efficient.
- **Alternative sources of Fund :** In absence of adequate funds, the growth and the reach of MFIs become restricted and to overcome this problem MFIs should look for other sources for funding their loan portfolio. For this, MFIs should raise their equity through outside investors, and for this they should develop a strong base of board of directors, a quality management information system (MIS) and obtain a credit rating to attract potential investors.

Hence, it can be concluded that, if managed and regulated properly, micro finance sector has a bright future in India.

5.12 Summary

After reviewing both the models of micro-financing being operated in Pune city, it can be concluded that both the models are working very satisfactorily.

With respect to SHG Model, as observed by the researcher, SHGs with the help of UCD department have contributed to the socio-economic empowerment of women through entrepreneurial development to a great extent.

With respect to JLG Model, On the basis of the personal interviews of the regional managers of all the NBFC – MFIs, it is found that, every NBFC – MFI is taking great efforts in the overall development of the borrowers by undertaking training programmes to improve their literacy level, by providing medical and insurance services and in some cases even by providing savings and pension facilities. As pointed out by them, all NBFC – MFIs are strictly and honestly following all the guidelines issued by RBI in respect of loans to JLG members. Hence, it can be concluded that, the JLG model followed by NBFC – MFIs have given stability to the business by providing funds and have mainly contributed for the expansion of business.

Chapter 6

ANALYSIS AND INTERPRETATION OF DATA

The data is collected from the following number of members of each group and accordingly its interpretation and analysis has been carried out.

Type of Model	Number of Members
SHG	500
JLG	250

The analysis and interpretation of the collected data is based on the two separate questionnaires prepared for SHGs and JLGs. The questionnaires are given as Appendix A and B at the end of the thesis. The questionnaire has been divided into five sections.

Section A : Personal information of the Members.

Section B : Information about their groups.

Section C : Information about their businesses.

Section D : Information about the loan taken

Section E : Information about their opinion regarding Socio-economic empowerment.

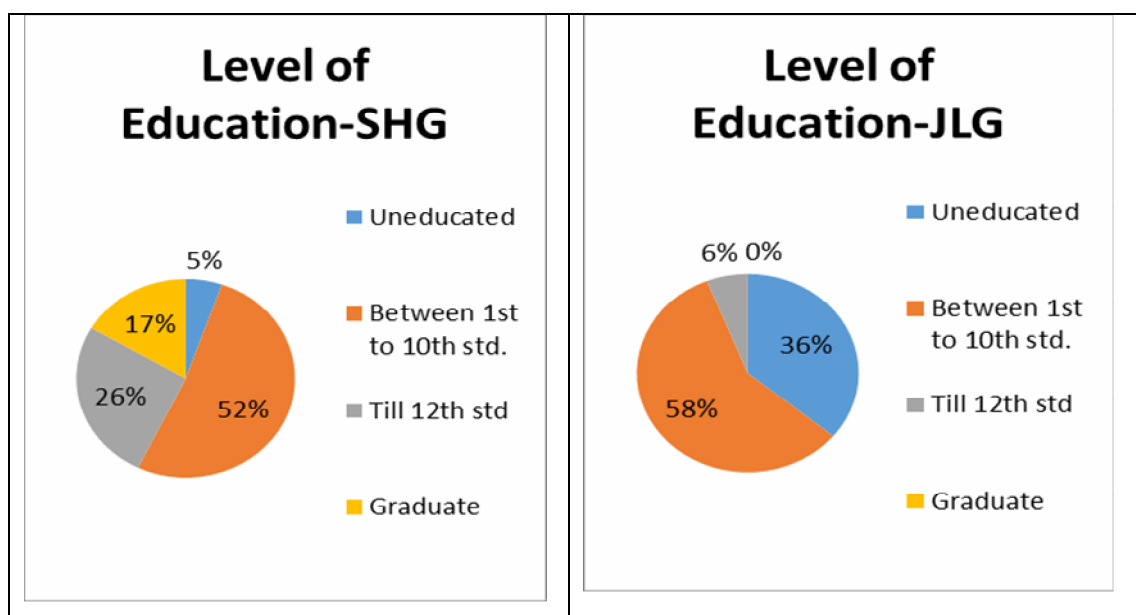
A Personal Information:

This section of analysis covers the personal information of the members, such as their education, age, marital status and type of family based on data collected through questionnaire.

Table 6.1

Table showing the classification of members according to the level of education.

Level of Education	SHG		JLG	
	No. of Members	%	No. of Members	%
Uneducated	27	5.4	90	36
Between 1st to 10th std.	259	51.8	145	58
Till 12th std	131	26.2	15	6
Graduate	83	16.6	0	0
Total	500	100	250	100

Figure 6.1

It can be observed that, percentage of members in SHG and JLG having educational level between 1st to 10th std. is almost same. But there is a vast difference in percentage of members in SHG and JLG at other levels. Percentage of uneducated members in JLG is (36%) which is almost 6 times than percentage of uneducated in

SHG (5.4%). As against in SHG percentage of educated (11th and more) is 7 times (42.8%) than percentage in JLG (6%).

As observed, many SHG members are completing their education after joining the group due to the guidance from the employees of Corporation as well as from the Sanghatikas of SHG. It is also seen that, majority of the educated women of SHGs have joined the group as sanghatikas as social work, in order to help illiterate women by making use of their skills, knowledge and experience. Similarly, SHG members get the training of maintaining records, operating bank account and preparing annual accounts from the Corporation.

It is also observed that, financial position of SHG members is better as compared to JLG members because ability to save regularly is a pre-condition to become a member of SHG and hence women can afford to learn new skills or complete education.

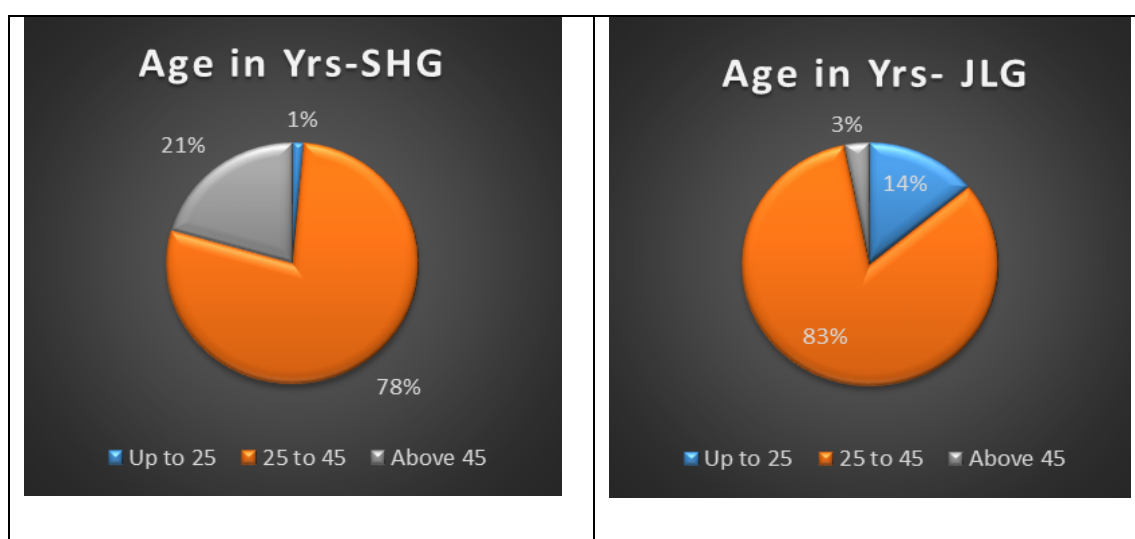
Due to all these factors, SHG members are seen to be educated as compared to JLG members.

Table 6.2

Table showing the classification of members according to the age

Age (in years)	SHG		JLG	
	No. of Members	%	No. of Members	%
Up to 25	7	1.4	35	14.0
25 to 45	390	78.0	207	82.8
Above 45	103	20.6	8	3.2
Total	500	100	250	100

Figure 6.2



The percentage of members in the middle age group of 25 to 45 is almost same in SHG and JLG. This is obvious because between this age group, women get some financial stability and can think of starting their own business due to reduced family responsibilities to some extent. The percentage of members up to 25 years is hardly 1.4% in SHG as SHG is basically a saving led model and as such regular savings is a pre-condition of joining SHG. However, this percentage is higher (14%) in JLG as it is a credit led model and young blood has courage in taking loans and starting some economic activity to help their families financially. Reverse is the situation in

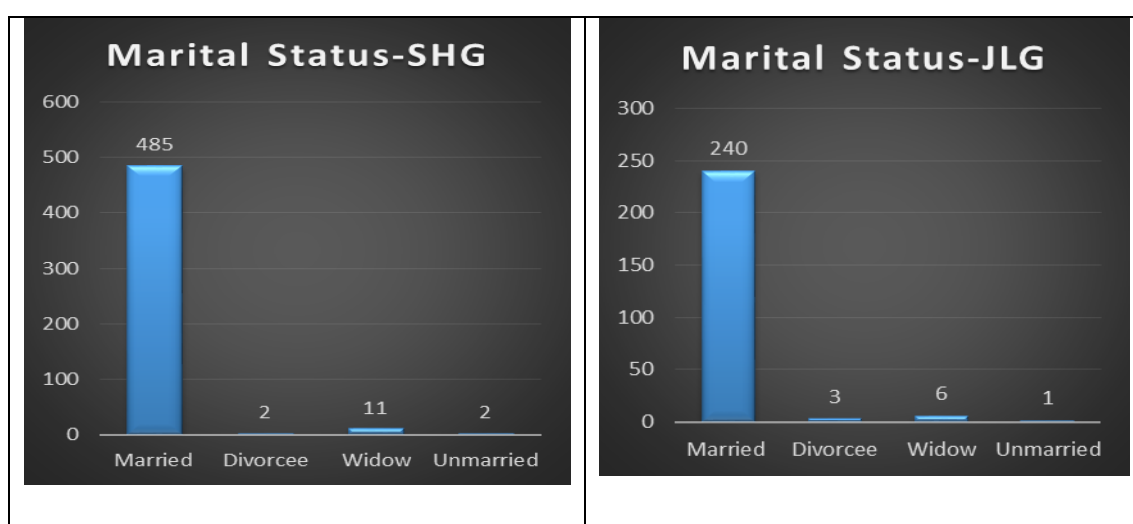
percentage of members above the age of 45. This happens because SHG provides them a platform for exchanging their ideas, views and other information also and hence they continue with the group. Where as in JLG they remain in the group as long as they can afford to take loans and repay it in time.

Table 6.3

Table showing the classification of members according to marital status.

Marital Status	SHG		JLG	
	No. of Members	%	No. of Members	%
Married	485	97	240	96
Divorcee	2	.4	3	1.2
Widow	11	2.2	6	2.4
Unmarried	2	.4	1	.4
Total	500	100	250	100

Figure 6.3



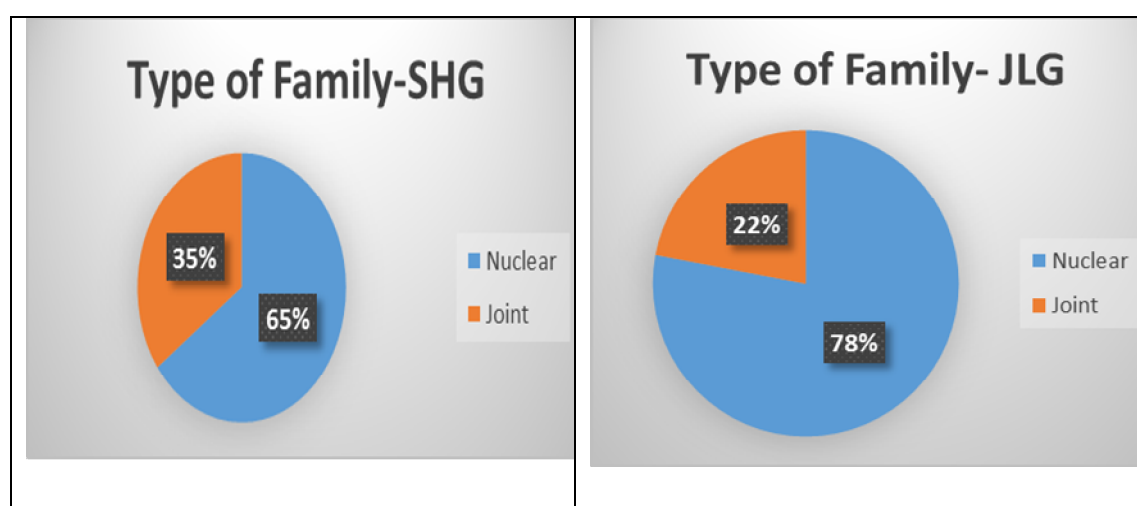
It is observed that, majority of the members, 97% in SHG and 96% in JLG are married women.

Table 6.4

Table showing distribution of members according to type of family

Type of family	SHG		JLG	
	No. of Members	%	No. of Members	%
Nuclear	325	65	195	78
Joint	175	35	55	22
Total	500	100	250	100

Figure 6.4



The table shows that, the trend in the society (especially in urban areas) is from joint family to nuclear family.

B. Information about their Group

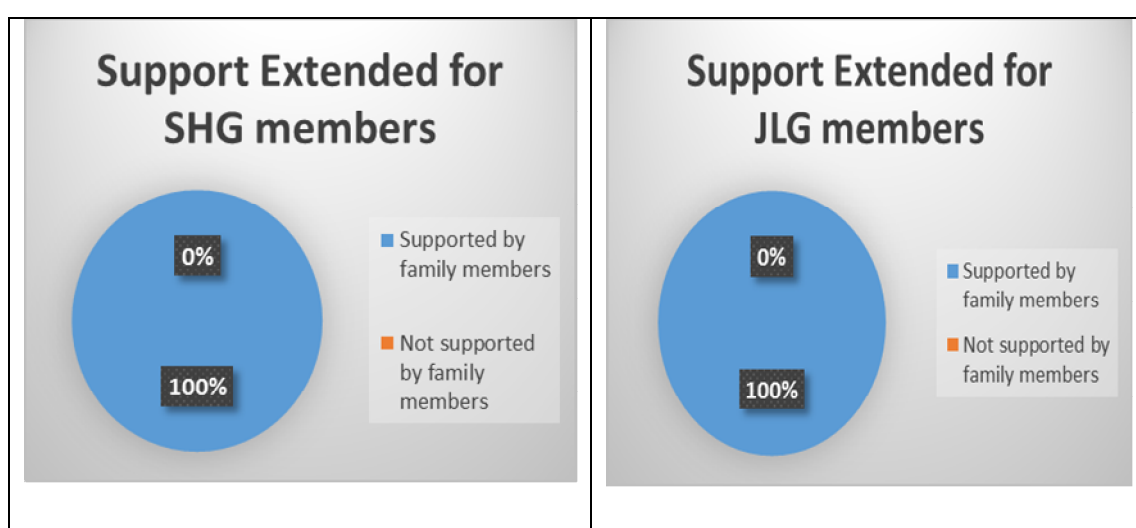
This section covers the information about self - help group and joint liability group and the opinion of members related to their groups.

Table 6.5

Table showing distribution of members according to the support extended by other family members in becoming the member of group.

Support extended	SHG		JLG	
	No. of Members	%	No. of Members	%
Supported by family members	500	100	250	0
Not supported by family members	0	0	0	0
Total	500	100	250	0

Figure 6.5



All members from both the groups have said that, they were supported by other family members to join SHG and JLG.

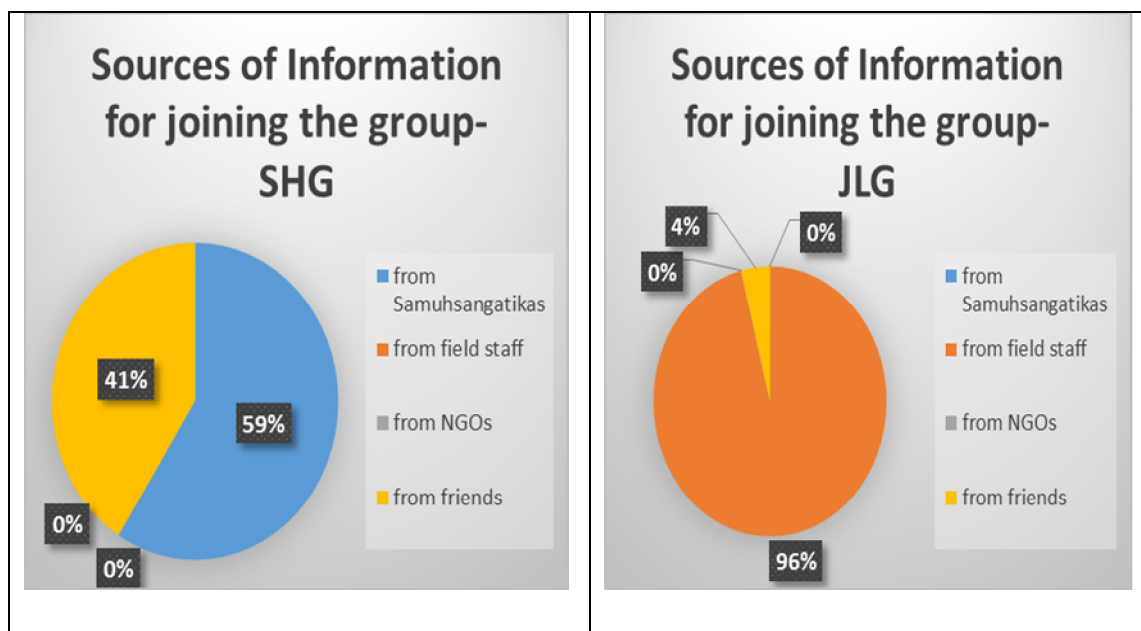
PMC has appointed community organizers called as Samuhsanghatikas in each Prabhag to promote SHGs and to review their working. Similarly, every NBFC-MFI has appointed a team of field staff to make a survey of slum areas in order to form JLGs. But that may not be the only source of getting information about the group.

Table 6.6

Table showing classification of members according to source of getting information for joining the group

Sources of Information for joining the group	SHG		JLG	
	No. of Members	%	No. of Members	%
from Samuhsangatikas	295	59	0	0
from field staff	0	0	240	96
from NGOs	0	0	0	0
from friends	205	41	10	4
Total	500	100	250	100

Figure 6.6



SHG:

As observed, 59% of the members were associated to SHGs through Samuhsanghatikas and 41% have received the information through their friends. This shows that Samuhsanghatikas are working efficiently and are successful in their duties to a great extent.

JLG:

As observed, 96% of the members were associated to JLGs through field staff which shows that field staff is really working hard in forming groups. This is obvious because they are appointed for this job only and may be their payments are linked with the target achieved.

Table 6.7

Table showing distribution of members according to the reasons of joining the group.

Reasons of Joining the group	SHG		JLG	
	No. of Members	%	No. of Members	%
To accumulate Savings	438	87.6	0	0
To run a business	233	46.6	0	0
To improve their skills	87	17.4	0	0
To get loans	208	41.6	250	100

Figure 6.7



Note: For this there are multiple choices in SHG hence total percentage will not tally to 100.

SHG: As observed from the table, the percentages for respective reasons to join SHG reflect the basic purpose of SHG. SHGs are formed to inculcate the habit of saving among poor, utilize the savings for running their businesses and to have a power of

collective bargaining to secure loans from financial institutions. In other way round, researcher can conclude from the responses that, the purpose of SHG is served and the mechanism of working of SHG is also satisfactory.

JLG:

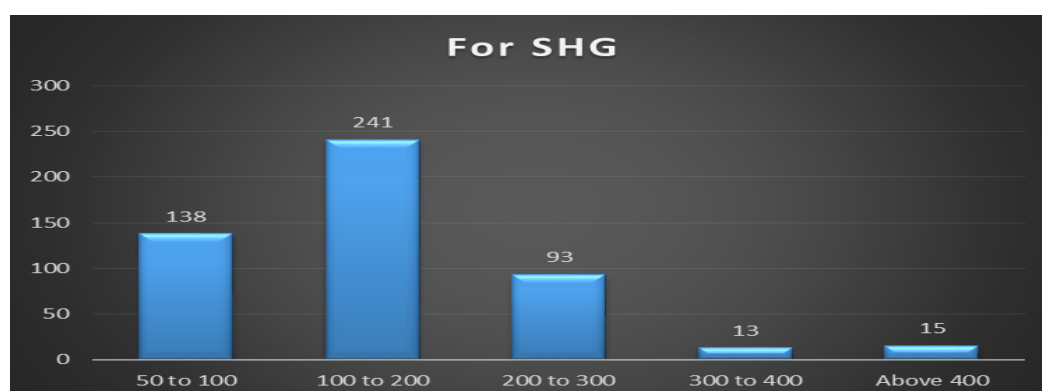
These options are not available for JLG members, as group is formed only for the purpose of availing loans from NBFC - MFIs. As understood majority of the members take loan for their business only and hardly 2 to 3% of members take loan for household purposes.

Table 6.8

Table showing classification of SHG members according to the amount they save per month in the group.

Amount Saved per month in Rs.	SHG	
	No. of Members	%
50 to 100	138	27.6
100 to 200	241	48.2
200 to 300	93	18.6
300 to 400	13	2.6
Above 400	15	3.0
Total	500	100

Figure 6.8



It is observed that, most of the members (48.2%) are saving between Rs. 100 to Rs. 200 per month and another 27.6% of the members are saving Rs. 50 to Rs. 100 per month. This shows that majority of the SHG members are from lower income group but they have cultivated the habit of regular savings for utilizing it for others in the group. From the table, when calculated, the average saving per month comes to Rs. 163.6.

JLG: This question doesn't apply to JLG members as NBFC - MFIs are not allowed to accept savings as per the guidelines of RBI.

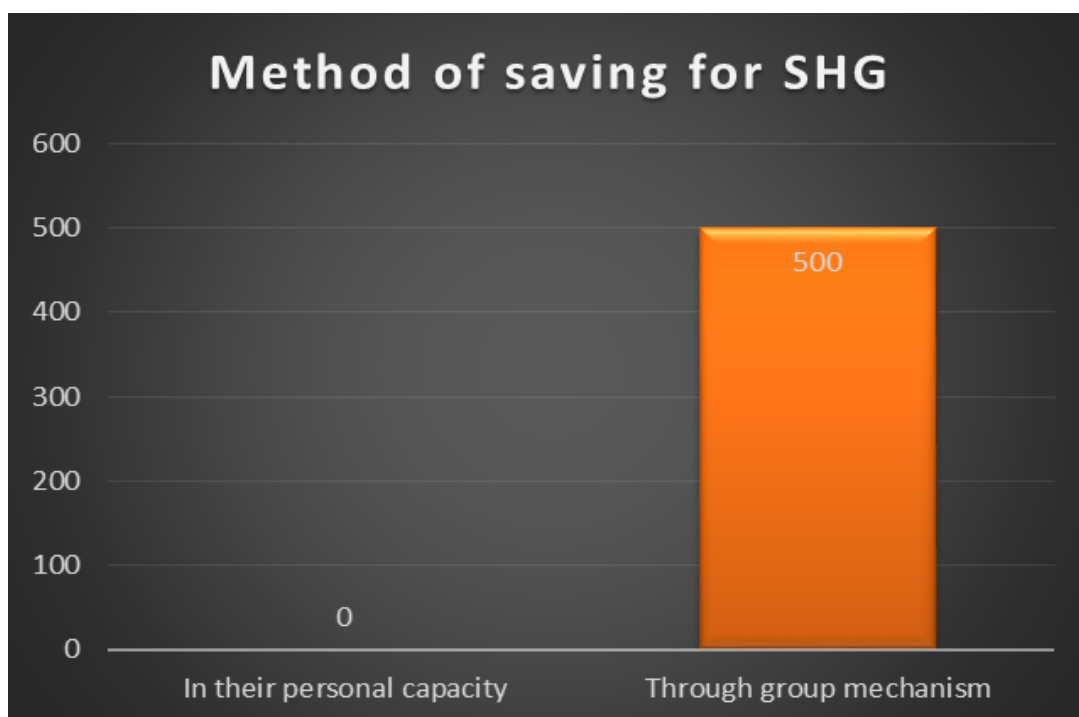
In two ways members can deposit their saving in bank, either by opening account in their individual capacity or in the name of bachat gat through group mechanism.

Table 6.9

Table showing distribution of members according to their opinion in respect of method of saving.

Method of Saving	SHG	
	No. of Members	%
In their personal capacity	0	0
Through group mechanism	500	100
Total	500	100

Figure 6.9



All the 500 members unanimously said that, they would like to save through group mechanism only. Reasons for the same as expressed by members themselves, are as follows.

1. Peer pressure results into compulsory saving.
2. Initially, handling bank account individually is difficult due to illiteracy and ignorance.
3. Loans are available easily in multiple of their individual savings and that too for productive and unproductive purposes.
4. Bank loans are available without physical collateral.
5. There is increase in the personal earnings due to interest collected on loans taken by other members also.
6. With the initial help of other members now, they are bold enough to handle all financial transactions independently.

JLG:

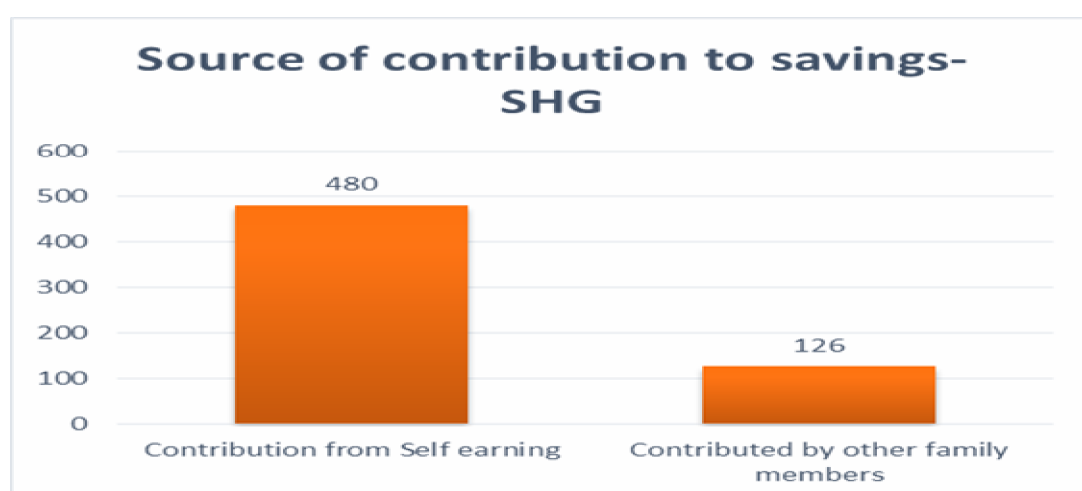
This question is actually not applicable to JLG members. However, almost all the members are of the opinion that, they should also get the facility of saving as it is in their best interest only. Out of the seven NBFC - MFIs covered by the researcher, 2 NBFC - MFIs have formed cooperative banks, through which, they accept regular savings from the members.

Table 6.10

Table showing classification of SHG members according to source opted for contributing savings per month.

Source of contribution to savings	SHG	
	No. of Members	%
Contribution from Self earning	480	96
Contributed by other family members	126	25.2

Figure 6.10



- Some members have opted for both the sources.

As observed almost all (96%) the members are saving the amount from self-earnings only.

JLG:

Majority of the JLG members said that, the initial payment required to be made for getting the loan is made from their own earnings only. This payment consists of processing fees + Service tax + insurance premium. This is obvious because they are already running a business and are earning income before forming a group.

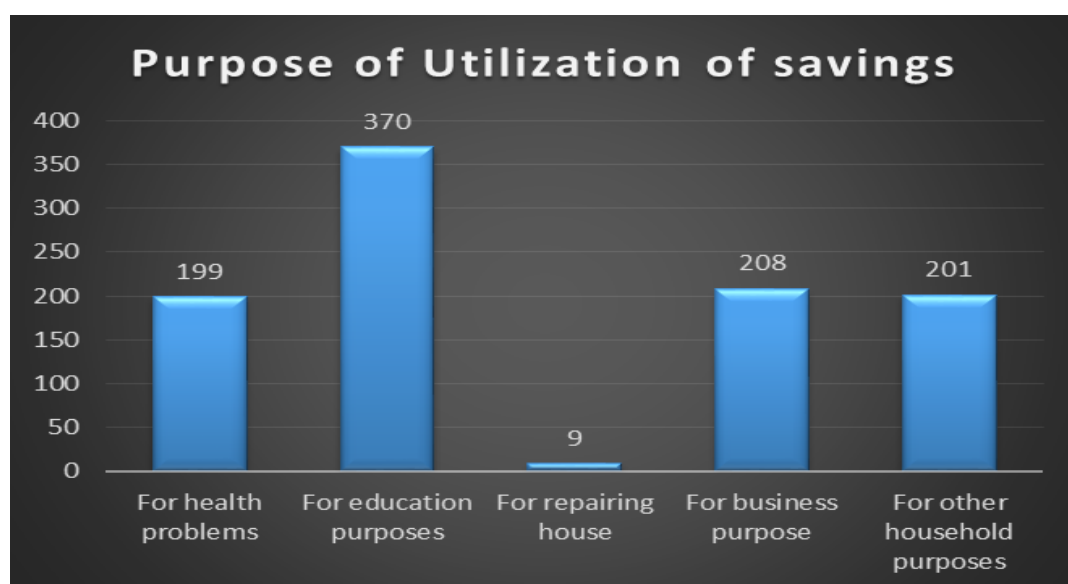
Table 6.11

Table showing distribution of SHG members according to the purposes for which savings are used.

Purpose of utilization of savings	SHG	
	No. of Members	%
For health problems	199	39.80
For education of their children	370	74.00
For repairing house	9	1.80
For business purpose	208	41.60
For other household purposes	201	40.20

- Members have opted for multiple option.

Figure 6.11



It can be observed from the percentages that 1st preference is for education, 2nd for business, 3rd is health and then for household purposes.

This is a positive sign of SHG movement as their children are getting educated which will improve the overall literacy level in the society.

JLG:

This question is not applicable to JLG members, as they don't have a saving facility through NBFC - MFI.

Attendance of members for the meetings

As observed, 89.20% of the SHG members attend the meetings regularly whereas this ratio for JLG members is 90%.

Attending meetings regularly will help the SHG members in increasing their knowledge, as they get information about different schemes of Corporation or training courses offered, or other opportunities available through in the groups meetings only.

Every NBFC-MFI also expects that all the members should attend the meetings compulsorily to repay the installment of loan taken along with interest.

Difficulties experienced by leaders at the time of forming SHG

1. In the infant stage of SHG movement, it was a hard task in convincing women to become the member of a group, as it took time in understanding the role of SHG in empowering the women.
2. Due to lower level of literacy, nobody was interested in taking the responsibility of keeping records or operating bank account.
3. Reminding members again and again about attending meetings or contributing towards savings was a time consuming task and sometimes frustrating also.

Difficulties experienced at present while running the SHG

1. Being a voluntary job, women are seen to be least interested in taking any responsibility relating to administrative formalities of SHGs.
2. At least in Gavthan areas, women are slowly losing interest in SHG due to either stability in their business or getting employed in other organizations due to their

improved personality. At present, SHGs in Slum areas are working very successfully as compared to SHGs in Gavthan areas.

3. Currently many other sources of raising funds are available to members hence availability of internal loan facility has lost its importance. In addition to this, at later stage of business, amount of internal loan available per member appears to be very small.
4. Over the period of time, women get set in their businesses and as such, they don't have time and interest in continuing the membership. Hence, now they don't need the ladder of SHG for their development.

Difficulties experienced while running the JLG

The JLG leaders do not face any problems at their personal level, as all the responsibilities relating to formation of group or maintenance of records or recovery of loans are undertaken by NBFC-MFIs only.

C. About Business

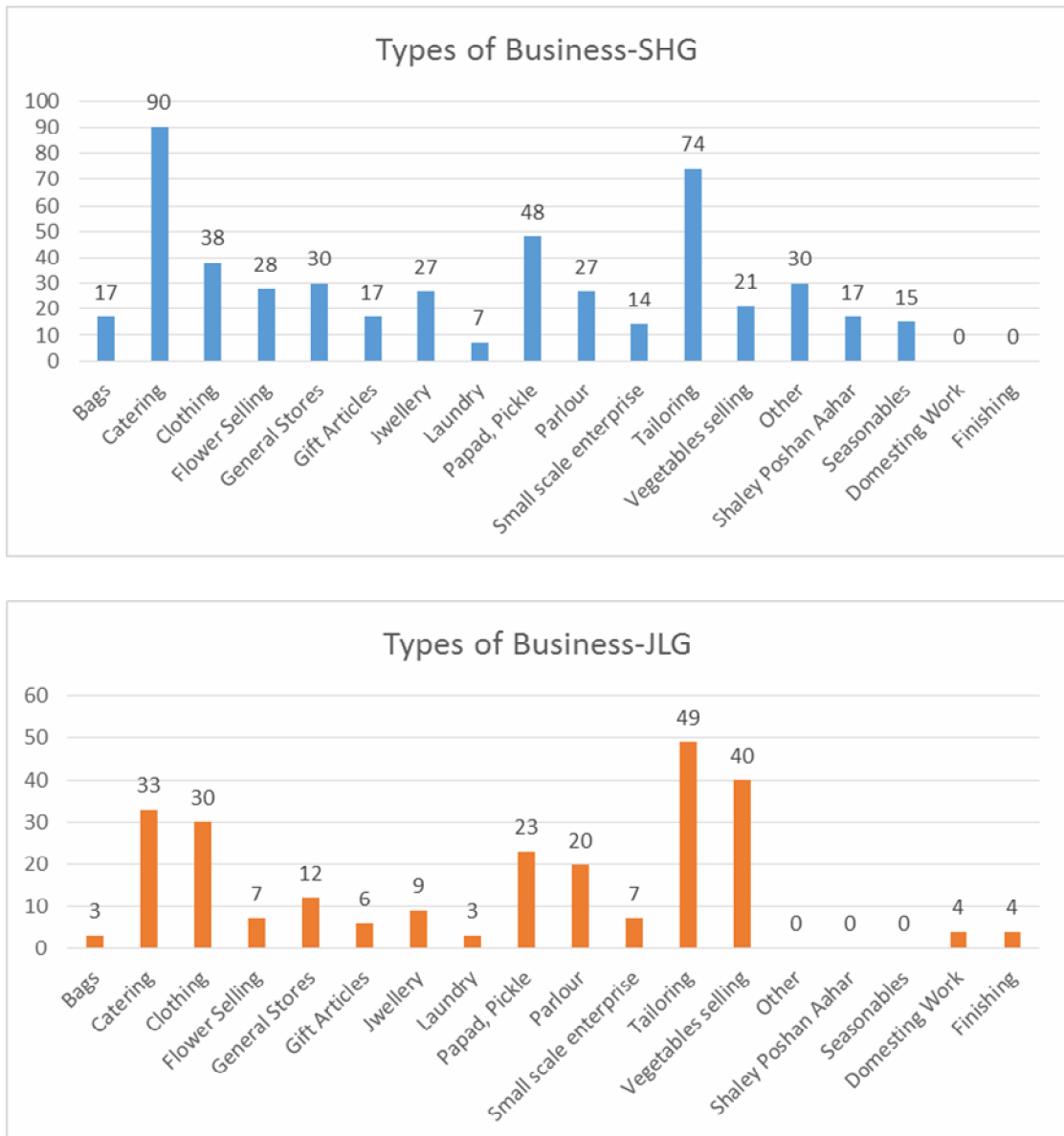
Undertaking economic activity is of paramount importance for socio economic empowerment of poor women. This section has tried to cover the important aspects of business such as selection of business, difficulties in carrying and expanding business and efforts taken by women entrepreneurs in marketing their products.

Table 6.12

Table showing classification of members as per the type of business carried on by members.

Types of Business	SHG		JLG	
	No. of Members	%	No. of Members	%
Bags	17	3.4	3	1.2
Catering	90	18	33	13.2
Clothing	38	7.6	30	12
Flower Selling	28	5.6	7	2.8
General Stores	30	6	12	4.8
Gift Articles	17	3.4	6	2.4
Jewellery	27	5.4	9	3.6
Laundry	07	1.4	3	1.2
Papad, Pickle	48	9.6	23	9.2
Parlour	27	5.4	20	8
Small scale enterprise	14	2.8	7	2.8
Tailoring	74	14.2	49	19.6
Vegetables selling	21	4.2	40	16
Other	30	6	0	0
Shaley Poshan Aahar	17	3.4	0	0
Seasonables	15	3	0	0
Domestic Work	0	0	4	1.6
Fishing	0	0	4	1.6
Total	500	100	250	100

Figure 6.12

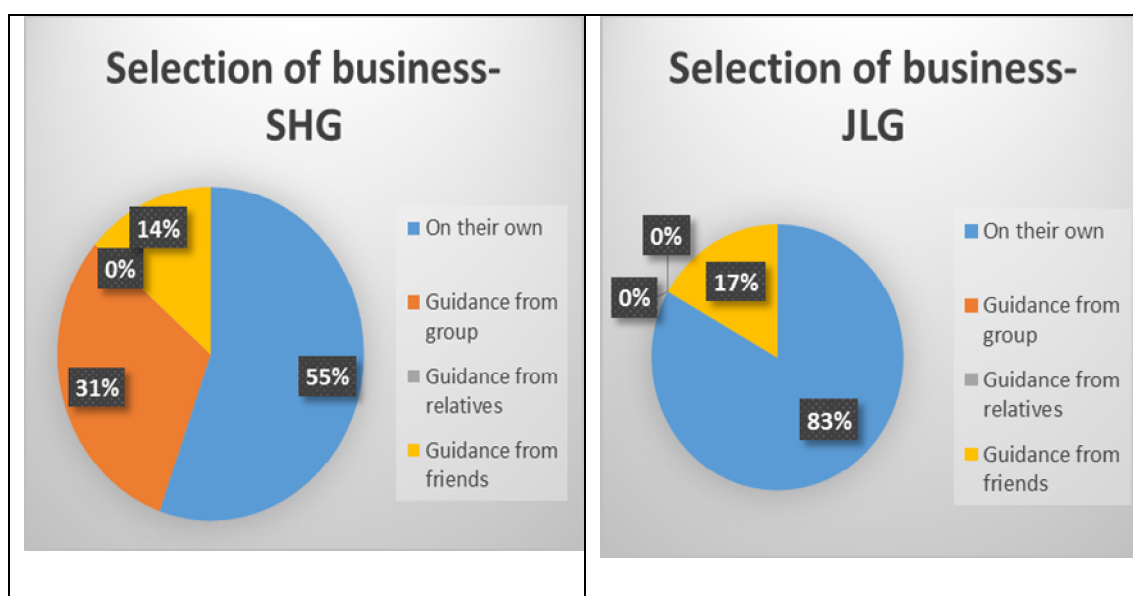


As observed, members are under taking variety of business which require less finance and own labor. From the table and graph, it can be noticed that, majority of the members from both the groups are undertaking two common businesses which are relating to ‘food’ and ‘tailoring’.

Table 6.13

Table showing classification of members according to the guidance received by members in selecting a business.

Selection of Business	SHG		JLG	
	No. of Members	%	No. of Members	%
On their own	277	55.4	208	83.2
Guidance from group	155	31	0	0
Guidance from relatives	0	0	0	0
Guidance from friends	68	13.6	42	16.8
Total	500	100	250	100

Figure 6.13

As expected, JLG members (83.2%) have started business on their own as they are already carrying the business before forming a group. In case of SHG, 55.4% of the members have started business on their own and 31% on the basis of guidance from the group members. This might be because the SHG is formed as a saving group for self-help and then gradually they start some business. However, this shows that SHG is in a way helping in development of women entrepreneurship. As 31% of member

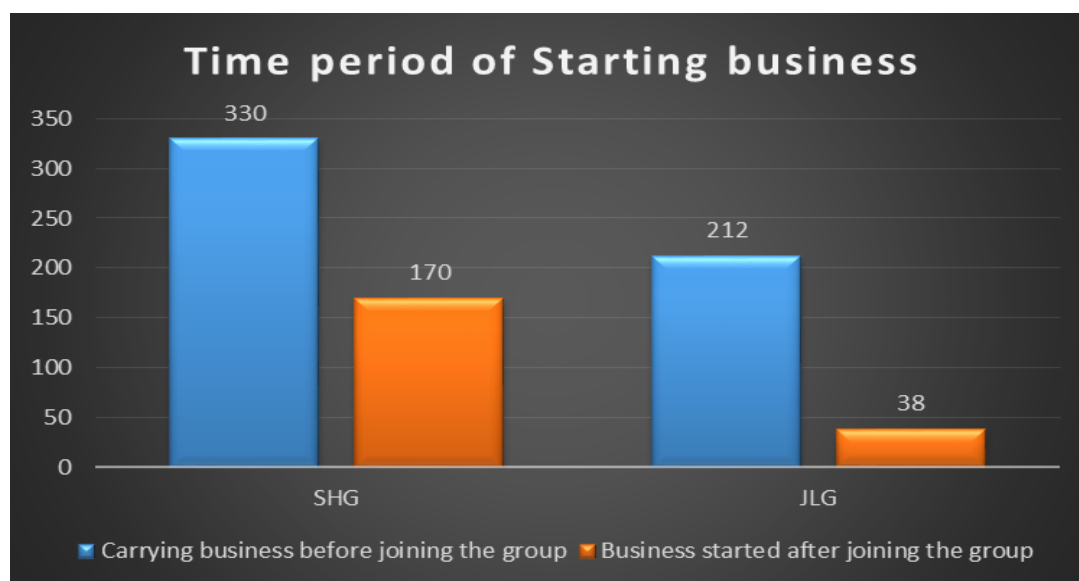
women are motivated for entrepreneurship, we may say that it is an important instrument in development of entrepreneurship and hence it supports our first hypothesis that ‘SHGs and JLGs are important and powerful instruments in development of entrepreneurship.’

Table 6.14

Table showing classification of members according to the time period of starting the business.

Time period of Starting business	SHG		JLG	
	No. of Members	%	No. of Members	%
Carrying business before joining the group	330	66	212	84.8
Business started after joining the group	170	34	38	15.2
Total	500	100	250	100

Figure 6.14



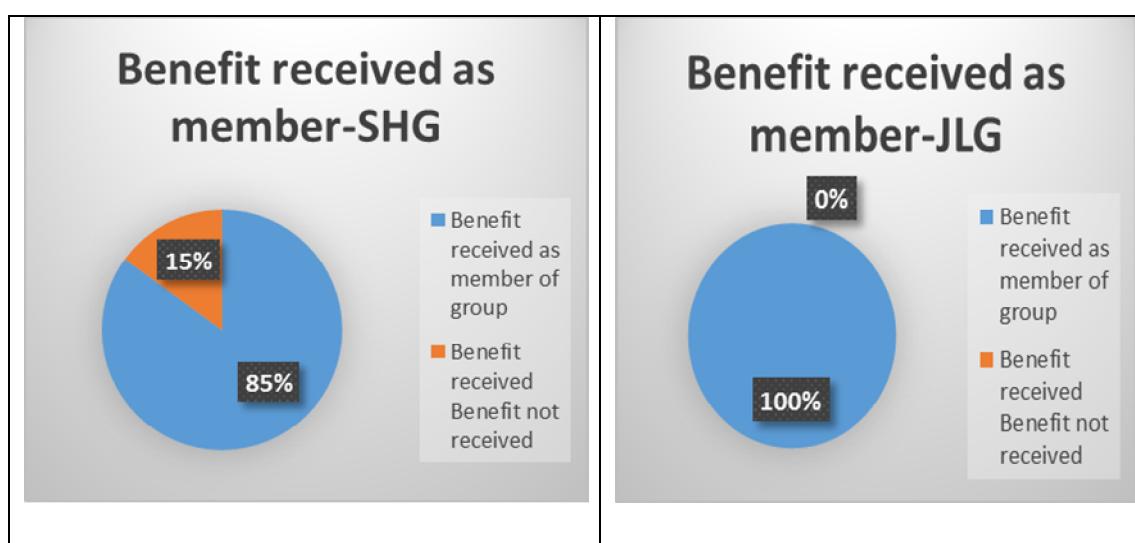
As observed, 34% of the SHG members have started business after joining the group. Even in case of JLG, 15.2% of members have started business after joining the group. This supports our observation of table 6.13 as well as the hypothesis that ‘SHGs and JLGs are important and powerful instruments in development of entrepreneurship.’

Table 6.15

Table showing distribution of members according to the benefit received as a member of group

Benefit received as member of group	SHG		JLG	
	No. of Members	%	No. of Members	%
Benefit received	425	85	250	100
Benefit not received	75	15	0	0
Total	500	100	250	100

Figure 6.15



SHG:

Majority of the members (85%) have said that their business is benefited because of group mechanism. The benefit is in the form of increased volume of business due to strong relations developed among the group and increased contacts due to common meetings, exhibitions, training programs etc. This is obvious because the group is formed for a minimum period of 5 years and as such a bond of intimacy gets developed among members over a period of time.

JLG:

In case of JLG also, all the members have unanimously said that their business is benefited due to JLG model. The form of benefit received by JLG members is different as compared to the benefit received by SHG members. Due to JLG mechanism they have started getting loans without collateral and as such the problem of working capital has been solved at least to some extent. JLG concept has given stability to their business due to assured supply of funds and now they can think of expanding the business.

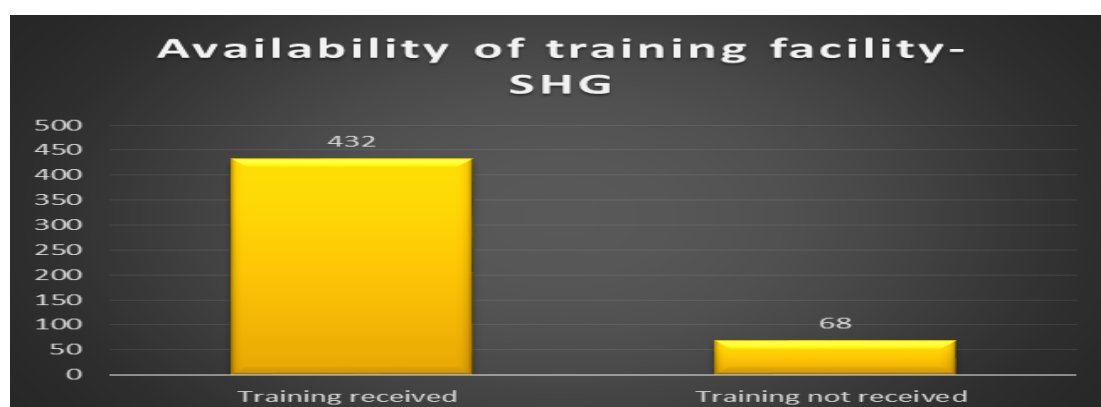
It can be observed from Tables 6.13, 6.14, and 6.15 that, the group has helped a lot in developing entrepreneurship among members. This supports our hypothesis that ‘SHGs and JLGs are important and powerful instruments in development of entrepreneurship.’

Table 6.16

Table showing classification of SHG members on the basis of availability of training facility.

Availability of training facility	SHG	
	No. of Members	%
Training received	432	86.4
Training not received	68	13.6
Total	500	100

Figure 6.16



SHG:

As observed, 86.4% of the members have said that, they have received training for starting a business. As observed by the researcher, the members who have not received the training, are either carrying the business which doesn't need training or they are already set in their businesses before joining the group.

JLG:

This question is not applicable to JLG members as they are already carrying the business before joining the group and no NBFC - MFI offer such facility to the members.

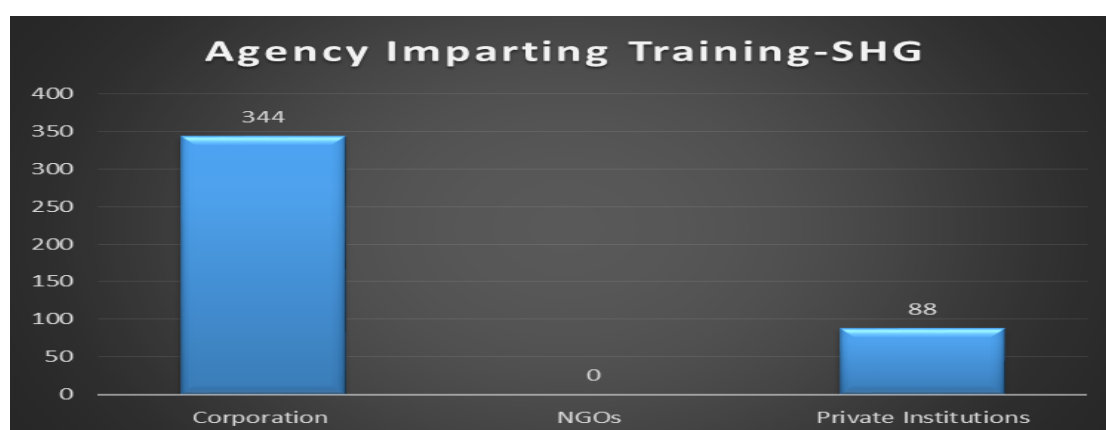
Table 6.17

Table showing distribution of SHG members according to the institution imparting training for carrying the business.

Agency imparting training	SHG	
	No. of Members	%
Corporation	344	68.8
NGOs	0	0
Private Institutions	88	17.6
Total	432	86.4

68 members have not taken training at all as shown by Table 6.16

Figure 6.17



As observed, most of the SHG members have received training from the Corporation. This shows that Corporation is playing a very promising role not only in forming SHGs but also in developing entrepreneurial skill among members by giving them training which is free of cost.

All 432 members who have received training either from corporation or through private institutions have unanimously said that training was much useful to them.

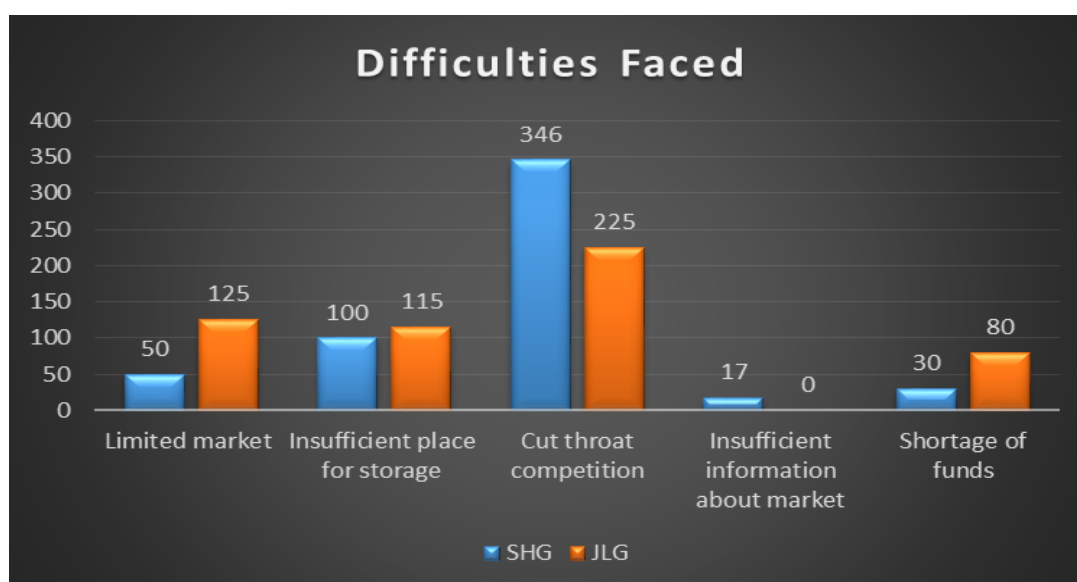
Table 6.18

Table showing classification of members according to difficulties faced in carrying business.

Difficulties faced	SHG		JLG	
	No. of Members	%	No. of Members	%
Limited market	50	10	125	50
Insufficient place for storage	100	20	115	46
Cut throat competition	346	69.2	225	45
Insufficient information about market	17	3.4	0	0
Shortage of funds	30	6	80	16

They have opted for multiple options

Figure 6.18



SHG:

As noticed, market is not a problem for members as Corporation is helping them in two ways.

1. Exhibitions are organized free of cost for 2 times a year where members get opportunity to sale their products.
2. Corporation has developed two dedicated outlets where members can keep products for sale.

In most of the cases, Corporation purchases the products from bachat gat to satisfy their requirements for files, folders, snacks, uniform for municipal schools etc.

As understood, the main problem faced by the members is competition, (69.2%) followed by limited market which is actually a common problem faced by any business. They face some problems relating to place for storage and information about the market. Availability of funds is also not a major problem for them as internal loan facility is available to them.

JLG:

As compared to SHGs, members of JLGs are facing more problems in all the areas. Space, for carrying the business and for storing the products is one of the major problems (46%). In addition to this, competition is also a severe problem (45%) for them. As observed, availability of funds (16%) is comparatively a minor problem, may be because of funds provided by NBFC - MFIs.

Medium of Marketing:

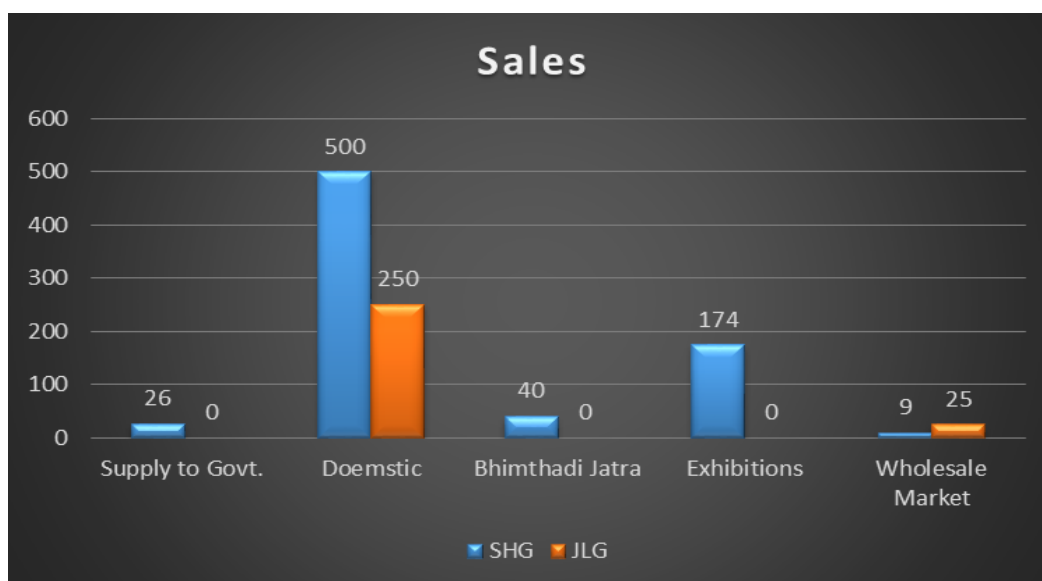
As observed, 90% of the members from SHGs and 85% from JLGs have opined that they advertise their products on their own without taking help of any other medium of advertising. According to them, mouth to mouth publicity is the best suited source of advertisement for their products as they cannot afford any other source of advertising.

Table 6.19

Table showing distribution of members according to methods followed for sales.

Sales	SHG		JLG	
	No. of Members	%	No. of Members	%
Supply to Government Department.	26	5.2	0	0
Domestic	500	100	250	100
Bhimthadi Jatra	40	8	0	0
Exhibitions	174	34.8	0	0
Wholesale Market	9	1.8	25	10

Figure 6.19



They have opted for multiple options

As observed, all the members from both the groups are selling their products from their house only. In case of SHG, few members are selling their products through exhibitions and Bhimthadi Jatra also (42.8%).

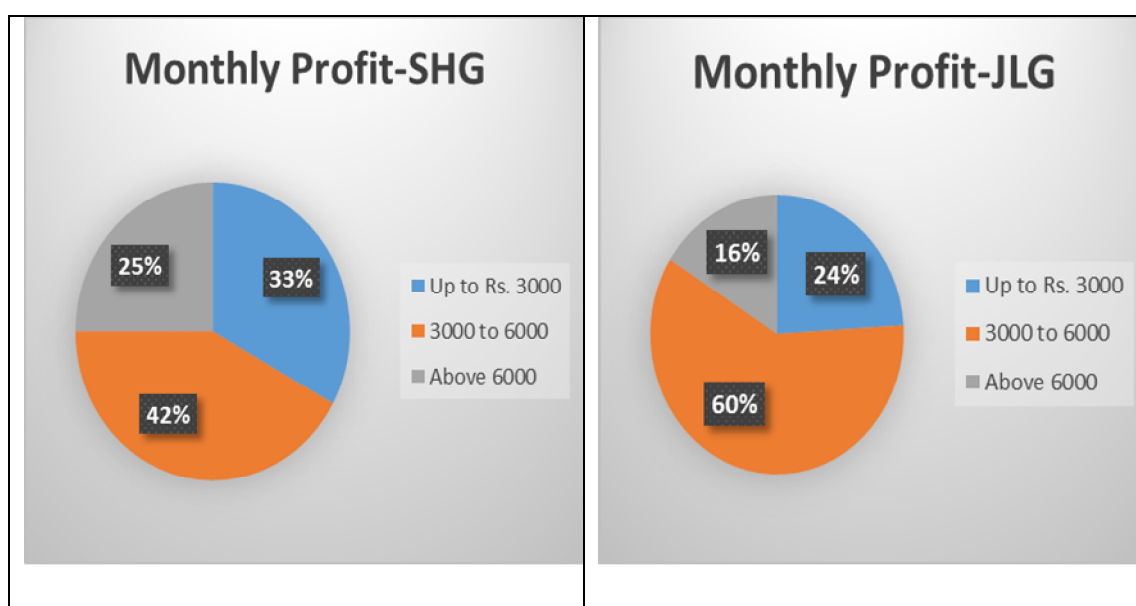
SHG members are also benefited from the orders placed by Corporation for their own requirements relating to preparation of files and folders, snacks for their guests and even contract to provide mid-day lunch to municipal schools, balwadis.

Table 6.20

Table showing distribution of members according to monthly profit.

Monthly Profit in Rs.	SHG		JLG	
	No. of Members	%	No. of Members	%
Up to Rs. 3000	165	33	60	24
3000 to 6000	210	42	150	60
Above 6000	125	25	40	16
TOTAL	500	100	250	100

Figure 6.20



As observed, majority of the members from both the groups are earning profit between Rs. 3000 to 6000 per month. The distribution according to monthly profit from business gives average monthly profit for SHG member as Rs. 4385/- per member as against Rs. 3600/- per member for JLG.

Actually JLG members have already started the business and then they have formed the group. Whereas, SHG members have first formed saving group and then they have entered in the business.

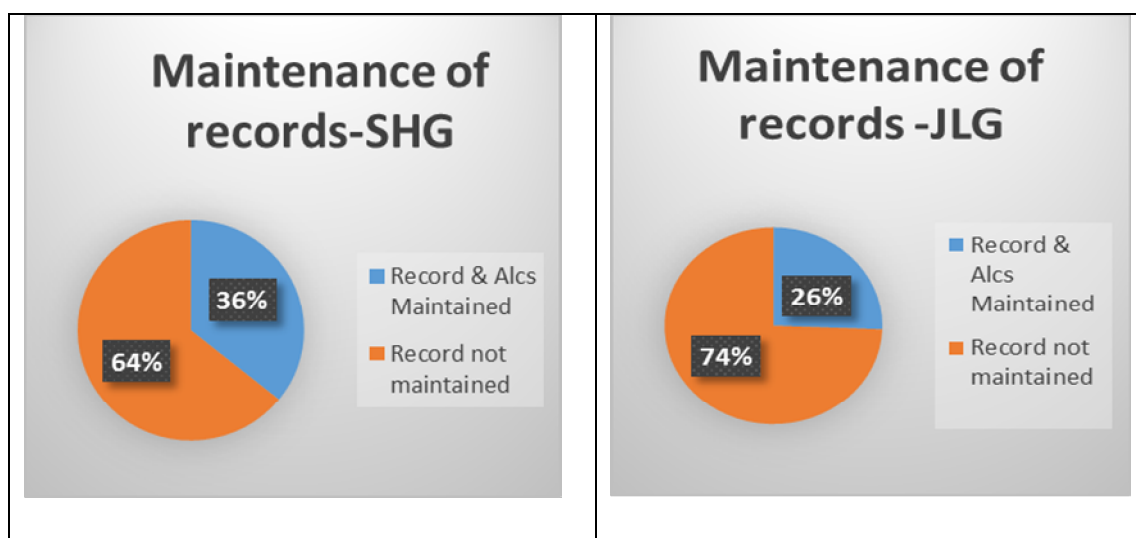
However, SHG members are earning more average monthly profit as compared to JLG members. This may be because of efforts taken by Corporation and Prabhag In Charge by way of providing training for skill development, extending marketing facilities, financial support by way of Anudan and revolving fund etc. The monthly profit of JLG member though less is creditable as they have to pay highest rate of interest (ranging between 22% to 28% p.a.) and they are carrying business without any institutional support in respect of training or marketing. This fact supports the hypothesis that SHGs and JLGs have resulted in the development of entrepreneurship. As observed, SHG members are doing better business as compared to JLG members.

Table 6.21

Table showing classification of members according to maintenance of records of business.

Maintenance of records	SHG		JLG	
	No. of Members	%	No. of Members	%
Records and Accounts Maintained	179	35.8	64	25.6
Record and Accounts not maintained	321	64.2	186	74.4
TOTAL	500	100	250	100

Figure 6.21



Surprisingly, majority of the members from both SHGs and JLGs do not keep records and maintain accounts.

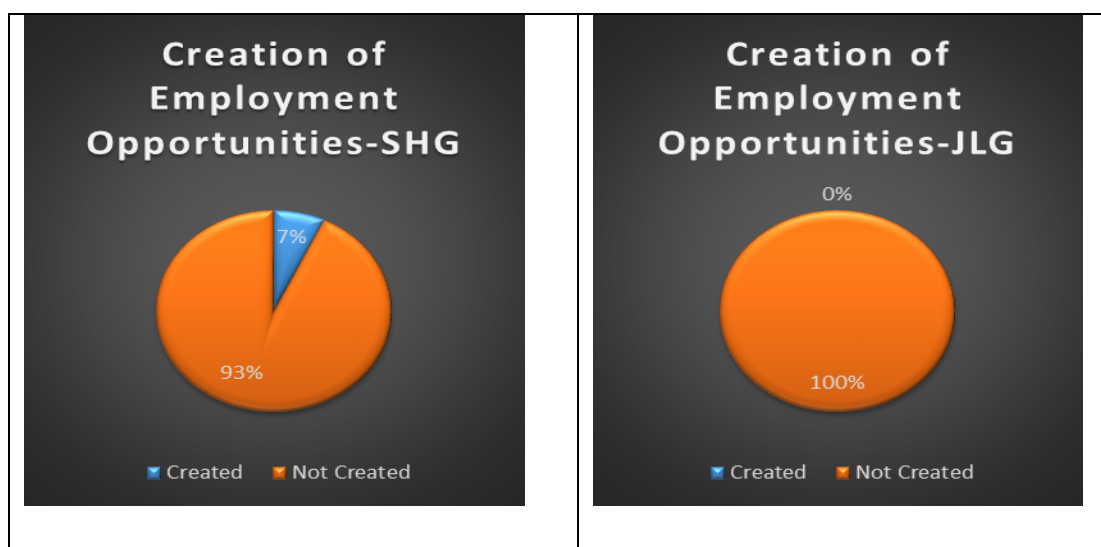
In this connection, the entrepreneurs from both the groups should be trained and an awareness regarding maintaining accounts should be created.

Table 6.22

Table showing distribution of members according to creation of employment opportunities.

Creation of Employment Opportunities	SHG		JLG	
	No. of Members	%	No. of Members	%
Opportunities Created	35	7	0	0
Opportunities not Created	465	93	250	100
TOTAL	500	100	250	100

Figure 6.22



From the above table, it is clear that JLG entrepreneurs have not created any employment opportunities. The reason may be that all the other members of the group are also doing some type business. On the other hand, SHG entrepreneurs have created some employment opportunities (7%) as business in some cases is undertaken jointly in order to fulfill voluminous orders. Sometimes, they also take help of non-members mostly in catering and tailoring business.

Efforts taken for expanding the business

Efforts taken for expanding the business as reported by members themselves are as follows:-

SHG:

These entrepreneurs are taking great efforts for increasing their business such as :-

1. They visit different exhibitions to learn the new varieties offered in their product along with different combinations mainly relating to tailoring and food items.
2. They participate in exhibitions and Bhimthadi Jatra to increase sales.
3. They join advanced training courses for further improvement in their skills and for learning latest technologies.
4. If the order is beyond their individual capacity, they take help of other members to complete the voluminous orders.

JLG:

These entrepreneurs reported that, they are not taking any extra efforts for increasing the business. The main problem is shortage of space for running a business and lack of institutional support for training and marketing of goods. Some times, they also face the problem of shortage of funds in expanding the business, as funds are available only after the successful repayment of the earlier loan and that too at high rate of interest.

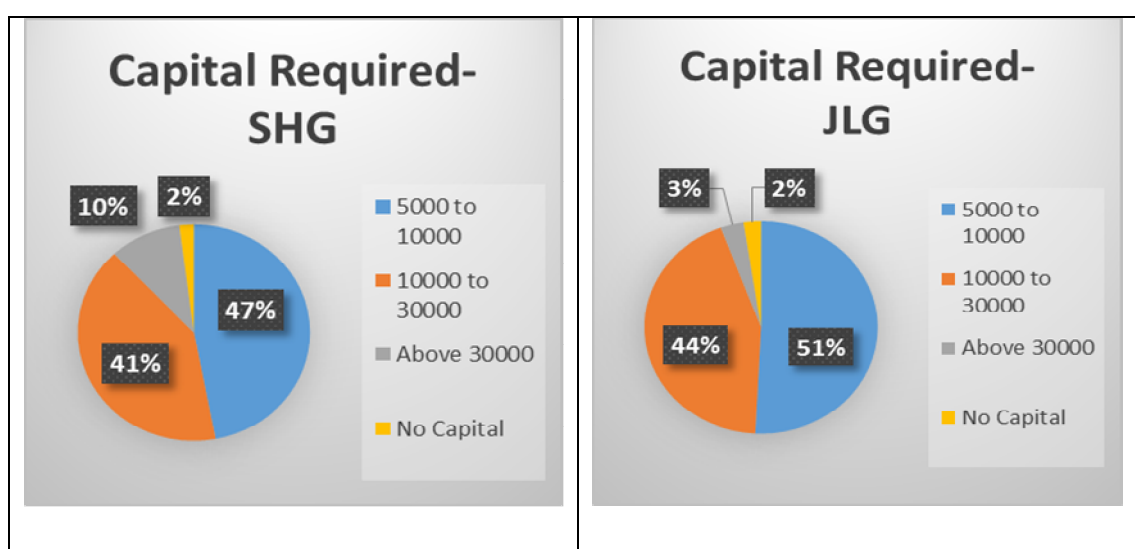
D. Information about loan

Capital is considered as a lifeblood of any business and this is especially true for these poor micro entrepreneurs. The availability of funds at affordable cost at their door step is a precondition for the success of micro enterprises. Hence, this section of analysis is very crucial as it gives information about their capital requirement and its sources. It also covers all the terms and conditions of raising loans.

Table 6.23

Distribution of members according to capital required while starting business

Capital required in Rs.	SHG		JLG	
	No. of Members	%	No. of Members	%
5000 to 10000	235	47	127	50.87
10000 to 30000	205	41	109	43.6
Above 30000	50	10	8	3.2
No Capital	10	2	6	2.4
Total	500	100	250	100

Figure 6.23

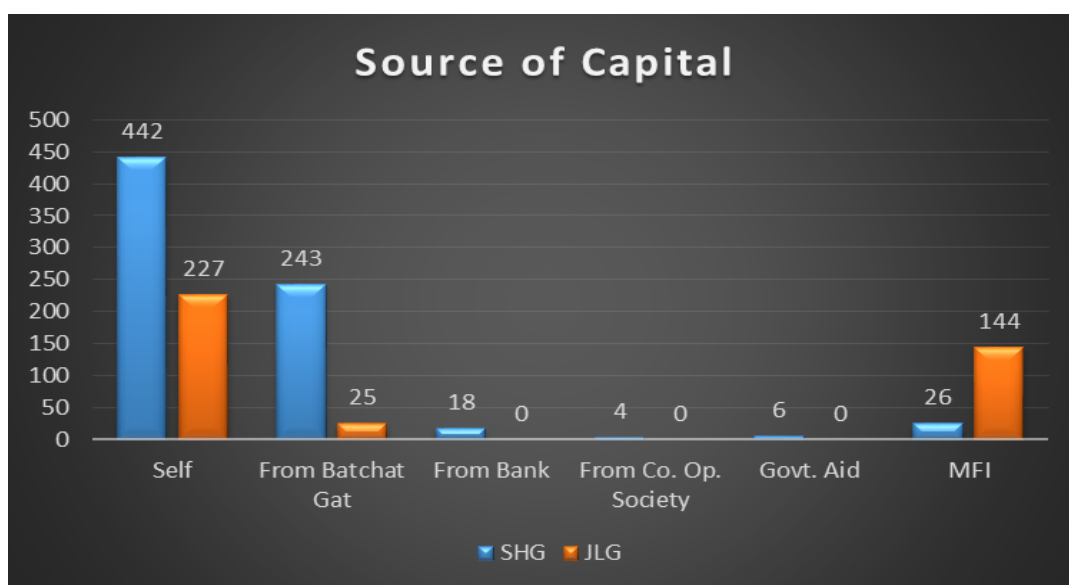
As observed, around 50% of the members from both the groups require capital ranging between Rs. 5000 to 10000 and another 40% of the members require between Rs. 10000 to Rs. 30000 for starting a business. This shows that, there is no much difference in the requirement of capital for both the groups. This may be because of the similar nature of business run by the members.

Table 6.24

Distribution of members according to sources of raising capital

Sources of raising Capital	SHG		JLG	
	No. of Members	%	No. of Members	%
Self-financing	442	88.4	227	90.8
From Batchat Gat	243	48.6	25	10.0
From Bank	18	3.6	0	0
From Co. Op. Society	4	0.8	0	0
Govt. Aid	6	3.2	0	0
MFI	26	5.2	144	57.6

Figure 6.24



They have opted for multiple options.

As observed, majority of the members from both the groups have raised the capital from their personal savings i.e. self-financing. The second major source of raising capital is, loan from bachat gat in case of SHGs, and loan from MFIs in case JLGs which is very obvious.

Few women are members of both the models, hence they have taken loans from both the sources.

Loan taken before joining the group from other sources

In case of SHGs and JLGs, not a single member has taken loan from any other sources of raising funds before forming a group. The reason seems to be non-availability of security to be offered for raising loans and difficulty in following procedures due to illiteracy. The group has given them a power of raising loan and they are benefited from collective efforts. Thus, it can be observed that SHGs and JLGs have resulted in the empowerment of women.

Reasons for obtaining loan from group.

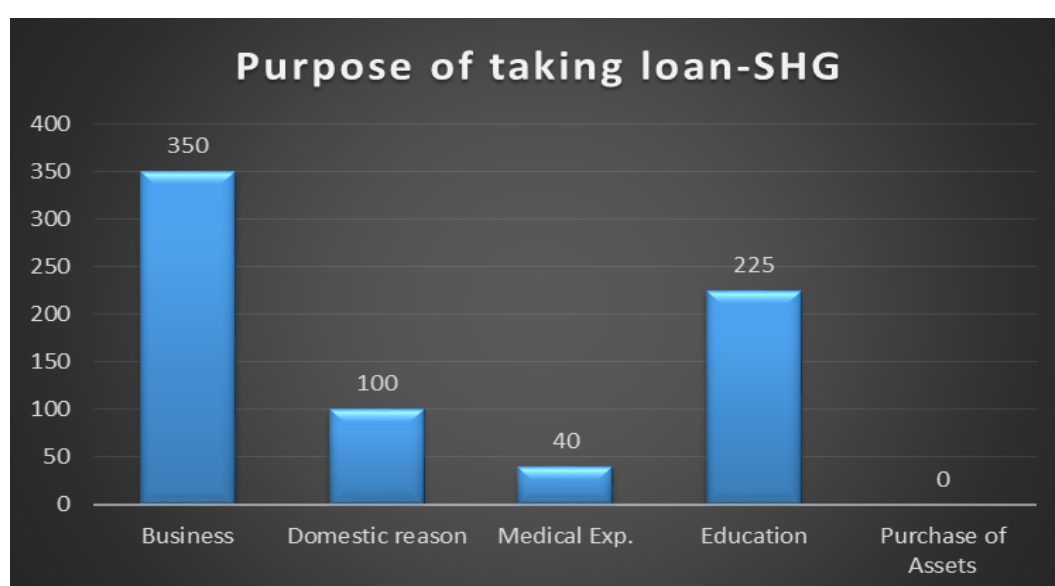
This question is applicable only to SHGs. Being a saving group, members can take loans for variety of purposes. Whereas, almost all the JLG members have taken loan for business purposes only as it is a pre-condition for giving loan by NBFC-MFI.

Table 6.25

Table showing distribution of SHG members according to the purpose for which internal loan is obtained.

Purpose of taking loan	SHG	
	No. of Members	%
For Business	350	70
For Domestic reason	100	20
For Medical Expenses	40	8
For Education of children	225	25
For Purchase of Assets	0	0

Figure 6.25



Members have opted for multiple options

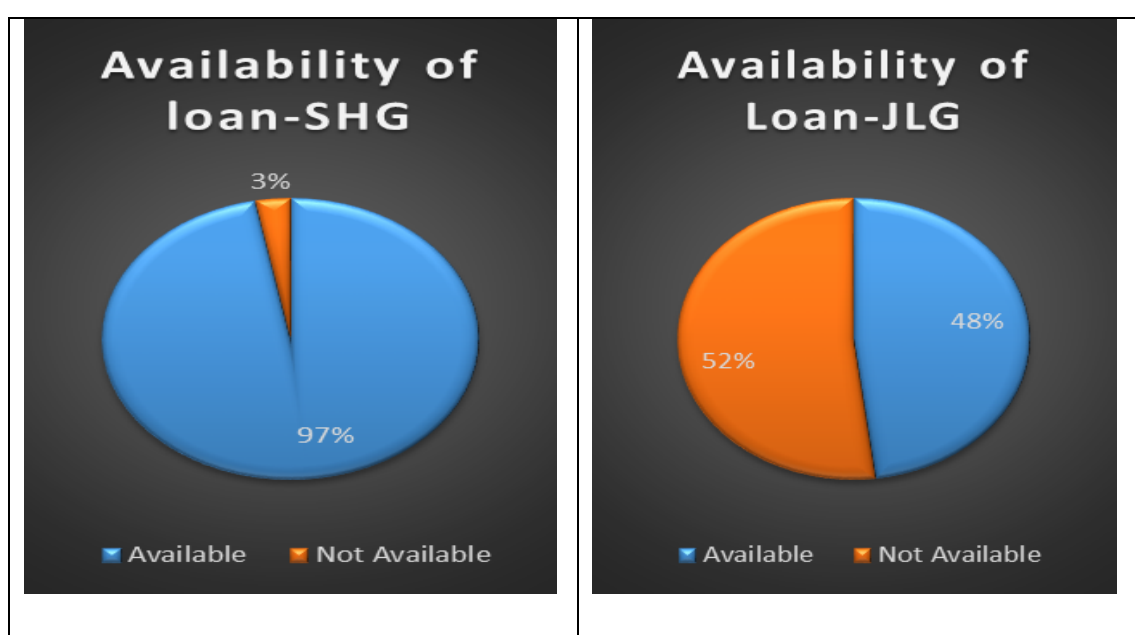
As observed, majority of the members are taking loans mainly for business purposes and for education of children. This option is not available for JLG members as NBFC - MFIs give loan mainly for business purpose only.

Table 6.26

Table showing Distribution of members according to availability of loan as per their need.

Availability of loan	SHG		JLG	
	No. of Members	%	No. of Members	%
Loan Available as per need	485	97	120	48
Loan not Available as per need	15	3	130	52
	500	100	250	100

Figure 6.26



As observed, in case of SHG, 97% of the members have said that, they could get the loan according to their need. The first reason is, due to the monthly savings of members, SHGs can give loans repeatedly to the members. Secondly, the loan is to be repaid within 10 months with early payment option, which increases the lending capacity of SHG. In addition, Corporation also contributes to the savings of members

in the form of Revolving Fund equal to Rs. 1000 per member which also increases their lending capacity.

However, in case of JLGs, 52% of the members feel that, the amount of loan falls short of their need. The first cycle of NBFC - MFI starts with Rs. 10000 for 1 year and due to payment of heavy interest, very less balance is left with them.

General Findings regarding the Procurement of loan and its repayment

All the members from both the groups unanimously said that, the method of procuring loan is easy and simple and they can repay the loan and interest comfortably from the profits of their business.

SHG

- In addition to the internal loan from SHG, 20% of members have taken loan either from bank or from MFI as a member of group.
- 72% of the members have received grant in aid (Anudan) from Corporation.
- 84% of the members feel that they do not face any difficulty in getting grant in aid from Corporation.
- All the members have positively said that, they can expand their business if they get extra loan facility. In fact, they feel that, they should get this extra loan through SHG only, may be due to lower rates of interest and flexibility in repayment.
- The rate of interest charged on loan ranges between 1% to 2% per month, reducing balance method, to be repaid in 10 monthly installments of equal amount, as directed by Corporation.
- The members do not face any difficulty due to collective responsibility in repayment of loan, when taken from outside sources.

JLG

- 28.8% of the members have obtained loan between Rs. 7000 to 15000, 52% have obtained loan between Rs. 15000 to 30000 and 19.2% of members have obtained loan above Rs. 30000.
- 32.4% of the members have procured loan twice from the same MFI and 2.4% have procured for 3 or more times.
- 96.8% of the members have procured loan for business purposes only.

- The rate of interest is ranging between 18% p.a. to 26% p.a. reducing balance method, to be repaid as per the terms and conditions of the loan agreement.
- 88.4 % of the members have procured loan from other sources also which mainly consists of other MFIs and bachat gat as a member of SHG.
- They do not face any difficulty due to collective responsibility in repaying the loan.

E. Social and Economic Empowerment.

Increase in Personal Income:-

SHG

All 500 members from SHG have unanimously said that, their personal income has increased since they have joined the group. This increased income is in the form of interest on savings as well as interest charged on the loans taken by other members plus profit due to increased business.

JLG

All 250 members from JLG have unanimously said that, their personal income has increased due to the increased profits of business. The volume of business has increased due to the assured supply of funds in the form of loans from NBFC-MFIs.

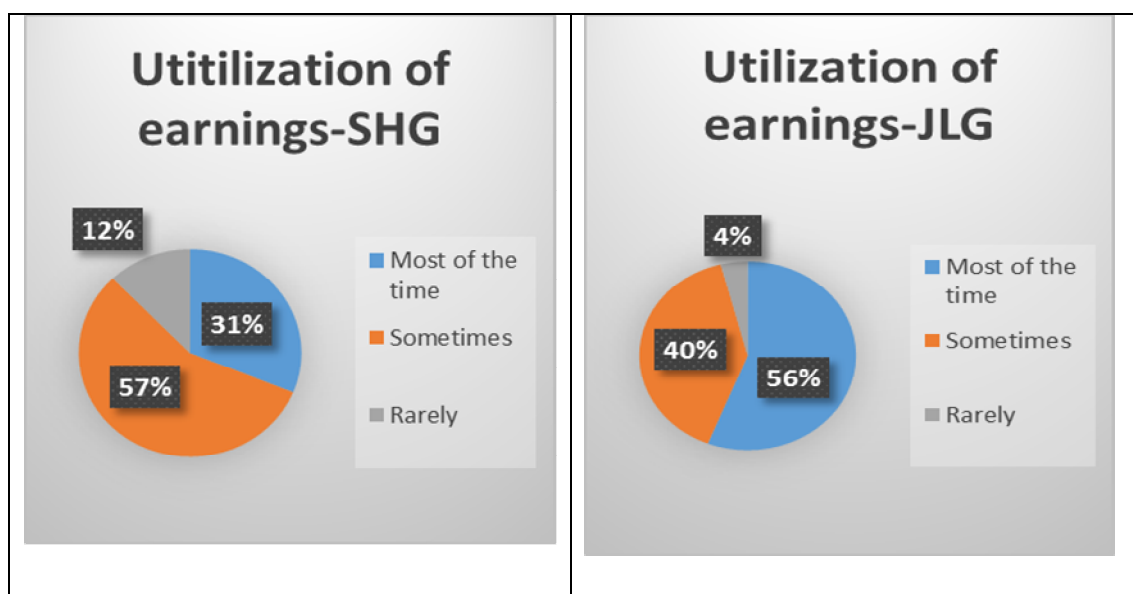
Since all the members have the same opinion regarding the increase in their personal income, this supports the hypothesis ‘SHGs and JLGs both have contributed to socio-economic empowerment of women.’

Table 6.27

Table showing Distribution of members according to freedom they exercise in utilizing their own earnings.

Utilization of earnings on their own	SHG		JLG	
	No. of Members	%	No. of Members	%
Most of the time	156	31.2	140	56
Sometimes	283	56.6	100	40
Rarely	61	12.2	10	4
	500	100	250	100

Figure 6.27



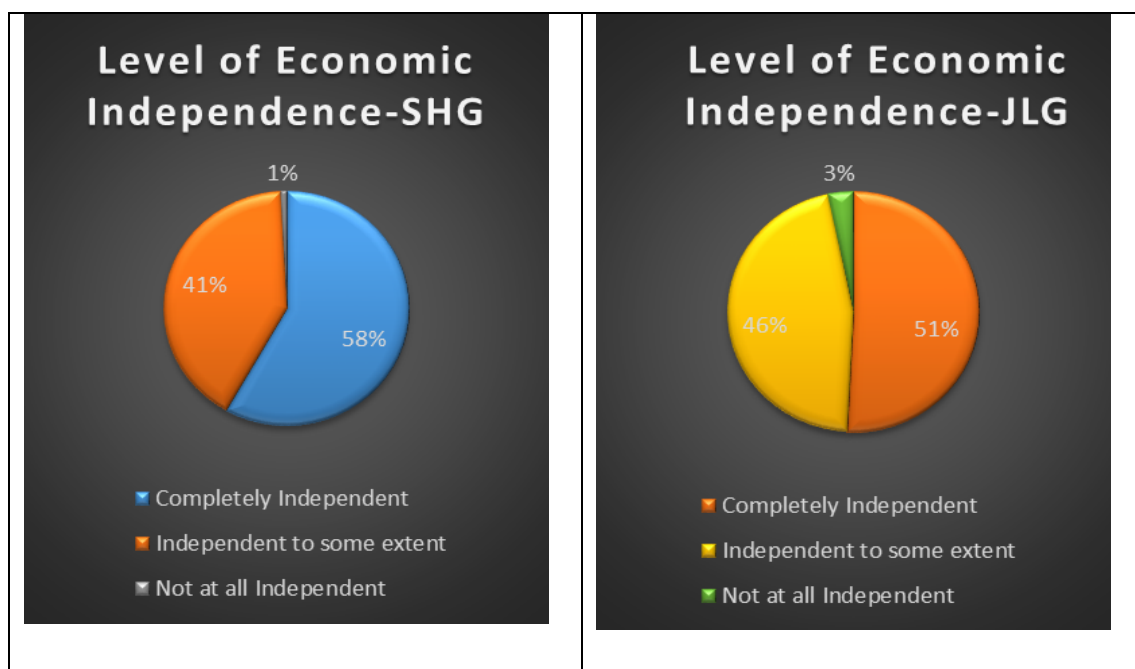
As observed, 87.8% of SHG members and 96% of the JLGs members can utilize the earnings on their own either for most of the time or sometimes, whereas 12.2% from SHG and 4% from JLG can utilize their earnings rarely. This shows and supports the hypothesis that ‘SHGs and JLGs have contributed to the socio-economic empowerment of women.’

Table 6.28

Table showing Distribution of members according to economic independence experienced.

Level of Economic Independence	SHG		JLG	
	No. of Members	%	No. of Members	%
Completely Independent	291	58.2	127	50.8
Independent to some extent	205	41.0	115	46.0
Not at all Independent	4	.8	8	3.2
	500	100	250	100

Figure 6.28



As noticed from the table, 58.2% of SHG members and 50.8% of JLG members feel that they are economically independent where as 41.0% of SHG members and 46% of JLG members feel that they are economically independent to some extent. The

percentage of opinion regarding this again supports the hypothesis that, 'SHGs and JLGs have contributed to socio economic empowerment of women.'

Awareness about their own well-being

Whether they have become aware about their own well-being or not after becoming a member of the group, is the question.

All the members from SHG and JLG are of the opinion that they have become aware about their own well-being and this awareness has indirectly benefited the whole family.

Knowledge about empowerment of women

This question is applicable only to SHG members as JLGs are formed by MFIs for the sole purpose of giving loans. MFIs are least bothered as to how far effectively these loans are being utilized by JLGs as long as they repay the loan in time.

Whether SHG members were aware about the 'concept of empowerment of women' before joining the group was the question asked to them.

As observed, 82.6% of the members were not aware about the concept of empowerment of women before joining the group. This can be called as the benefit of SHGs as they have understood the concept of empowerment and its importance after joining the group.

Social Status

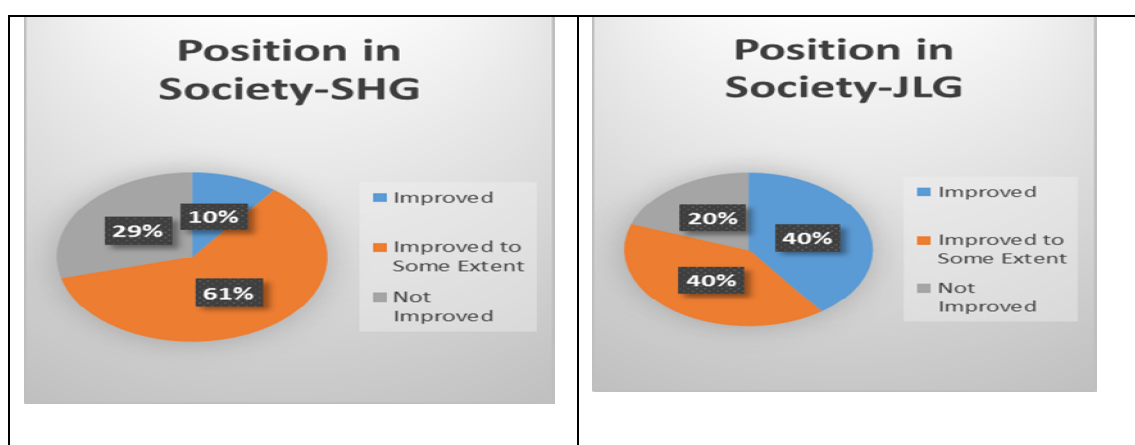
Both SHG and JLG members (about 75%) have said that, since they have formed a group and running a business, there is some positive change in the society for them. They are experiencing improved respect for them. Because of this whether their position in the society is improved or not was the question.

Table 6.29

Table showing distribution of members about the opinion of improved status in the society.

Position in Society	SHG		JLG	
	No. of Members	%	No. of Members	%
Improved	52	10.4	100	40
Improved to Some Extent	303	60.6	101	40.4
Not Improved	145	29	49	19.6
Total	500	100	250	100

Figure 6.29



As observed, about 71% of the members from SHG and 80.4% of the members from JLG have said that their position in the society has improved either to some extent or to large extent. So we again conclude that ‘SHGs and JLGs have contributed to socio-economic empowerment of women.’

Position in family

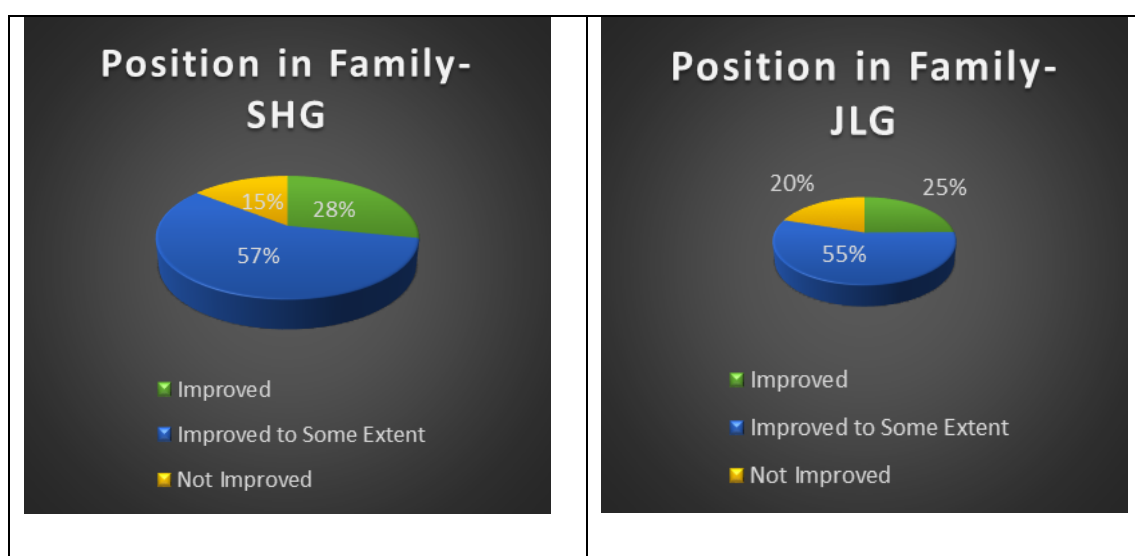
After becoming a member of the group and undertaking some economic activity whether their position in the family is improved or not was the question.

Table 6.30

Table showing Distribution of members according to opinion in respect of improved position in family.

Position in family	SHG		JLG	
	No. of Members	%	No. of Members	%
Improved	141	28.2	62	24.80
Improved to Some Extent	287	57.4	138	55.20
Not Improved	72	14.4	50	20.00
	500	100	250	100

Figure 6.30



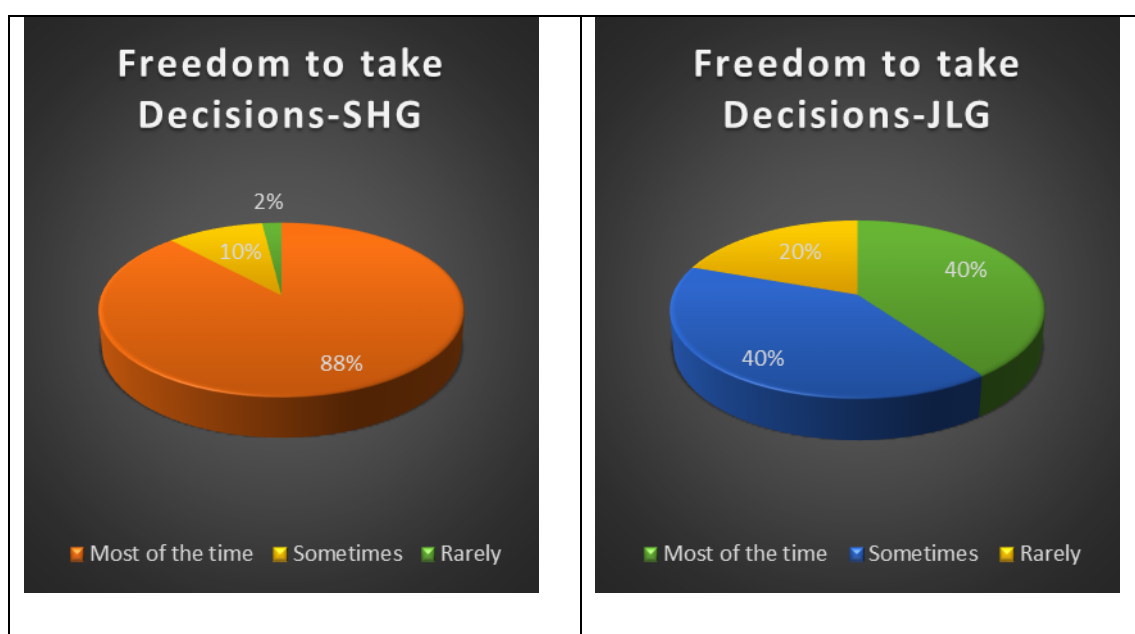
As observed, around 85.6% of SHG members and 80% of JLG members have said that their position in family has improved either to some extent or to a large extent. So we again conclude that ‘SHGs and JLGs have contributed to socio-economic empowerment of women.’

Table 6.31

Table showing classification of members according to freedom they enjoy in taking decision about their personal matters.

Freedom to take decisions	SHG		JLG	
	No. of Members	%	No. of Members	%
Most of the time	440	88	100	40
Sometimes	50	10	101	40.4
Rarely	10	2	49	19.6
TOTAL	500	100	250	100

Figure 6.31



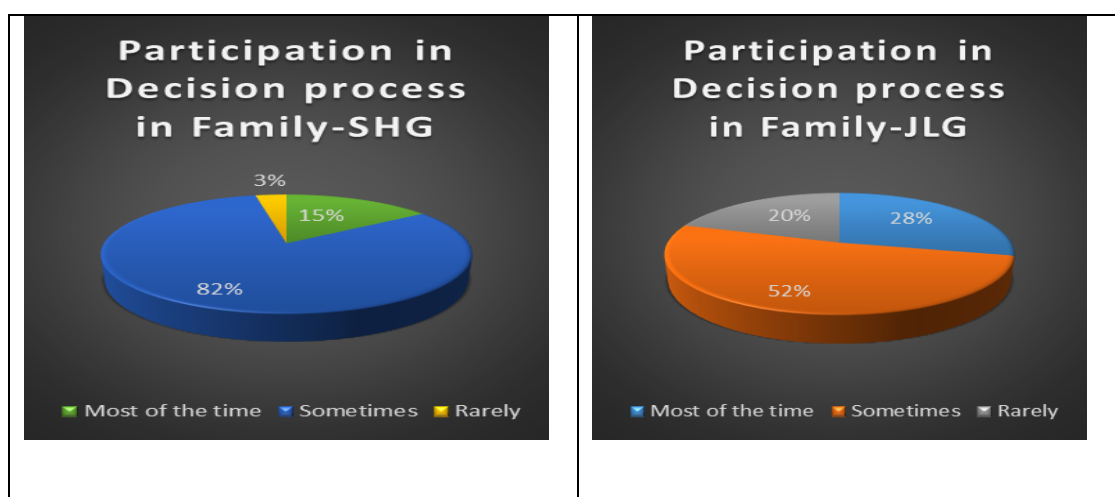
In both the groups, more than 80% of the members have said that, they are free to take decisions about their personal matter.

Table 6.32

Table showing Classification of members according to participation in decision making process relating to family matters.

Participation in decision process in family	SHG		JLG	
	No. of Members	%	No. of Members	%
Most of the time	77	15.4	71	28.4
Sometimes	407	81.4	129	51.6
Rarely	16	3.2	50	20.0
	500	100	250	100

Figure 6.32



As observed, almost 96.8% of SHG members and 80% of the JLG members have said that, they are involved in the decision making process of the family to most of the times or to some extent. It means, their opinion is valuable because they are in a group and are earning money. This shows that ‘SHGs and JLGs have contributed to socio-economic empowerment of women.’

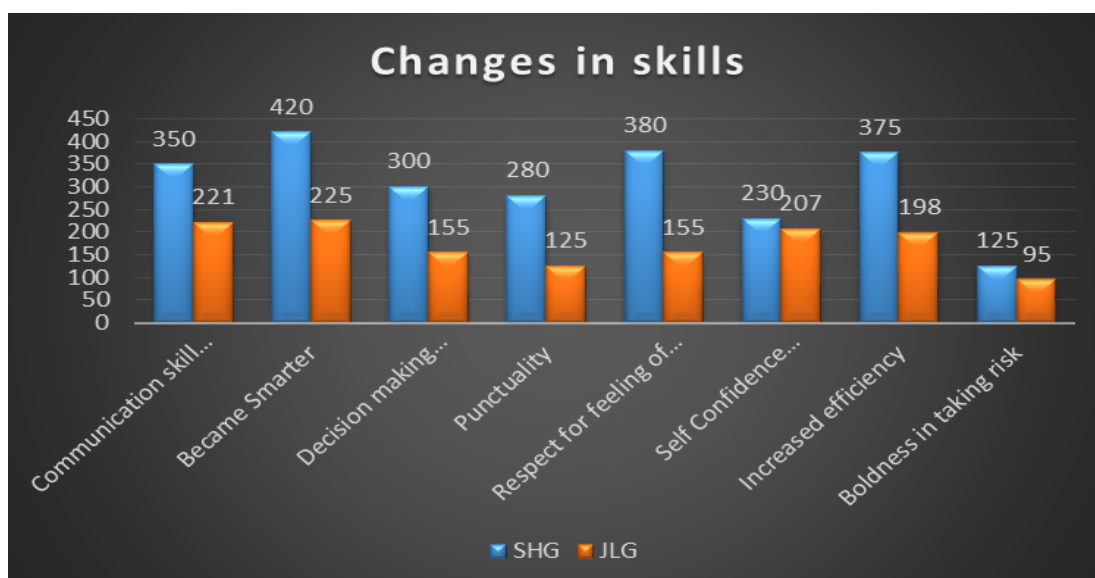
Equality for Male / Female

About 50% of the members from both the groups have said that there is equality among male and female up to some extent in the society.

Table 6.33

Table showing Classification of members according to improvement in different skills as a members of group.

Changes	SHG		JLG	
	No. of Members	%	No. of Members	%
Communication skill improvement	350	70	221	88.4
Became Smarter	420	84	225	90
Improvement in decision making power	300	60	155	62
Punctuality	280	56	125	50
Respect for feelings of other members	380	76	155	62
Improved self confidence	230	46	207	82.8
Increased efficiency	375	75	198	79.2
Have become bold in taking risk	125	25	95	38

Figure 6.33

As observed from the percentages regarding the changes in various skills resulting into improved personality, we can conclude that, the women entrepreneurs have benefited after joining the group. Thus, the entrepreneurial activity has resulted in improving the skills of members. which proves the hypothesis that ‘Self–employment of women has resulted into the development of personality and skills of women entrepreneurs.’

Major transformations in the life of members after joining the group

What major differences were experienced by the members after joining the group was the question. Major changes as reported by members themselves are as follows.

SHG :

1. There is an improvement in their financial literacy.
2. Their confidence level has increased.
3. Their personal life has become more comfortable and happier.
4. Their position in the society and family has improved to some extent, with which they are happy.
5. They could know many things happening around them and now they feel like traveling with the world around them.
6. They have come out of their confined boundaries and now feel liberated.

JLG :

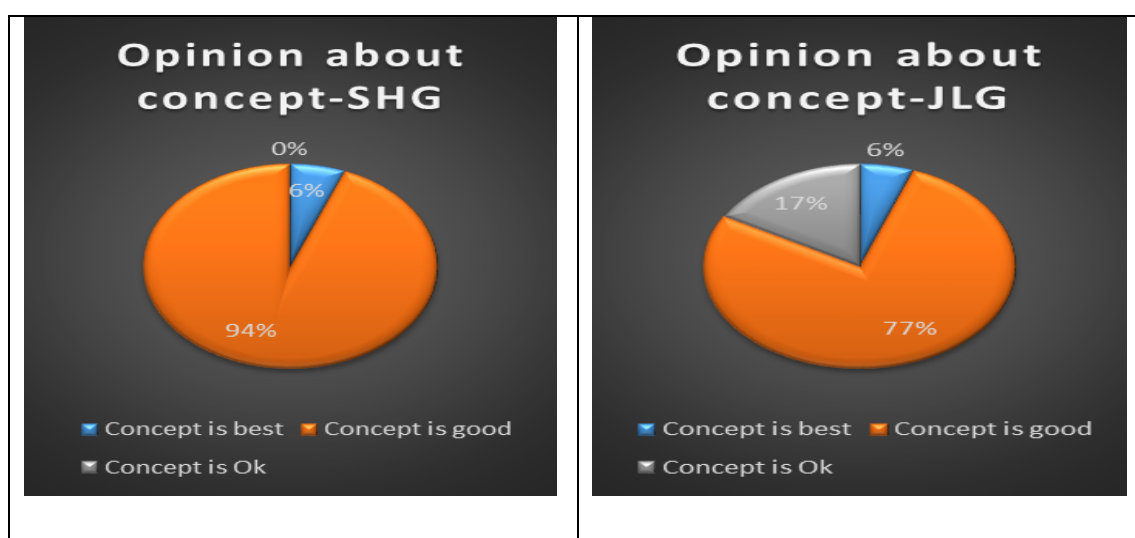
Due to the assured supply of funds, they are relieved from the tension of shortage of funds at least to a certain extent. Due to financial support, profits of the business have increased which has solved their financial problem at family level also. Hence, their life has become slightly comfortable.

Table 6.34

Table showing Distribution of members according to opinion about concept of group mechanism.

Opinion	SHG		JLG	
	No. of Members	%	No. of Members	%
Concept is best	30	6	14	5.6
Concept is good	470	94	194	77.6
Concept is Ok	0	0	42	16.8
	500	100	250	100

Figure 6.34



As observed, majority of the SHG members (94%) have said that, the concept of SHG is good, whereas 77.6% of the JLG members feel that the concept of JLG is good.

Knowledge about another model

About 71.4% of SHG members say that they do not have any idea about JLG concept where as 37.6% of JLG members said that they do not have any idea about SHG concept.

Suggestions and Expectations of Surveyed Population as indicated by them selves.

SHG

A) Suggestions to members from Sanghatikas for better working of bachat gat

- 1) All members should attend the meetings regularly.
- 2) They should maintain trust and confidence among themselves.
- 3) Every member should pay her dues and saving amount in time.
- 4) All members should take active part in managing and administrating the gat.
- 5) Every member should participate in all the activities organized by the gat as far as possible as, these activities are organized for members only as a part of capacity building programme.

B. Suggestions from Samuhasanghatikas to the members of the gat

- 1) Women entrepreneurs should work hard for improving their business.
- 2) They should be prepared for taking calculated risk in business.
- 3) They should not expect readymade success and remain under the impression that Corporation or somebody will do everything for them.

C. Expectations of members from Corporation

- 1) Paper work required to be done while getting benefits of different schemes should be reduced.
- 2) Age limit for receiving benefits from certain schemes should be relaxed.
- 3) The differences in the terms and conditions applicable for different categories of women in getting benefits are not acceptable to them.
- 4) Income limit set for getting benefits from certain schemes should be increased as old limits, fixed at that time, have lost their relevance at present.

However, almost all the members agree that Corporation is working very hard for uplifting their socio-economic conditions and it is also implementing many schemes for the overall progress of the poor women.

JLG

Expectations of members from NBFC - MFIs.

- 1) They expect that interest rates charged on the loan should be reduced as far as possible.
- 2) They expect larger amount of loan cycles.
- 3) They should get the facility of savings.
- 4) They should get training facilities for skill improvement.

6.2 TESTING OF THE HYPOTHESES

The above tables and their qualitative analysis have already proved the hypotheses. In addition to that, the following statistical tests are made to support the hypotheses.

Hypothesis 1

‘SHGs and JLGs are important and powerful instruments in the development of women entrepreneurship.’

The basic purpose behind formation of SHGs and JLGs is different. SHG is a saving-led growth model whereas JLG is a credit-led growth model. Initially self-help group is formed, and then members start their business. Whereas in JLG, members carrying businesses only form a group. Still, in case of JLG, 15.2% of the members have said that, they have started the business after joining the group.

A. Business started after joining the group

Here we consider that, at least 25% of the members have started the business after joining the group and then we may say that the groups have contributed in the development of women entrepreneurship. Statistically we test the hypothesis as :-

$$H_0 : P = 25,$$

P : Percentage of members who have started the business after joining the group.

$$H_1 : P < 25$$

$$N = 750$$

Large sample test i.e. 'Z' test is used

$$S.E. = \sqrt{\frac{pq}{n}} = \sqrt{\frac{25 \times 75}{750}} = 1.58$$

$$Z = \frac{\text{Difference}}{S.E.} = \frac{2.73}{1.58} = 1.72$$

27.73% of the members both from SHG and JLG have started their business after joining the group.

Critical value of Z is - 1.64

As calculated value 1.72 is more than - 1.64

We accept the null hypothesis. As more than 25% of the members have started their business after joining the group, it proves that both SHG and JLG have contributed in development of women entrepreneurship.

B. Increase in the volume of business as a member of the group

We consider that minimum 75% of the women should feel that their business has increased because they are members of the group. This is considered as contribution in the development of women entrepreneurship. (considered for SHG)

Statistically we test the hypothesis as follows :

$$H_0 : P = 75$$

P : Percentage of women whose business has increased due to the group.

$$H_1 : P < 75$$

$$N = 500$$

As sample size is large we use 'Z' test

$$S.E. = \sqrt{\frac{pq}{n}} = \sqrt{\frac{75 \times 25}{500}} = 1.93$$

$$Z = \frac{\text{Difference}}{S.E.} = \frac{10}{1.93} = 5.18$$

In case of SHGs, 85% of the members have said that their business is benefited and has increased as they are the members of the group.

Critical value of Z is – 1.64

As Z calculated is $5.18 > Z$ critical value – 1.64

Hence we accept H_0 .

As 75% or more of the women members are benefited due to SHGs, it supports the hypothesis that SHGs have contributed in development of women entrepreneurship.

In case of JLGs, all the members (100%) have said that, their business is benefited as they are the members of JLG. This automatically proves the hypothesis that 'JLGs have contributed in the development of entrepreneurship.'

Hence, we conclude that, SHGs and JLGs are important and powerful instruments in the development of women entrepreneurship.

Hypothesis 2

'SHGs and JLGs have both contributed to the socio-economic empowerment of women.'

A. Social empowerment :

With respect to the earlier analysis, social empowerment is considered with following points.

1. Whether their position in the society has become more respectful or not?
2. Whether their status in the family has improved or not?
3. Whether their opinion is considered in the decision process of the family or not?
4. Whether there is positive change in their personality or not ?

As observed, all these aspects are subjective in nature and as such we consider their opinions to test the hypothesis.

We consider that if at least 75% of the women positively accept the aspects, then it will be considered as a contribution to social empowerment of women.

Statistically, we test it as,

$$H_0 : P = 75$$

$$H_1 : P < 75$$

P : Respective Percentages

Now the results are as follows :

Point	Observed Value of P	'Z' value	Decision
Position in society (more respect)	74.13	– 0.55	Accept H_0
Status in family (has improved)	83.73	5.52	Accept H_0
Decision authority (positive)	91.20	10.25	Accept H_0
Change in personality (positive)	72.45	– 1.61	Accept H_0

Since, for all the factors we accept H_0 that at least 75% of women are benefited and empowered, we conclude that, **‘SHGs and JLGs have both contributed to social empowerment of women.’**

B. Economic Empowerment

With respect to earlier analysis, economic empowerment is considered with following points.

1. Whether their personal income has increased or not?
2. Whether they have freedom of using their own earnings or not?

We consider that, if at least 75% of the women have positive response it is considered as a contributor to economic empowerment of women.

Statistically, we test it as,

$$H_0 : P = 75$$

$$H_1 : P < 75$$

We use ‘Z’ value (critical value is – 1.64)

The results are as follows :-

Criteria	Observed Value of P	‘Z’ value	Decision
Increase in personal income	85.46	6.62	Accept H_0
Freedom to use own earned money	78	1.89	Accept H_0

From the above result we can say that, **‘SHG and JLG both have contributed to economic empowerment of women.’**

From the above analysis we conclude that, ‘SHG and JLG both have contributed to socio-economic empowerment of women.’

Hypothesis 3

‘Self employment of women has resulted into the development of personality and skills of women entrepreneurs.’

A. Personality Development

With respect to earlier analysis relating to Table 33 personality development has been considered with respect to following points.

1. They have become smart.
2. Their decision making capacity has improved.
3. Their self confidence level has increased.

For statistical testing, we consider the hypothesis as, at least 50% of the respondents have said that there are positive changes in these aspects.

$$H_0 : P = 50$$

P is percentage of respondents who have said that there is positive change.

$$H_1 : P < 50$$

We use ‘Z’ test,

$$S. E. = 1.82 \text{ critical value} - 1.64$$

Aspects	Percentage (P)	Z value	Decision
Became smart	86	19.85	Accept H_0
Improved decision power	60.66	5.85	Accept H_0
Improved self confidence	58.26	4.53	Accept H_0

It can be observed that, at least 50% of the respondents had changes in the different aspects as become smart, improved decision power and self confidence.

This proves the hypothesis that, **‘self employment has contributed for personality development of women entrepreneurs.’**

B. Skills development

With respect to earlier analysis relating to Table 33, skill development has been considered with respect to following aspects.

1. Improvement in communication skills
2. Improved efficiency.

We consider the hypothesis that at least 50% of the members have positive changes in these skills.

$$H_0 : P = 50$$

P is percentage of respondents who said that there are changes.

$$H_1 : P < 50$$

We use 'Z' test, S. E. = 1.82 critical value of 'Z' is – 1.64

Skills	Percentage (P)	Z value	Decision
Increased communication skill	76.13	14.35	Accept H_0
Improved efficiency	76.40	14.50	Accept H_0

From the above analysis we can conclude that, at least 50% of the entrepreneurs have positive changes in their skills. This proves the hypothesis that, **‘self employment has contributed for skills development of women entrepreneurs.’**

Skill development is also analyzed with reference to following points :

1. **Training** : The proper training for starting and for managing the business is being imparted to SHG members which is a benefit of joining the group.
2. **Marketing** : The group mechanism has offered different sources for marketing the products to the SHG members, through exhibitions and Bhimthadi jatra organised by UCD Department. This has widened their marketing base resulting into improved technique for marketing the products.

3. **Finance** : Since they have joined the group, the bargaining power of both the groups in acquiring finance has increased and now, they are getting loans easily to the extent of their need.

For all these aspects it is being considered that at least 75% of the members are being benefited because of the group. To test statistically we consider 'Z' test

The observed percentages, calculated 'Z' value and results are as follows :

Criteria	P	Z	Result
Training	86.4	7.21	Accept H_0
Marketing	90.00	9.49	Accept H_0
Raising finance	89.2	8.98	Accept H_0

Only for finance criteria, members of both the groups are covered

As observed, in each case we accept H_0 i.e. at least 75% of the members have benefited to have a training and marketing skills and easy finance, **which shows that self employment has contributed for skills development of women entrepreneurs.**

Hence, we conclude that, 'Self employment of women has resulted into the development of personality and skills of women entrepreneurs.'

Chapter 7

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

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7.1 Introduction

In an attempt to study ‘the appropriate model of women entrepreneurship from the SHG and JLG models,’ a certain information, both in quantitative and qualitative form, collected from these respondents has been presented in the preceding chapters. From the foregoing analysis and interpretation of the data, the researcher has drawn certain conclusions and on that basis the recommendations are being made.

This chapter has been divided into three parts. Part one covers summary of the findings, Part two records the conclusions drawn from the analysis and Part three covers the recommendations for the overall improvement in the working of these two models.

7.2 Summary of the Findings

7.2.1 Relating to social profile

- The educational level between 1st to 10th standard is almost same in both the groups. But the percentage of uneducated members is much more in JLG whereas the percentage of educated members is more in SHG. Hence, it can be concluded that SHG members are academically sound as compared to JLG members.
- The percentage of members in the age group of 25 to 45 years is almost same in SHGs and JLGs. This is obvious because, as per the guidelines of UCD Department and of RBI, persons between the age group of 18 to 55 years can become the member of the group. The members of JLG are relatively of young age. On the other hand, the percentage of matured women is more in SHG model.
- Majority of the members of both the groups are married women. Their inclination towards the type of family is changing from joint family system to nuclear family system.

7.2.2 Relating to their groups

- The members of both the groups are of the opinion that, they are being supported by all the other family members to join the group.
- The SHG members appreciate the promising role played by Samuhsanghatikas, in guiding them and in becoming a member of the gat. The JLG members give the credit of forming the gat to the field staff of NBFC-MFIs. Hence, these

community leaders are playing a positive role in motivating the women to form groups for getting the benefits of group mechanism.

- The SHG members have joined the group mainly for inculcating the habit of savings among them, followed by easy access to loans. They intend to start business with this loan, which ultimately increases the personal income of the members.

The JLG members have formed the group mainly for getting the loan through group mechanism, which is utilized for expanding their business.

- Most of the SHG members are saving between Rs. 100 to 200 per month and on an average, monthly saving per member comes to Rs. 163.6. This shows that, majority of the members are from lower income groups. However, they are trying their best to save amount regularly from their Personal sources which can be utilized for the various requirements of life.
- All the SHG members would like to save through group mechanism only. The top priority of utilizing the savings is for the education of their children, followed by business and household purposes. This shows their increased awareness towards educating their children, which is a sign of their maturity.

This facility however, is not available for JLG members as, NBFC-MFIs can not accept deposits from members.

- Almost all the members from both the groups attend the meeting regularly which shows their interest in these models.
- The main difficulty while forming the SHG, is convincing the members about the benefits accrued to them by forming a group and the services available through the group mechanism.

The main difficulty now faced while running the group is to retain their interests in continuing the group.

The JLG leaders are relieved from all these tensions as these problems are taken care of by the NBFC-MFIs.

7.2.3 Relating to business

- A variety of businesses are being undertaken by the members of both the groups. But the most common businesses run by majority of the members are related to 'catering' and 'tailoring'.

- Majority of the members from both the groups have themselves selected the type of business on their own. In SHG model, however, few members have received guidance from other members of the group also in selecting the business.
- Most of the members from both the groups have started their business before joining the group. However, majority of them appreciate the fact that, they could expand the business with the strong support of the group members and the UCD Department in case of SHG model and the NBFC-MFIs in case of JLG model.
- Majority of the SHG members have received training from Corporation for improving their skills in running a business and all the members have confirmed the benefit received from it. This facility is not available to JLG members.
- Majority of the members do not maintain the accounts or records of their businesses. Hence, there is a need, of creating awareness among them in this respect.
- Cutthroat competition in the market is a major problem faced by most of the members from both the groups.
- The main source opted for advertising the product, is mouth to mouth publicity and majority of them run the business from their household only.
- The average monthly profit of SHG member is Rs. 4385 which is better as against Rs 3600 of JLG member. It means the businesses run under SHG model are more profitable. They are also creating some employment opportunities in the economy as compared to JLGs.
- SHG members are exerting more efforts in expanding their business, by improving their skill and knowledge in running a business, and by participating in exhibitions etc. However, JLG members are lagging far behind in this respect.

All this shows that, SHG is a better model for developing entrepreneurship in the society.

7.2.4 Relating to sources and terms and conditions of raising loan

- The initial capital required for starting a business ranges between Rs. 5000 to 30000 in both the models. This is because of the similar nature of business run by the members. The main source of their initial investment is funding from their personal savings. In addition to self-financing, members are taking loans from SHGs and NBFC-MFIs to support their businesses.

- Not a single member from both the groups could take loan from any other source before joining a group. Hence, it can be concluded that, the group has improved their bargaining power and they are benefited due to group model.
- Majority of the members from both the groups are taking loans mainly for business purposes. SHG members are also taking loans for education of their children or for domestic problems, as they can take loan for productive as well as unproductive purposes. However, not a single member from both the groups has taken the loan for purchasing assets.
- Almost all the SHG members say that, the loan is available as per their requirements. However, in case of JLG, nearly half of the respondents say that, their need for funds is more than available and offered to them.
- In case of SHGs, most of the members have received Grant-in-Aid i.e ‘Anudan’ from Corporation through a simple procedure. SHG members are of the opinion that, they can expand their business if they get extra loan. They would like a further loan through SHG mechanism, as rate of interest is lowest. They do not face any problem due to the joint liability concept in repaying the loan, when taken from outside sources.
- In case of JLG model, almost 50% of the members have obtained a loan between Rs. 15000 to Rs. 30000 which is a sizable amount as compared to the loan from SHG.
- Only 32.4% of the members have procured loan twice from the same NBFC-MFI which means they are exploring other sources also for raising the loans. The average rate of interest charged on loan is 23% p.a., reducing balancing method, which is quite high. These members also agree that, joint liability concept does not create any problem for them.

7.2.5 Relating to socio-economic empowerment of women

Economic Empowerment

- All the members from both the groups have unanimously said that, their personal income has increased considerably after forming a group.
- Majority of the members from both the groups are of the opinion that, in most of the cases, they have freedom in utilizing their own earnings. This freedom has made them economically independent to a large extent.

- Most of the women claim that, they have become aware about their well-being only after joining the group. Now, they are in a better position to take care of their families. A further advantage of being a member of group is that, they have understood the concept of ‘empowerment of women’ and its role and importance in the overall development and progress of the family.

Social empowerment

- Most of the women from both the groups accept that, there is a phenomenal rise in their status in the society. There is also a marked improvement in their position in the family. Now, they enjoy freedom in taking decisions, at least relating to their personal matters. Their opinion is now considered and is valuable also in the decision making process of the family. Majority of the members however, have different opinion, relating to equality between male-female as observed in the society. They feel that, even today, equality between male and female in all aspects has remained only on the paper.

Personality and skill improvement

- Most of the members from both the groups appreciate the ‘role of group’ in improving their skills and abilities. They observe that, their communication skills, work efficiency, self-confidence and decision making power has increased a lot. They have become smart and bold enough to take risks in business. They have become particular in all matters and have understood the need of giving respect to the feelings of other members. There is improvement in their understanding of financial matters also. All this has brought positive changes in their personality and now, they are optimistic in facing the challenges of both business and life.
- Majority of the members are happy with the model of group financing of which they are the members. However, surprisingly, majority of them do not have the knowledge of the existence of other model of micro-financing. It means, both the models have wide scope for expanding their activities.

7.3 Conclusions

7.3.1 Regarding SHG model

SHG model is really a better model for the overall development of women. It has resulted into an increased solidarity in the areas where it is implemented due to the 'community based model' it follows. Apart from the credit based functioning, it has given plenty of other positive agendas too. The training programmes organised for developing literacy and numeracy among the members have resulted in the skill development for livelihood based activities and awareness building about female health.

Similarly, SHGs do not resort to strong arm tactics and pressuring measures to ensure repayment of outstanding loan. The repayment terms are also more flexible.

In addition, this model has helped the women in undertaking some entrepreneurial activity and thereby has resulted into their socio-economic empowerment also.

However, insufficient credit supply coupled with the general disinterest of banks to lend to SHGs is a major problem faced by them. Similarly, the lack of diversity in the credit services being offered by the SBL model has made this model ineffective to a certain extent. Hence, RBI should find out some way of pumping more funds easily in this model.

7.3.2 Regarding JLG Model

NBFC-MFIs are authorized, professionally managed and socially committed institutions providing loans and insurance services to economically weak women. As observed by the researcher, in spite of high rate of interest, the number and volume of their business is increasing day by day which appears to be the failure of banking system. As noticed, these poor people are not comfortable with the rules and procedures of banking systems and hence, they don't prefer the loans from banks. From the point of view of banks also, lending to such class of population is a costly affair due to small volume of loan and financial illiteracy of the borrowers.

Thus, providing funds to poor women, who are totally ignored by the formal institutions, is the main strength of this model. In addition to this, these women get the funds at their door step without complying to much legal formalities and physical collateral. Earlier, they were forced to take loans from moneylenders who were charging interest at any rate ranging between 30% to 100%. Hence, as claimed by NBFC-MFIs they are charging comparatively lower rate of interest with due

consideration to the risk factor involved in lending. Thus, in a way, according to them, they are supporting the Government Policy of 'Financial Inclusion' only.

However, in spite of all the above mentioned strong points of NBFC-MFIs, the researcher feels that, NBFC-MFIs have increased the indebtedness of the poor women beyond their repaying capacity. They are not following the transparent pricing policy, which is resulting in exploitation of women by charging a heavy rate of interest. Hence, RBI should undertake strict measures for controlling their working.

To sum up it can be said that, both the models have some strong points and some weaknesses.

- The strong point of SHG model is that, it has resulted into entrepreneurial development along with improved skills, resulting into socio-economic empowerment of women. The weak point however is shortage of funds.
- The strong point of JLG model is availability of funds at the door step of the poor. However, due to cluster formation and fierce competition among themselves, it has resulted into over borrowing by members and that too, at high rate of interest.

Hence, in the present circumstance, SHG is a better model, for developing entrepreneurship, provided sufficient funds are made available for lending purposes.

The researcher however strongly feels that, the efficacy of micro-finance, as an instrument of poverty alleviation, greatly depends on the channel through which it is delivered. In the wrong hands, it could end up being counter-productive in its intended goal.

To sum up, it can be said that, the direct and indirect social benefits that germinate from the solidarity spread by SHG institutions are just not replicable in the the MFI model, and the operational efficiency of MFI is difficult to achieve by the SBL model.

Hence, in future, RBI in consultation with NABARD, should develop a 'third model' which will have good points of both the models and which will eliminate the weaknesses of both. Such model will be the appropriate model for women entrepreneurship.

7.4 Recommendations

7.4.1 To SHG Members

- a) The members should understand the power of group mechanism and should take active interest in the meetings of SHGs as well as in the administrative procedures.
- b) The members should follow the latest strategies for marketing their products. They should make changes right from the packing of the product till the attractive schemes of selling the goods. They should understand that, unless they follow the latest trends in marketing field, they can not capture the market for their products.
- c) They should try their best in improving the quality of their products and should supply consistently the quality products in the market. This will create confidence in the minds of buyers also about them.
- d) They should increasingly participate in the exhibitions organised by the Corporation, which can open up many opportunities for them in various fields in future.
- e) They on their own, should join advanced training courses for improving their existing skills and knowledge.
- f) They should encourage the other members of the group to undertake some type of entrepreneurial activity.
- g) They should maintain trust and confidence among themselves, as this is the base of the SHG model.

7.4.2 To Sanghatikas

As observed by the researcher, the success and growth of the self help group depends largely on the honesty, sincerity and hard work of its leaders. This increases their responsibility to a great extent, than the other group members.

- a) Sanghatikas should develop various qualities of heart and head in order to manage the group successfully.
- b) They should always act like a guide and philosopher of the group.
- c) They should communicate all the schemes of Corporation to the members and encourage them to take benefit of these schemes.
- d) They should also communicate the problems and expectations of the members to Corporation through Samuhsanghatikas.

- e) They should find out some innovative practices for motivating the members in continuing the group like holding meeting at member's house in rotation. Similarly to improve their knowledge about finance, they may ask every member to visit a bank personally to collect the amount of their internal loan.
- f) All Sanghatikas from a particular prabhag should meet at least once in a month to find out the practices followed by other leaders in managing the group. They can also consult those Sanghatikas, whose group has been awarded for best management by the Corporation.

7.4.3 To Samuhsanghatikas

As observed by the researcher, Samuhsanghatikas play a major role not only in forming the SHGs, but also in their overall working. This is obvious because, they act as a link between the UCD Department and Self-help groups. With due respect to their job, the researcher would like to make some suggestions in the best interest of SHGs in their prabhag.

- a) In spite of their hard work, the researcher could find many pockets of slum areas, where the women even don't know the concept of SHG. Hence, they must cover each and every slum pocket in their prabhag may be with the help of one or two assistants by requesting the UCD Department.
- b) Along with the formation of new groups, they should also see that, the old groups are doing well. Similarly, they should support the weak groups in order to prevent them from closing down.
- c) Samuhsanghatikas should communicate the expectations of the groups to the UCD Department of Corporation, and also the schemes of Corporation to the groups.
- d) They should understand that, they are doing a thankless job. However, it is in no way less than a award winning job. Hence, they should not get frustrated because of low returns, heavy work load, uncertainty about employment etc.

7.4.4 To UCD Department of PMC

As noticed by the researcher, UCD Department is really working hard and trying its best for the better performance of the SHGs, in order to achieve the objectives of micro-financing. Still, the researcher would like to suggest few areas where UCD Department has scope for improvement.

- a) As observed, Samuhsanghatikas are really loaded heavily with various types of duties and responsibilities. This is so because, they are responsible for executing all the schemes of Corporation in their prabhag. Hence, they should be supported by additional staff.
- b) Corporation should improve the terms and conditions governing their employment such as, guarantee of employment, extra allowance for traveling, phone charges, transfer policy from one prabhag to another etc.
- c) Exhibitions should be organised at least 4 times a year which will help the bachat gat in increasing the volume of their sales.
- d) UCD Department must erect permanent platforms to sell the products of SHGs in various parts of the city.
- e) As far as possible, all the orders for their own requirements should be placed with SHGs.
- f) It should relax the restrictions relating to age, income, caste etc, for giving the benefits of its schemes to members. Similarly, the paper work required to be done in this respect should be simplified.

7.4.5 To Financial Institutions especially Nationalized Banks

As claimed by the Sanghatikas, they do not get proper treatment from nationalized banks either at the time of opening an account or while operating it. Similarly, banks are not much interested in giving the loans even to the genuine projects of SHGs. The members are required to visit the bank frequently for completing the paper work, which wastes their time, money and energy.

Hence, it is suggested that, banks should support SHGs in all possible ways and help the Government in achieving its objective of poverty alleviation through micro-financing.

7.4.6 To members of JLGs

The researcher observed that, the JLG members are really very poor and illiterate. Even today, they are badly in need of funds. Hence, they should be very careful while taking loans.

- a) As far as possible, they should take loans for business purposes only and importantly, should use it for business purposes. This is very important because earnings from business improves their capacity to repay the loans.

- b) Many times, they are tempted to take loans as it is easily available without checking their repayment capacity. This should be avoided.
- c) They should try to understand, all the terms and conditions governing the loan product before taking the loan.
- d) As observed by the researcher, many times, these members are being deceived by the fake agents. In some cases, they have suffered losses also by losing money given as initial contribution. Hence, they should be alert, before accepting the proposal, as cost of borrowing is very heavy.
- e) They should improve their literacy level and skill of carrying the business which will be helpful to them in the long run.
- f) They should cultivate the habit of regular savings.

7.4.7 To NBFC-MFIs

- a) NBFC-MFIs should reduce the rate of interest charged on loan as far as possible.
- b) They should follow all the guidelines of RBI strictly and honestly.
- c) They should open their branches in remote areas and should avoid cluster formation.
- d) They should maintain transparency in their working so that the borrowers can get clear idea about the actual rate of interest and other charges charged.
- e) NBFC-MFIs should not compete among themselves. They should avoid over-lending, and should not take the undue advantage of the illiteracy and ignorance of the borrowers.
- f) NBFC-MFIs should make efforts to improve the literacy level of members and should organize training programmes to improve their skills and knowledge.
- g) They should not follow any coercive measures for recovering the dues from borrowers, when not paid in time.
- h) They should encourage the members to inculcate the habit of saving as it will help the members in the long run.

7.4.8 To RBI and NABARD

As understood from the earlier analysis, introduction of SHG and JLG models are one of the outstanding achievements of NABARD and RBI. Over the period of time, they have refined these models to suit the requirements of poor people. Still, there are certain grey areas which need their attention.

- a) Banks should be encouraged to give loans to the projects of SHG members. NABARD should make a periodical review of the loan applications received by banks, loans sanctioned and disbursed by them and its recovery rate, in order to check the actual 'priority sector lending policy' followed by banks. Every bank may be encouraged to earmark some of its branches, as working purely for bachat gat, as has been done by Bank of Maharashtra, in respect of their Hadapsar Branch.
- b) RBI and NABARD should exercise strict control over the working of NBFC-MFIs as they are likely to take undue advantage of the weaker position of the borrowers.
- c) NBFC-MFIs rely mainly on the borrowed funds from formal sector banks for re-lending it to micro borrowers. Hence, they should get funds at a lower cost from financial institutions so that, in turn, they can lend it again at lower cost.
- d) RBI must make it compulsory for all the NBFC-MFIs to become a member of some credit bureau information system like High Mark or Crisil to get the information about the financial status of the borrower. It should suggest the NBFC-MFI to get its merit rating done in order to create confidence among the borrowers. It should also appoint the auditors to check the accounts of NBFC-MFIs regularly.

7.5 Summing up

To sum up, it can be said that, these models have helped the poor women to come out from their confined boundaries and join hands to form a group. Through their association, they have gained power and this power has helped them and their families on various fronts like education, health care etc. This ultimately has helped in the overall progress of the society as well.

Women have started businesses from their own savings, and with loans from banks or from NBFC-MFIs. Their businesses have created employment opportunities in the economy also. Their products, especially of SHGs, are marketed not only in local areas but also at regional, national or even at international level.

Hence, this movement has proved to be a golden opportunity for development of women and a ray of hope for reducing the overall poverty in the economy.

7.6 Scope for further research

1. A separate study may be undertaken of the SHGs formed by NGOs or by other organization.
2. A comparative study may be undertaken of SHGs financed by Pathpedhis and by banks in Pune city.
3. A study may be undertaken to find out the 'role of exhibitions in marketing the products of SHGs' organised by UCD Department.
4. A comparative study of all the NBFC-MFIs working in Pune city can be undertaken to find out their role and success in the Financial Inclusion policy of the Government.
5. A research may be undertaken to find out the differences in the socio-economic empowerment of women between the entrepreneur members and non-entrepreneur members of SHGs.

Appendix A

बचत गटांच्या व्यावसायीक सभासदांसाठी प्रश्नावली

अ. प्राथमिक माहिती (information about the member)

१. नाव

२. शिक्षण

निरक्षर

☐

१ली ते १०वी

☐

११वी व १२ वी

☐

पदवीधर

☐

३. वय

२५ पर्यंत

☐

२५ ते ४५

☐

४५ च्या पुढे

☐

४. वैवाहिक स्वरूप

विवाहित

☐

घटस्फोटिता

☐

विधवा

☐

अविवाहित

☐

५. कुटुंबाचे स्वरूप

स्वतंत्र कुटुंब

☐

संयुक्त कुटुंब

☐

ब. बचत गटासंबंधी माहिती (About self help group)

१. गटाचे नाव

२. सदस्यत्व घेण्यासाठी घरून प्रोत्साहन मिळाले का?

हो

☐

नाही

☐

३. बचत गटाची माहिती कशी मिळाली ?

- समुहसंघटिकेकडून ☐
फिल्ड स्टाफकडून ☐
स्वयंसेवीसंस्थेकडून ☐
मैत्रिणीकडून ☐

४. बचत गटामध्ये सभासद होण्याचे कारण ?

(एकापेक्षा जास्त उत्तरे असल्यास १ ते ४ क्रमांक पर्यायाच्या प्राथमिकतेनुसार/योग्यतेनुसार घालणे.)

- बचत करण्यासाठी ☐
व्यवसाय करण्यासाठी ☐
नवीन कौशल्ये शिकण्यासाठी ☐
कर्ज मिळण्यासाठी ☐

५. गटात दरमहा किती बचत करता ?

- ५० ते १०० ☐
१०० ते २०० ☐
२०० ते ३०० ☐
३०० ते ४०० ☐
४०० च्या वर ☐

६. बचत गटामार्फत बचत करण्यापेक्षा, स्वतःच्या नावाने स्वतंत्र बचत करायला हवी होती असे वाटते का?

- होय ☐
नाही ☐

७. नाही असे उत्तर असल्यास त्याचे कारण काय ?

८. बचतीसाठी पैसा उभा करण्याचे मार्ग कुठले ?

- स्वतःच्या कमाईतून ☐
कुटुंबियांकडून ☐

९. बचतीचा विनियोग कशासाठी अधिक कराल ?
(एकापेक्षा जास्त उत्तरे असल्यास १ ते ५ क्रमांक पर्यायाच्या प्राथमिकतेनुसार/
योग्यतेनुसार घालणे.)

आरोग्य	☐
शिक्षण	☐
घर दुरुस्ती	☐
व्यवसाय	☐
घरगुती कारणांसाठी	☐

१०. सर्व सभासद मिटिंगला हजर असतात का ?

होय	☐
नाही	☐

११. बचत गट सुरू होताना काय समस्या जाणवल्या ?

१२. बचत गट चालवतांना आत्ता कोणत्या समस्या जाणवतात ?

क. व्यावसायिक माहिती (About business)

१. तुम्ही कशाचा व्यवसाय करता ?

२. या व्यवसायाची निवड कशी केली ?

स्वतःहून	☐
गटाच्या सल्ल्याने	☐
नातेवाईकाच्या सल्ल्याने	☐
मैत्रिणीच्या सल्ल्याने	☐

३. गटात सभासद होण्याआधीपासून व्यवसाय करीत आहात की गटात सभासद झाल्यानंतर ?

आधीपासून	☐
सभासद झाल्यानंतर	☐

४. गटामुळे व्यवसाय वाढला असे तुम्हाला वाटते का ?

होय ☐
नाही ☐

५. व्यवसायासाठी प्रशिक्षण मिळाले का ?

होय ☐
नाही ☐

६. व्यवसायासाठी प्रशिक्षण कुठून मिळाले ?

महापालिकेतर्फे ☐
निम शासकिय संस्था ☐
खाजगी संस्था ☐

७. प्रशिक्षणाचा उपयोग झाला का ?

होय ☐
नाही ☐

८. व्यवसायात कोणत्या अडचणी येतात.

बाजारपेठेचा अभाव ☐
जागेची कमतरता ☐
स्पर्धा ☐
बाजारपेठेची माहिती ☐
अपुरे भांडवल ☐

९. मालाची जाहिरात कशी करता ?

स्वतः भेटून ☐
महापालिकेची मदत घेऊन ☐
विक्रेते नेमून ☐

१०. मालाची विक्री कशी केली जाते ?

शासनाच्या मागणीनुसार पुरवठा ☐
घरगुती ☐
भीमथडी जत्रा ☐
प्रदर्शन ☐
घाऊक बाजारपेठ ☐

११. व्यवसायातून मासिक नफा किती रुपये होतो ?

रु. ३००० पर्यंत ☐

रु. ३००० ते ६००० ☐

रु. ६००० च्या वर ☐

१२. व्यवसायाचे हिशोब व नोंदी ठेवता कां ?

होय ☐

नाही ☐

१३. या व्यवसायाने किती जणांना रोजगाराच्या संधी मिळाल्या ?

कोणालाही नाही ☐

१ ते ४ व्यक्तींना ☐

४ च्या वर ☐

१४. व्यवसाय वाढविण्याच्या दृष्टिने काय प्रयत्न करता ?

ड. कर्जविषयक माहिती (About loan)

१. व्यवसायासाठी सुरुवातीला किती भांडवल लागले ?

५००० ते १०००० ☐

१०००० ते २०००० ☐

२०००० ते ३०००० ☐

३०००० ते ४०००० ☐

४०,००० पेक्षा जास्ती ☐

२. सुरुवातीच्या भांडवल उभारणीचे मार्ग कोणते ?

स्वतःचे ☐

गटाकडून कर्ज ☐

बँकेकडून कर्ज ☐

पतसंस्थेकडून कर्ज ☐

अनुदानातून ☐

सूक्ष्म वित्तीय संस्थेकडून ☐

३. बचत गटात येण्यापूर्वी कर्ज घेतले होते का ?
 होय ☐
 नाही ☐
४. घेतले असल्यास कोणाकडून घेतले होते ?
 बँकेकडून ☐
 पतसंस्थेकडून ☐
 सावकारांकडून ☐
 नातेवाईकांकडून ☐
 मैत्रिणीकडून ☐
 सूक्ष्म वित्तीय संस्थेकडून ☐
५. बचत गटाकडून कर्ज कोणत्या कारणासाठी घेतले ?
 व्यवसाय ☐
 घरगुती ☐
 वैद्यकीय उपचार ☐
 शिक्षण ☐
 मालमत्तेची खरेदी ☐
 (फ्रिज, टिव्ही, जमीन वगैरे)
६. गटाकडून गरजेनुसार कर्ज उपलब्ध होते का ?
 होय ☐
 नाही ☐
७. गटाकडून कर्ज मिळण्याची पद्धत कशी वाटते ?
 सोपी ☐
 साधारण ☐
 अवघड ☐
८. गटामधून मिळणाऱ्या कर्जाचा व्याजदर किती ?

९. व्यवसायातून मिळणाऱ्या नफ्यातून कर्ज व व्याज फेडता येते कां ?
 होय ☐
 नाही ☐
१०. बचतगटाव्यतिरिक्त इतर कुठून कर्ज घेतले आहे का ?
 होय ☐
 नाही ☐
११. कर्ज घेतले असल्यास कोणत्या संस्थेकडून घेतले ?
 बँककडून ☐
 सूक्ष्म वित्तीय संस्थेकडून ☐
 पतपेढीकडून ☐
१२. महापालिकेतर्फे व्यवसायासाठी तुम्हाला अनुदान मिळाले का ?
 होय ☐
 नाही ☐
१३. अनुदान मिळण्यासाठी अडचणी येतात असे वाटते का ?
 होय ☐
 नाही ☐
१४. अधिक कर्ज मिळाल्यास व्यवसाय अधिक वाढवता येईल असे वाटते कां ?
 होय ☐
 नाही ☐
१५. जास्तीचे कर्ज कुठून मिळावे असे वाटते ?
 बँकेकडून ☐
 बचत गटाकडून ☐
 सूक्ष्म वित्तीय संस्थेकडून ☐
 पतपेढीकडून ☐
१६. संयुक्त जबाबदारीमुळे अडचणी येतात असे तुम्हाला वाटते का ?
 होय ☐
 नाही ☐
 कधी कधी ☐

१७. बचत गटात असल्याने व्यवसायात कोणत्या संधी मिळाल्या असे वाटते ?

इ. सामाजिक आणि आर्थिक सबलीकरण

(About social & economic empowerment)

१. बचतगटात आल्यामुळे वैयक्तिक उत्पन्न वाढले का ?

होय ☐

नाही ☐

२. तुमच्या कमाईचा वापर करण्याचा अधिकार तुम्हाला आहे का ?

अनेकदा ☐

कधी कधी ☐

क्वचित ☐

३. बचत गटात असल्याने आर्थिकदृष्ट्या स्वावलंबी झालो आहोत असे तुम्हाला वाटते का ?

पूर्णपणे ☐

काहीप्रमाणात ☐

अजिबात नाही ☐

४. बचतगटात आल्यामुळे स्वहिताची जाणीव झाली आहे का ?

होय ☐

नाही ☐

थोडीफार ☐

५. तुम्हाला महिला सक्षमीकरणाबाबत पूर्वी माहिती होती का ?

होय ☐

नाही ☐

६. गटात असल्याने समाजाचा तुमच्याकडे बघण्याच्या भूमिकेत सकारात्मक बदल झाला आहे असे तुम्हाला वाटते का ?

होय ☐

नाही ☐

थोडाफार ☐

७. त्यामुळे समाजातील स्थान सुधारले आहे असे वाटते का ?

होय ☐
नाही ☐
थोडाफार ☐

८. तुमचा कुटुंबातील मान वाढला आहे असे वाटते का ?

होय ☐
नाही ☐
थोडाफार ☐

९. तुम्ही तुमच्या आयुष्यातील आर्थिक निर्णय स्वतंत्रपणे घेता का ?

अनेकदा ☐
कधी कधी ☐
क्वचित ☐

१०. घरातील निर्णय प्रक्रियेत तुमचे मत विचारात घेतले जाते का ?

अनेकदा ☐
कधी कधी ☐
क्वचित ☐

११. अजूनही स्त्री-पुरुष समानता ही बोलण्यापुरेशीच गोष्ट आहे असे वाटते का?

होय ☐
नाही ☐

१२. बचत गटात सहभागी झाल्यामुळे आपल्या व्यक्तीमत्त्वात खालीलपैकी कोणते गुण बदल झाले ?

	झाले	नाही	हे गुण पूर्वीपासून होते
संभाषणचातुर्य	☐	☐	☐
व्यवहारचातुर्य	☐	☐	☐
निर्णयक्षमता	☐	☐	☐
वक्तृशिरपणा	☐	☐	☐
इतरांच्या विचाराची कदर	☐	☐	☐
आत्मविश्वास	☐	☐	☐
कार्यक्षमतेत वाढ	☐	☐	☐
धाडसीपणा	☐	☐	☐

१३. आधीचे आयुष्य व बचतगटात सभासद झाल्यानंतरचे आयुष्य यात ठळकपणे कोणते बदल जाणवतात ?

१४. तुम्हाला बचत गट योजना कशी वाटते ?

उत्तम ☐

चांगली ☐

ठिक ☐

१५. तुम्हाला जाँईट लायबिलिटी संकल्पनेबद्दल माहिती आहे का ?
(मायक्रो फायनान्स कंपनी)

होय ☐

नाही ☐

१६. बचत गट आणखी यशस्वी करण्यासाठी आपल्या काय सूचना आहेत ?
गटासाठी सूचना :

महापालिकेसाठी सूचना :

Appendix B

जॉईंट लायबिलिटी गटाच्या व्यावसायिक सभासदांसाठी प्रश्नावली

अ. प्राथमिक माहिती (information about the member)

१. नाव

२. शिक्षण

निरक्षर

☐

१ली ते १०वी

☐

११वी व १२ वी

☐

पदवीधर

☐

३. वय

२५ पर्यंत

☐

२५ ते ४५

☐

४५ च्या पुढे

☐

४. वैवाहिक स्वरूप

विवाहित

☐

घटस्फोटिता

☐

विधवा

☐

अविवाहित

☐

५. कुटुंबाचे स्वरूप

स्वतंत्र कुटुंब

☐

संयुक्त कुटुंब

☐

ब. गटासंबंधी माहिती (About Joint Liability Group)

१. गटाचे नाव

२. सदस्यत्व घेण्यासाठी घरून प्रोत्साहन मिळाले का?

हो

☐

नाही

☐

३. गटाची माहिती कशी मिळाली ?

- समुहसंघटिकेकडून ☐
फिल्ड स्टाफकडून ☐
स्वयंसेवीसंस्थेकडून ☐
मैत्रिणीकडून ☐

४. गटामध्ये सभासद होण्याचे कारण काय ?

(एकापेक्षा जास्त उत्तरे असल्यास १ ते ४ क्रमांक पर्यायाच्या प्राथमिकतेनुसार/योग्यतेनुसार घालणे.)

- बचत करण्यासाठी ☐
व्यवसाय करण्यासाठी ☐
नवीन कौशल्ये शिकण्यासाठी ☐
कर्ज मिळण्यासाठी ☐

५. सर्व सभासद मिटिंगला हजर असतात का ?

- होय ☐
नाही ☐

६. गट सुरू होताना काय समस्या जाणवल्या ?

७. गट चालवतांना आता कोणत्या समस्या जाणवतात ?

क. व्यावसायिक माहिती (About business)

१. तुम्ही कशाचा व्यवसाय करता ?

२. या व्यवसायाची निवड कशी केली ?

- स्वतःहून ☐
गटाच्या सल्ल्याने ☐
नातेवाईकाच्या सल्ल्याने ☐
मैत्रिणीच्या सल्ल्याने ☐

३. गटात सभासद होण्याआधीपासून व्यवसाय करीत आहात की गटात सभासद झाल्यानंतर ?
 आधीपासून ☐
 सभासद झाल्यानंतर ☐
४. गटामुळे व्यवसाय वाढला असे तुम्हाला वाटते का ?
 होय ☐
 नाही ☐
५. व्यवसायात कोणत्या अडचणी येतात.
 बाजारपेठेचा अभाव ☐
 जागेची कमतरता ☐
 स्पर्धा ☐
 बाजारपेठेची माहिती ☐
 अपुरे भांडवल ☐
६. मालाची जाहिरात कशी करता ?
 स्वतः भेटून ☐
 विक्रेते नेमून ☐
७. मालाची विक्री कशी केली जाते ?
 शासनाच्या मागणीनुसार पुरवठा ☐
 घरगुती ☐
 भीमथडी जत्रा ☐
 प्रदर्शन ☐
 घाऊक बाजारपेठ ☐
८. व्यवसायातून मासिक नफा किती रुपये होतो ?
 रु. ३००० पर्यंत ☐
 रु. ३००० ते ६००० ☐
 रु. ६००० च्या वर ☐

९. व्यवसायाचे हिशोब व नोंदी ठेवता कां ?

होय ☐

नाही ☐

१०. या व्यवसायने किती जणांना रोजगाराच्या संधी मिळाल्या ?

कोणालाही नाही ☐

१ ते ४ व्यक्तींना ☐

४ च्या वर ☐

११. व्यवसाय वाढविण्याच्या दृष्टिने काय प्रयत्न करता ?

ड . कर्जविषयक माहिती

१. व्यवसायासाठी सुरुवातीला किती भांडवल लागले ?

५००० ते १०००० ☐

१०००० ते २०००० ☐

२०००० ते ३०००० ☐

३०००० ते ४०००० ☐

४०,००० पेक्षा जास्ती ☐

२. सुरुवातीच्या भांडवल उभारणीचे मार्ग कोणते ?

स्वतःचे ☐

गटाकडून कर्ज ☐

बँकेकडून कर्ज ☐

पतसंस्थेकडून कर्ज ☐

अनुदानातून ☐

सूक्ष्म वित्तीय संस्थेकडून ☐

३. गटात येण्यापूर्वी कर्ज घेतले होते का ?
 होय ☐
 नाही ☐
४. घेतले असल्यास कोणाकडून घेतले होते ?
 बँकेकडून ☐
 पतसंस्थेकडून ☐
 सावकारांकडून ☐
 नातेवाईकांकडून ☐
 मैत्रिणीकडून ☐
 सूक्ष्म वित्तीय संस्थेकडून ☐
५. ह्या संस्थेकडून कर्ज कोणत्या कारणासाठी घेतले ?
 व्यवसाय ☐
 घरगुती ☐
 वैद्यकीय उपचार ☐
 शिक्षण ☐
 मालमत्तेची खरेदी ☐
 (फ्रिज, टिव्ही, जमीन वगैरे)
६. संस्थेकडून गरजेनुसार कर्ज उपलब्ध होते का ?
 होय ☐
 नाही ☐
७. संस्थेकडून कर्ज मिळण्याची पद्धत कशी वाटते ?
 सोपी ☐
 साधारण ☐
 अवघड ☐
८. ह्या संस्थेकडून कर्ज किती व्याजदराने मिळाले ?
९. व्यवसायातून मिळणाऱ्या नफ्यातून कर्ज व व्याज फेडता येते का ?
 होय ☐
 नाही ☐

१०. या संस्थेकडून किती कर्ज मिळाले ?

रु. ७००० ते १५००० ☐

रु. १६००० ते ३०००० ☐

रु. ३०००० च्या वर ☐

११. या संस्थेकडून आत्तापर्यंत किती वेळा कर्ज घेतले ?

एकदा ☐

दोनदा ☐

तीनदा किंवा त्यापेक्षा जास्ती ☐

१२. ह्या संस्थेव्यतिरिक्त इतर कुठून कर्ज घेतले आहे का ?

१३. कर्ज घेतले असल्यास कोणत्या संस्थेकडून घेतले ?

बँककडून ☐

सूक्ष्म वित्तीय संस्थेकडून ☐

पतपेढीकडून ☐

१४. अधिक कर्ज मिळाल्यास व्यवसाय अधिक वाढवता येईल असे वाटते कां ?

होय ☐

नाही ☐

१५. जास्तीचे कर्ज कुठून मिळावे असे वाटते ?

बँककडून ☐

बचत गटकडून ☐

सूक्ष्म वित्तीय संस्थेकडून ☐

पतपेढीकडून ☐

१६. संयुक्त जबाबदारीमुळे अडचणी येतात असे तुम्हाला वाटते का ?

होय ☐

नाही ☐

कधी कधी ☐

१७. गटात असल्याने व्यवसायात कोणत्या संधी मिळाल्या असे वाटते ?

इ. सामाजिक आणि आर्थिक सबलीकरण
(About social & economic empowerment)

१. गटात आल्यामुळे वैयक्तिक उत्पन्न वाढले का ?

होय ☐

नाही ☐

२. तुमच्या कमाईचा वापर करण्याचा अधिकार तुम्हाला आहे का ?

अनेकदा ☐

कधी कधी ☐

क्वचित ☐

३. गटात असल्याने आर्थिकदृष्ट्या स्वावलंबी झालो आहोत असे तुम्हाला वाटते का ?

पूर्णपणे ☐

काहीप्रमाणात ☐

अजिबात नाही ☐

४. गटात आल्यामुळे स्वहिताची जाणीव झाली आहे का ?

होय ☐

नाही ☐

थोडीफार ☐

५. तुम्हाला महिला सक्षमीकरणाबाबत पूर्वी माहिती होती का ?

होय ☐

नाही ☐

६. गटात असल्याने समाजाचा तुमच्याकडे बघण्याच्या भूमिकेत सकारात्मक बदल झाला आहे असे तुम्हाला वाटते का ?

होय ☐

नाही ☐

थोडाफार ☐

७. त्यामुळे समाजातील स्थान सुधारले आहे असे वाटते का ?

होय ☐

नाही ☐

थोडाफार ☐

८. तुमचा कुटुंबातील मान वाढला आहे असे वाटते का ?

होय ☐

नाही ☐

थोडाफार ☐

९. तुम्ही तुमच्या आयुष्यातील आर्थिक निर्णय स्वतंत्रपणे घेता का ?

अनेकदा ☐

कधी कधी ☐

क्वचित ☐

१०. घरातील निर्णय प्रक्रियेत तुमचे मत विचारात घेतले जाते का ?

अनेकदा ☐

कधी कधी ☐

क्वचित ☐

११. अजूनही स्त्री-पुरुष समानता ही बोलण्यापुरेशीच गोष्ट आहे असे वाटते का ?

होय ☐

नाही ☐

१२. गटात सहभागी झाल्यामुळे आपल्या व्यक्तीमत्त्वात खालीलपैकी कोणते गुण बदल झाले ?

	झाले	नाही	हे गुण पूर्वीपासून होते
संभाषणचातुर्य	☐	☐	☐
व्यवहारचातुर्य	☐	☐	☐
निर्णयक्षमता	☐	☐	☐
वक्तृशिरपणा	☐	☐	☐
इतरांच्या विचाराची कदर	☐	☐	☐
आत्मविश्वास	☐	☐	☐
कार्यक्षमतेत वाढ	☐	☐	☐
धाडसीपणा	☐	☐	☐

१३. आधीचे आयुष्य व गटात सभासद झाल्यानंतरचे आयुष्य यात ठळकपणे कोणते बदल जाणवतात ?

१४. तुम्हाला संयुक्त जबाबदारी ही योजना कशी वाटते ?

उत्तम ☐

चांगली ☐

ठिक ☐

१५. तुम्हाला बचत गट संकल्पनेबद्दल माहिती आहे का ?

होय ☐

नाही ☐

१६. ह्या संस्थेकडून अजून तुमच्या काय अपेक्षा आहेत ?

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