



## **A STUDY ON MICRO-CREDIT MANAGEMENT AT ST. JOSEPH'S DEVELOPMENT TRUST (SJDT), GENGUVARPATTI, THENI DISTRICT**

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### **ABSTRACT**

This present research study begins with a background discussion about the Micro-Credit Management at St. Joseph's Development Trust (SJDT), Genguvarpatti, Theni District and the issues and experiences of women's groups discussed so far, do indicate that women are coming out when they are economically empowered and made aware of the injustices that they are experiencing. It is also suggested that women had the capabilities to emerge as a collective force to identify and improve their rights and relations with men. However they needed training and guidance of SJDT to stand against evil practices. Later SJDT extended the service to 15 villages with integrated community development approach. Initially women of these villages were mobilized as Self-help groups and the children of the same villages were brought under the evening tuition centre programme.

The women self-help groups formed, had received micro-credit facilities to ensure their economical development. Micro-credit programme to self-help groups provided ample opportunities as one of the strategy to alleviate poverty to ensure their regular income, which enabled the children to receive continuous education and skills on leadership. The integrated and holistic approach in the community development programme of SJDT in these districts has enhanced the quality of living of the deprived and marginalized people towards the socio-economic transformation. In this present study the further were briefly described in the full paper.



**Key Word: SJDT, SHG, Women, Micro credit Management, Socio Economic, Empowerment.**

## INTRODUCTION

Micro-credit is the extension of very small loans to those in poverty designed to spur entrepreneurship. These individuals lack collateral, steady employment and a verifiable credit history and therefore cannot meet even the most minimal qualifications to gain access to traditional credit. Micro-credit is a part of Micro-finance , which is the provision of a wider range of financial services to the very poor. Micro-credit is a financial innovation, which has successfully enabled extremely impoverished people to engage in self-employment projects that allow them to generate an income and, in many cases, begins to build wealth and exit poverty. Due to the success of micro-credit, many in the traditional banking industry have begun to realize that these micro-credit borrowers should more correctly be categorized as pre-bankable; thus, micro-credit is increasingly gaining credibility in the mainstream finance industry, and many traditional large finance organizations are contemplating micro-credit projects as a source of future growth. The United Nations declared 2005 as the International Year of Micro-credit.

Ideas relating to micro-credit can be found at various times in modern history, like the Irish Loan Funds of the 18th and 19th centuries. In the mid-1800s, Individualist anarchist Lysander Spooner wrote about the benefits of numerous small loans for entrepreneurial activities to the poor as a way to alleviate poverty. The origins of micro-credit in its current practical incarnation, with attention paid by economists and politicians worldwide, can be linked to several organizations founded in Bangladesh, especially the Grameen Bank in the 1970s and onward, for which its founder Muhammad Yunus was awarded the Nobel Peace Prize in 2006.

Micro-credit is based on a separate set of principles, which are distinguished from general financing or credit. Micro-credit emphasizes building capacity of a micro-entrepreneur, employment generation, trust building, and help to the micro-entrepreneur on initiation and during difficult times. The US business magazine 'Forbes' ranked the world's top 50 Micro-finance institutions. India and Bangladesh together are home to the most MFIs. Seven of the 50 were little-known institutions from India. In the past few years, savings-led Micro-finance has gained recognition as an effective way to bring very poor families low-cost financial services.



SHGs comprise twenty or fewer members, of whom the majorities are women from the poorest castes and tribes.

Members save small amounts of money, as little as a few rupees a month in a group fund. Members may borrow from the group fund for a variety of purposes ranging from household emergencies to school fees. As SHGs prove capable of managing their funds well, they may borrow from a local bank to invest in small business or farm activities. Groups generally pay interest rates that range from 12% to 24% a year, based on the flat calculation method. Traditional moneylenders in the informal economy of developing countries often use flat interest rate loans. Nearly 4.6 million SHGs comprising approximately 68 million women now borrow from banks, which make the Indian SHG-Bank Linkage model the largest Micro-finance program in the world.

Micro-financing also helps in the development of an economy by giving everyday people the chance to establish a sustainable means of income. Eventual increases in disposable income will lead to economic development and growth. The Left Business Observer has described the micro-credit movement as a privatization of public safety-net programs. Enthusiasm for micro-credit among government officials as an anti-poverty program can motivate cuts in public health, welfare, and education spending. Neff maintains that the success of the micro-credit model has been judged disproportionately from a lender's perspective like repayment rates, financial viability and not from that of the borrowers. For example, the Grameen Bank's high repayment rate does not reflect the number of women who are repeat borrowers that have become dependent on loans for household expenditures rather than capital investments. Studies of micro-credit programs have found that women often act merely as collection agents for their husbands and sons, such that the men spend the money themselves while women are saddled with the credit risk.

### **Poverty and Women**

Poverty has a woman's face. There are more women than men who suffer from abject poverty. They live in severe deprivation and despair. In fact, hunger and poverty are more female issues than male issues. According to an estimate, of about 1.2 billion people in absolute poverty in the world, the majority are women. Traditionally they have to manage the family with virtually nothing to manage with. If any one has to go hungry in the family, it is usually the mother.



***“Mother has to go through the traumatic experience of not being able to feed her children during the days of famine and scarcity”***

Despite progress in some areas like life expectancy, education, fertility rates, maternal mortality rates etc. in different countries, women still face many barriers to economic, social and political opportunities. In many countries, women are facing continuing legal discrimination. They are not treated as equal to men whether in property rights, rights of inheritance, laws related to marriage and divorce, or the rights to acquire nationality, manage property or seek employment-. For many women, life is shadowed by a threat of violence - both physical and psychological.

For all these reasons, credit is much more significant for women than men. With credit, poor women turn out to be better fighters. They have immense potential to move up. They are hard working. They are concerned about their human dignity, and about the future of their children. They are ready to make personal sacrifices to increase benefits to their family and for building a brighter future for their children. They do not like to see their children suffer from poverty as they have suffered through out their own lives. Once they have access to credit they are better equipped to maneuver the forces around them to their best advantage. They try their best to earn more, to build and expand their capital base and improve their quality of life. They are empowered. They are able to enjoy their human right which is definitely a difficult and challenging task but which is achievable.

**Seed money / revolving fund**

Seed money is provided to SHG members for implementing income generating activities (IGAs). It is used as a revolving fund for enlarging the number of beneficiaries who could derive benefits from credit scheme along with monthly savings and cumulative interest. To become eligible for receipt of seed money, the group members have to save for one year and continuously afterwards. Usually, each member saves Rs. 10 to 50 per month (about 1US\$). Only the members of the SHG groups are eligible for obtaining loans for income generating activities. Each self-help groups is given a revolving fund at the rate of Rs. 1,000 (US\$ 20) per member, which amount is deposited in a Bank account, jointly operated by the organizer of WD (women Development) and two group leaders. After five years, the capital fund is enhanced to Rs. 5000 (US\$ 100) per member. Each group has an accounts register. The Group Organizer (NGO staff) enters the transactions of savings, loans and recoveries.



Cultural restrictions prevents women to participate in public activities, such as attending meetings, going on outdoor tours, speaking in public etc. However, men have come to realize that these women groups have been a source of easy credit without much trouble, in a situation where other sources of credit have exhausted. So, suddenly, they have started showing respect to women in their families. Usually, women take credit for the purpose, decided jointly by them and their husbands: while a few women who are the heads of households do have control on credit decisions.

About 25 to 35 percent of women has significant control over credit provided to them. But women who were involved in petty business such as vegetables, fruits and flower marketing are completely in control with their credit use, marketing, profit utilization etc. In any case a majority of women feel that their husbands treat them differently after receiving loans and more likely to be consulted on various family matters than before.

## **RESEARCH METHODOLOGY**

Research Methodology is the theoretical analysis of the methods appropriate to a field of study or to the body of methods and principles particular to a branch of knowledge to resolve the research problem. Research is thus may be described as a careful and systematic study in some field of knowledge, undertaken to establish facts or principles. Research is an organized and systematic way of finding answers to questions. The responsibility of the researcher is to explore the research decisions to evaluate even before they are studied. The researcher has to specify clearly and precisely what decisions he has made so that others can also evaluate such decisions.

### **Statement of the Problem**

Although micro-credit financing is considered as one of the most powerful tools for combating poverty, the sector still faces several serious problems. These institutions are usually charge excessively high interest rates to cover the high administrative costs of the micro-loans they offer to the poor people. This reality creates a tension between sustainability of the micro-credit sector and the outreach. It also makes it a challenge to regulate micro-finance institutions. Micro-credit financing starts with the assumption that the poor is willing to pay high interest rates to have access to finance. In general, the system uses the social trust as the collateral. The borrowers are usually members of small groups. Loans are given to individuals,



but an entire group is responsible for the repayment. Hence, the borrower who does not fulfil her commitment to repay back will lose her social capital.

### **Scope of the study**

Traditional banking sector cannot reach millions of poor for whom small loans could make huge differences. There are several reasons for this. Most of the poor are rural, and they are very dispersed. They have low education levels, if at all. As a result, administrative cost of supplying loans to the poor population is extremely high. Another issue that makes it difficult to serve these customers through traditional banking is that the poor does not have any assets to use as a collateral. As a result, the poor had access to loans only through local money-lenders at exorbitantly high interest rates. Micro-credit institutions report that their repayment rates are above the commercial repayment rates, sometimes as high as 97%. Today, there are millions of poor people around the world who turn to be entrepreneurs through the micro-credit sector. This study deals with the problems of financial mobilization and management by rural poor women. This study will help to understand the different aspects in micro credit management.

### **Objectives of the study**

1. To analyze the overview of micro credit management
2. To study the demographic profile of the members of the SHGs
3. To analyze the purpose for which the credit is obtained by each member
4. To analyze the repayment status of the members
5. To offer suitable suggestions

### **Operational Definitions**

**Self Help Group:** A Self-Help Group (SHG) is a registered or unregistered group of micro entrepreneurs having homogenous social and economic backgrounds; voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help.

**NGO:** A non-governmental organization (NGO) is a legally constituted, non-governmental organization created by natural or legal persons with no participation or representation of any government. In the cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status by excluding government representatives from membership in the organization.



**Micro credit programme:** Micro-credit is the provision of a wider range of financial services to the very poor. Micro-credit is the extension of very small loans (microloans) to those in poverty designed to spur entrepreneurship

**Cluster:** A geographic cluster of villages in the same locality

### **Research Design: Descriptive Method**

Descriptive research method is to describe systematically a situation or an area of interest factually and accurately. Descriptive research is also called Statistical Research. The main goal of this type of research is to describe the data and characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages, and other statistical calculations. Although this research is highly accurate, it does not gather the causes behind a situation.

Descriptive research is mainly done when a researcher wants to gain a better understanding of a study problem and so has to carry out research in order to gain a better understanding. It is quantitative and uses surveys. Thus, Descriptive research is the exploration of the existing certain phenomena.

### **Area of study**

The study is confined to 18 villages of Viruveedu cluster in Batlagundu block of Dindidul district, where SJDT has organized and coordinating 45 SHGs for the past several years.

### **Sample**

The sampling universe is the totality of items or events from which the researcher can select or sample for statistical analysis and description. In this study, universal sampling is done, by collecting data for all the 45 SHGs in the study area.

### **Source of data**

The source of data consists of both Primary and secondary data. The primary data is obtained from each and every SHGs through a structured data sheet which consists of 40 tables to be filled by each and every Animator of the SHGs. The records and registers maintained and the passbook of every SHG is studied for the accuracy of the primary data given in the data sheet. The primary data are also collected from the monthly reports of the field staff of the NGO. The secondary data are collected from various other reports published in the website of the NGO and also from the internal evaluation report. Other journals, magazines and websites are the other sources of secondary data.



### Statistical tool

The following statistical tools are used to assess the micro credit management programme of SJDT.

- **Percentage analysis** – It is the method to represent raw streams of data as a percentage (a part in 100 - percent) for better understanding of collected data.
- **Garrett's ranking technique** - With the help of Garrett's ranking technique, the purposes of getting loan is analyzed

### Limitations of the study

The present study is made only with one of the clusters of the NGO consisting of 17 villages with 45 SHGs. The NGO is working in 7 Districts of Tamil nadu with 2333 SHGs in total. The study has been limited to only 45 SHGs in Dindigul district, to understand the micro credit management of the NGO. Therefore the study findings are area specific and cannot be generalized to all of the SHGs. The study is based on the primary data with the sample size of the entire 45 SHGs (Universal sample) Secondary data from the organizations were also obtained for study and reporting. The study was carried out that the data obtained from each of the 45 SHGs are true and represents the correct and fair view of the books and records of each SHGs.

### FINDINGS AND RESULTS

**Table – 3.1 Distribution of the respondents by their Age Groups**

Age of the Group	No. of Groups	Percentage
Less Than 1 Year	1	2.2
1 Year	0	0.0
2 Years	8	17.8
3 Years	4	8.9
4 Years	3	6.7
5 Years	4	8.9
6 Years	3	6.7
7 Years	3	6.7
Above 7 Years	19	42.2
	<b>45</b>	<b>100.0</b>





From the table 3.1, it is evident that 55.6 % of the total groups are older than 5 years. Hence all the groups are with greater experience in handling both internal and external financial sources. Only 2.2 % of the total groups are less than 2 years of existence. The remaining 42.2 % of the groups are in the category of 2-5 years of existence. One could observe that no new groups are formed in past 2 years. Which means that the NGO is maintaining the existing groups rather than expanding its activities.

**Table – 3.2 Distribution of the respondents by their Group Meetings Details**

Frequency Of Meeting	No. Of Groups	Percentage
Monthly One Time	36	80.0
Monthly Two Times	5	11.1
Monthly Three Times	2	4.4
Weekly Once	1	2.2
Meeting Not Regular	1	2.2
	<b>45</b>	<b>100.0</b>

From the table 3.2, it is observed that almost 80 % of the Groups are meeting once a month, which is the basic norm for the Bank linkages. Only one group (the newer one) is irregular in meeting. Some 11.1 % of the groups meet twice. In the first meeting they discuss the local village issues and in the second meeting they concentrate on the Micro credit management activities.

**Table – 3.3 Distribution of the respondents by their Members Attendance Details**

Rate Of Attendance	No. Of Groups	Percentage
Disassociated (do not meet)	0	0.0
100%	3	6.7
75-99 %	33	73.3
50-74 %	9	20.0
25-49 %	0	0.0
Less Than 25%	0	0.0
	<b>45</b>	<b>100.0</b>



From the table 3.3, it is observed that members of almost 80 % of the Groups are very regular to the group meetings. They are with above 75 % attendance. It could also be observed that there are no groups with less than 25 % of attendance. Even the newer group is also having more than 50 % of attendance rate. Similarly, no group is disassociated.

**Table – 3.4 Distribution of the respondents by their Grading Status of Group**

( Each and every Groups are periodically Graded, based on the criteria laid down by NABARD to assess the status of the group, and to decide on the training requirements fopr the group members and for the Animator)

Status Of The Group	No. Of Groups	Percentage
Very Good	1	2.2
Good	40	88.9
Average	3	6.7
Poor	1	2.2
Very Poor	0	0.0
	<b>45</b>	<b>100.0</b>

From the table 3.4, it is observed that almost 91 % of the Groups are graded as Good and Very good based on their performance. Only 2.2 % of the Groups are graded as Poor. Efforts are being made to improve the average (6.7%) groups through trainings and support.

**Table – 3.5 Distribution of the respondents by their Maintenance of Books And Accounts**

(One of the major criteria for the grading of Groups)

Records Maintained By	No. Of Groups	Percentage
Animator	40	88.9
Representative	1	2.2
One Of The Member	1	2.2
Staff	3	6.7
	<b>45</b>	<b>100.0</b>



From the table 3.5, it is observed that the Animators in almost 88.9 % of the Groups maintain the Books and Accounts of the SHG. In 4.4 % of the groups, either the representative or the group member takes charge of the maintenance of books and accounts. In 6.7 % of the groups, which are located deep interior part of the service area, where there is poor access to education, The books and accounts are maintained by the staff themselves.

**Table – 3.6 Distribution of the respondents by their Updation of Books and Accounts**

(One of the major criteria for the grading of Groups)

Periodicity Of Updation	No. Of Groups	Percentage
At The Meeting Itself	15	31.1
With In A Week	21	48.9
With In A Month	8	17.8
Occational	1	2.2
	<b>45</b>	<b>100.0</b>

From the table 3.6, it is observed that all the records and books of accounts are updated almost in 80 % of the SHGs with in a week of the meeting. This shows their involvement and transparency in handing the finance. The newer group is struggling to update with in week as the animator needs training on that. The other 17.8 % of SHGs also lacks in the timely maintenance of books and accounts, which need special attention to improve.

**Table – 3.7 Distribution of the respondents by their Monthly Savings Details**

Savings Per Member	No. Of Groups	Percentage
Less Than Rs. 25	0	0.0
Rs. 26-50	5	11.1
Rs. 51-75	6	13.3
Rs. 76-100	34	75.6
Above Rs. 100	0	0.0



	<b>45</b>	<b>100.0</b>
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From the table 3.7, it is observed that no SHG is having a monthly savings of less than Rs. 25. 75.6 % of the SHGs do practice to save Rs. 100 as monthly savings. This implies the financial discipline among the members of the group. It is also noted that no group is opting for the monthly savings over and above Rs. 100.

**Table –3. 8 Distribution of the respondents by their Educational Qualification of Animator**

Educational Level (Stds)	No. Of Groups	Percentage
Illiterate	8	17.8
1-5 <sup>th</sup>	21	46.7
6-8 <sup>th</sup>	10	22.2
9-10 <sup>th</sup>	6	13.3
Above 10 <sup>th</sup>	0	0.0
	<b>45</b>	<b>100.0</b>

From the table 3.8, it is observed that animators are the backbone of each and every SHGs as they are the real promoter of the SHG. They take care all the aspects of SHG management and administration. From the above table, it is observed that 46.7 % of the animators have completed only up to primary level. It could also be noted that 17.8 % of the animators are Illiterate. But the performance of such Animators is not inferior to any other Animators. It could also be observed that No animator is qualified above 10<sup>th</sup> standard.

**Table – 3.9 Distribution of the respondents by their Age-Wise Classification of Members**

Age Of Members	No. Of Members	Percentage
Less Than 18 Years	4	0.7



18-25 Years	133	24.4
26-50 Years	389	71.5
51-60 Years	18	3.3
Above 60 Years	0	0.0
	<b>544</b>	<b>100.0</b>

From the table 3.9, it is observed that Less than 1% of the members are under 18 years of age. 24.4 % of the members are in the age group of 18-25, i.e. at the early-married life. More than 71.5 % of the members are at the age group of 26-60. They are the women who shoulder the family responsibilities along with their partners. It could also be observed the no member is above 60 years of age.

**Table – 3.10 Distribution of the respondents by their Educational Qualification of Members**

Education Of Members	No. Of Members	Percentage
Illiterate	176	32.4
1-5 <sup>th</sup> Standard	225	41.4
6-8 <sup>th</sup> Standard	101	18.6
9-10 <sup>th</sup> Standard	35	6.4
10-12 <sup>th</sup> Standard	7	1.3
	<b>544</b>	<b>100.0</b>

From the table 3.10, it is observed that 32.4 % of the members are Illiterates and 41.4 % of the members are at the primary level. Only 1.3 % of the members are above 12<sup>th</sup> standard. The remaining 25 % of the members are in the high school level. This indicates the literary level in the rural villages.

**Table – 3.11 Distribution of the respondents by their Marital Status of Members**

Marital Status	No. Of Members	Percentage
Un-Married	6	1.1
Married	522	96.0
Divorced	2	0.4
Seperated	0	0.0
Widow	14	2.6
	<b>544</b>	<b>100.0</b>

From the table 3.11, it is observed that only 1.1 % of the members are un-married. Almost 96 % of the members are married and with family responsibilities. 2.6 % of the members are found to be widows. This indicates the social responsibility of the women to include the destitute along with them for their livelihood. It is found that no separated women is included in the SHGs, as they are likely to go back to their husbands, which will affect the functioning of the SHG.

**Table – 3.12 Distribution of the respondents by their Occupational Details of Members**

Occupation	No. Of Members	Percentage
House Wife	18	3.3
Cattle Rearing	4	0.7
Petty Trade	4	0.7
Cons-Truction Worker	2	0.4
Agri. Cooli	284	52.2
Mill Worker	227	41.7
Other Job	5	0.9
	<b>544</b>	<b>100.0</b>

From the table 3.12, it is observed that only 3.3 % of the members are un employed and looking after their house. 52.2 % of the members are agri-coolies, which is most



seasonal depending on the rainfall. Hence they are in need of alternative employment during the lean period. It is also observed that a considerable number of women are engaged in Millwork as coolies. This constitute to 41.7 % of the members studied.

**Table – 3.13 Distribution of the respondents by their Trainings Attended by Members**

Trainings Attended	No. Of Members	Percentage
All (100 %)	33	6.1
70-90 %	302	55.5
50-70 %	200	36.8
30-50 %	9	1.7
Less Than 30 %	0	0.0
None	0	0.0
	<b>544</b>	<b>100.0</b>

From the table 3.13, it is observed that 6.1 % of the members have undergone all the trainings organized by SJDT. More than 55.5 % of the members are trained in 70-90 % of the trainings. It could be noticed that only 1.7 % of the members have under gone less than 30 % of the trainings. It is worth noting that no one is exempted from attending the trainings organized by SJDT, as the trainings are the tools to build the capacity of the members and the Group.

**Table – 3.14 Distribution of the respondents by their Annual Income earned from Micro Credit**

Additional Annual Income	No. Of Members	Percentage
Less Than Rs. 5000	47	27.0
Rs. 5001-10000	278	51.5
Rs. 10001-15000	157	28.9
Rs. 15001-20000	62	11.4
Above Rs. 20000	0	0.0
	<b>544</b>	<b>100.0</b>

From the table 3.14, it could be observed that over and above 51.5 % of the members have earned an addition annual income of Rs 5000-10000 and 28.9 % of the members



have earned Rs. 10000-15000, annually. 11.4 % of them earned as high as Rs. 15000-20000, annually. It could be observed that no member has earned above Rs. 20000 from the micro credits availed. Both the credit requirement and the earnings are limited, to certain extend.

**Table – 3.15 Distribution of the respondents by their Purpose of the Credit  
(Based on the Order of Preference)**

S.No.	Particulars	I	II	III	IV	V	VI	VII	Total
1	To Rear Milch animal	145	77	113	63	41	32	73	544
2	To Cultivate Flower	36	68	73	109	82	91	86	544
3	To Cultivate Avarai	73	109	86	59	100	73	45	544
4	To Start micro business	127	86	68	54	73	59	77	544
5	To meet medical expenses	54	82	100	68	86	82	73	544
6	To educate their children	68	45	50	100	77	91	113	544
7	To meet festival expenses	41	77	54	91	86	118	77	544

**Table – 3.16 Distribution of the respondents by their Garrett's Ranking Analysis**

S.No.	Particulars	Total Scores	Average score	Rank
1	To Rear Milch animal	48720	59.71	I
2	To Cultivate Flower	45138	55.32	III
3	To Cultivate Avarai	47092	57.71	II
4	To Start micro business	38175	46.78	IV
5	To meet medical expenses	44186	54.15	VI





6	To educate their children	38493	47.71	V
7	To meet festival expenses	34050	41.73	VII

(With the help of Garrett's ranking technique, the purpose of getting loan is analyzed)

From the table 3.16, it is concluded that women SHG members mainly get loan for Milch animal credit. This is less risky and earns daily income for the family. The family also gets milk for the family consumption to some extent at “no cost”. The next preference is given to Agricultural credit, that too for Avarai cultivation, which yields higher income when compared with the Flower cultivation, which is the third preference. Women prefer fourth to start business, which is more risky and time consuming. To educate their children, to meet medical expenses and to meet festival expenses, women need credit in the fifth, sixth and the seventh order of preference.

### SUGGESTIONS

Based on the study, the following suggestions could be made to improve the performance of the micro credit programme were studied:

1. Women SHGs could be organized in to Women Federation so that their negotiating capacity will increase, considerably to mobilize larger loans for larger enterprises. The educational inputs could be increased and the participation of the members could also be increased, so that the awareness level increased for effective participation and management. Milk producers could be associated for centralized procurement and retails of milk, so that the exploitation of the middlemen could be eliminated.
2. Immediate and adequate vetnary services could also be made available to the members so that the yield is maintained and the income is assured without any lien period. Vocational trainings and skills trainings could also be imported to the members so that their income could be enhanced also through other opportunities. Trainings on professional competency and management skills could be extended to the Animators, as they are backbone of the SHGs. Continuous monitoring and support from the NGO could be improved.
3. Linkages with the banks could be maintained by the NGO, providing collateral on behalf of the SHGs, so that higher amount of credit could be made available to the



members. It could be monitored that the member meets the purpose of the credit. Diversification of credit amount for non-productive purposes will lead to no income and no repayment. This will affect the credit worthiness of the group and the members. The frequency of meetings could be increased so that the members are continuously oriented on the credit management.

4. The field staff of the NGO could also be trained on social analysis so that they could contribute to the effective management of the SHGs, with more commitment. It clearly insinuates that micro credit based on the locally mobilized savings would foster the development of social institutions and economic potential of the people, whereas the micro credit based on the money borrowed from the banks and other financial institutions results in lower rate of growth and indebtedness. Thus, the micro finance within the Grameen bank model underscores on mobilizing the domestic savings in the regions and investing in the region to narrow down the savings and trade gaps, which would enable the marginalized sections of the society to improve their absorption capacity on an incremental basis.
5. The exception is that the credit is given to use for commercial purpose, but the loans are largely used to meet daily consumption needs or in non-productive areas like housing, food or repayment of old loans etc. Credit creates opportunities for self-employment rather than waiting for employment to be created. It liberates both poor and women from the clutches of poverty. It brings the poor into the income stream. Given the access to credit under an appropriate institutional structure and arrangement, one can do whatever one does best and earn money for it. One can overcome poverty. One can become the architect of one's destiny and the agent of change not only for one's family but also for the society

## CONCLUSION



It is evident from this study, that organization of self-help groups and development of their institutional and managerial capacity is an imperative element in the empowerment process of women. The formal financial institutions such as Banks and District Rural Development Agency have come forward to extend loans for income generating activities for SHG members. Women interacted with external agencies and professionals with confidence, which was an evidence of improved social skills and approachability they were able to articulate their needs and seek help from various schemes of development women themselves are able to access resources and public facilities to a large extent. Men willingly supported women in fighting for justice on all issues, which are neutral in nature and those which do not affect the gender relations directly. They readily accept issues concerned with girl's education, early marriages, family planning, etc. It is also because these do not affect them directly. However when it came to issues of decision making control of family income and assets, men still have an upper hand, and probably may not change so easily due to cultural blocks and values that are institutionalized over a period of time.

However, the reflections in this paper will give more importance for enabling and capacity building programmes as important components of the micro-credit packages that are designed for the benefit of the disadvantaged women. The need to train field workers to make them understand gender issues, women's rights and work with commitment to achieve equality for women is very much imperative and felt necessary among the grass-root level organizations. Poverty can be significantly and rapidly reduced with SJD type of micro-credit programs provided required funds are available and are arranged at reasonable costs, a professionally, competent and motivated staff is engaged in performing the operational tasks, the communication or knowledge gap between donors and beneficiaries is minimized, the gap between words and deeds, assurances and actions, is narrowed down and an enabling environment is created by removing the obstacles that stand in the way of growth of micro-credit programme.

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