



Indian Banking Industry : A Case Study of Non-Performing Assets

*The Indian banking industry has undergone a sea change after the first phase of economic liberalization in 1991 and hence credit management became crucial day by day. The primary function of banks is to lend funds as loans to various sectors such as agriculture, industry, personal and housing etc. and to receive deposits. Receiving deposit involves no risk, since it is the banker who owes a duty to repay the deposit, whenever it is demanded. On the other hand lending always involves high risk factor because there is no certainty of repayment of original loan amount as well as interest earned thereon which have direct impact on the financial health of the concerned bank. In recent times the banks have become very cautious in extending loans, the reason being mounting non-performing assets. Non Performing Asset (NPA) means an asset or account of borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset, in accordance with the directions or guidelines issued by Reserve Bank of India. This study deals with understanding the concept of NPAs, its magnitude and major causes for an account becoming nonperforming, projections and remedial measures with special reference to Indian banking industry. **Key Words** : Non-Performing Assets (NPA), Loans and Advances, Credit Risk, Profitability, Sub Standard Assets.*

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Introduction :

Authentic history of banking tells that it deals with lending and collection of money. However, it followed the basic law of demand and supply where persons having excess money lent to persons who needed it for more productive purposes and were willing to pay a price for this. The problem of NPAs is linked to the function of lending money. The lending of money collected from the public, for interest, instead of one's own money, was the beginning of banking. Though the present day banking does not restrict itself to traditional deposit collection and money lending, encompassing a wide sphere of financial activity, lending still remains the prime activity connected with banking. Non-performing assets (NPAs) constitute integral part of banks' operations. A bank gives out money upfront and earns income over a time on the promise of a borrower to repay. When loans are not repaid, the bank loses both its income stream, as well as its capital. Lending is always accompanied by the credit risk arising out of the borrower's default in repaying the money. The level of nonperforming loans is recognized as a critical indicator for assessing banks' credit risk, asset quality and efficiency in allocation of resources to productive sectors.

The most calamitous problem facing commercial banks

all over the world in recent times is non-performing assets which are affecting their viability and solvency and thus posing challenge to their ultimate survival. So the problem of NPAs should be nipped in the bud.

Literature Review :

Roopak Kumara Gupta and Ekta Sikarwar (2010) observed that the Commercial banks, especially the dominant public sector banks, have been facing competition from the banks in the private sector. They stated that Asset Quality is one of the components of performance of banks which can be assessed by Net NPA to Net Advances (NNPA/NA). Chavan V.M. and Sangapur N.B. (2010) reported that Indian banking sector is facing a serious situation in view of the mounting Non-performing Assets (NPAs). Their study revealed that Gross NPAs of UCBs has been high at 22.7% and 23.2% of the total advances during 2004 and 2005. The gross NPAs have declined to 18.9% and 17% of the total advances during the year 2006 and 2007 respectively.

Siva Kumar and Sundar K. (2010) mentioned that the performance of a bank is closely linked with the size and quality of their loan assets in the balance sheet. Good loans or performing loans generate income for the banks while nonperforming loan assets adversely affect the return on assets.

Ashok Khurana and Mandeep Singh (2010) observed

that new private banks have a strong competitive advantage over public sector banks on several dimensions such as use of low cost technology and operations to address the urban mass market, alignment between IT and business heads, more focus on value adding activities, better talent management, superior complexity handling and the ability to use infrastructure optimization facilities.

Rajini Saluja and Roshan Lal (2010) observed that NPAs in banking industry is a matter of deep concern. It is just not a problem for banks but also proves fatal to the economic growth of the country. The study concludes that there is huge difference in NPAs of public and foreign banks. Public sector banks are highly pressurized by the NPAs.

Radhika R. and Jaya Sree (2011) observed that NPAs cease to generate any income for the bank and hence become the major concern of banks in India. NPAs have direct impact on net profit and also on the performance of the banks. The authors further attempted to establish relationship between net profits and total advances. The impact of NPAs on net profit and impact of total advances on NPAs is also examined.

Objectives of The Study :

The present study has been taken up with the following objectives :

- (1) To understand the performance of the public and private sector banks during the last decade.
- (2) To make a comparative study of the magnitude and dimensions of NPA's in the Public and private sector banks.

- (3) To examine the causes for incidence and trends of NPA's in the public and private sector banks.

- (4) To examine the recovery measures and strategies followed for reducing the burden of NPAs by the public and private sector banks.

Study Design :

The present study is designed to be a narrative study with appropriate analytical discussions presented in tune with the proposed objectives.

Database :

The data used in the present analysis is confined to the past one decade (12 years to be exact) from 2001-2002 to 2012-2013.

Methodology :

The secondary data has been obtained for a period of eleven years starting from 2001-02 to 2012-13. The data has been collected from Annual Reports and accounts of Public Sector Banks and Private Sector Banks, Newsletters of Banks, Proceedings of Bank Economists, conferences, published

and unpublished Doctoral Dissertations on Banking and Bank management, RBI bulletins, RBI Reports on Trend and Progress of Banking in India.

Limitations of The Study :

(1) Study of the causes and analysis of NPA's is confined to Public and Private sector banks and the foreign banks are not taken into consideration.

(2) The percentage and averages as tools of analysis lack absolute accuracy as they are adjusted to the nearest decimal points.

Discussion :

The averages Gross NPA as a % of Gross Advances are 4.63% (SD 3.00%) for public sector banks while it is 3.78% (SD 2.53%) for private sector banks. The average Net NPA

Table 1 : Gross NPA as a % of Gross Advances of Banks

Year	All Public Sector	All Private Sector
01-02	11.1	9.6
02-03	9.4	8.1
03-04	7.8	5.8
04-05	5.5	3.8
05-06	3.6	2.5
06-07	2.7	2.2
07-08	2.2	2.5
08-09	2.0	2.9
09-10	2.2	2.7
10-11	2.2	2.3
11-12	3.0	1.1
12-13	3.84	1.91
Average	4.63	3.78
S.D.	3.00	2.53
Max.	11.1	9.6
Min.	2	1.1

Table 2 : Net NPA as a % of Net Advances of Banks

Year	All Public Sector	All Private Sector
01-02	5.8	5.7
02-03	4.5	2.9
03-04	3.0	2.8
04-05	2.0	1.9
05-06	1.3	1.0
06-07	1.1	1.0
07-08	1.0	1.1
08-09	07	1.5
09-10	1.1	1.0
10-11	1.1	0.6
11-12	1.5	0.5
12-13	2.0	0.5
Average	2.62	1.71
S.D	1.96	1.43
Max.	7	5.7
01-02	5.8	5.7

Source : Compiled with various issues of RBI reports.

as a % of Net advance is 2.62% (SD 1.96%) for public sector banks while the same is 1.71% (SD 1.43%) for private sector banks. Though the figure looks small in terms of % value but in absolute terms NPA is of big size.

The gross NPA as a % of Total Assets of bank is 2.48% (SD 1.26%) for public sector banks while the same is 2.04% (SD 1.03%) for private sector banks. The Net NPA as a % of Total Assets of bank is 1.1% (SD 0.56%) for public sector banks while the same is 0.90% (SD 0.60%) for private sector banks. NPA is higher in public sector banks as compared to private sector banks because of primary sector lending compulsion.

Among the public sector banks, the percentage provision for NPAs was 62.4 percent (2003-04) and it has come down to 24.5 percent during 2004-05 and from 2005-06, there was a tremendous cut in the provision, which maintained at 0.5 percent or below. By 2012-13, the provision for NPAs among the public sector banks is 0.6 percent. During the period from 2001-02 to 2011-12, the average provision

Table 3 : Gross NPA as a % of Total Asset of Banks

Year	All Public Sector	All Private Sector
01-02	4.9	4.4
02-03	4.2	4.0
03-04	3.5	2.4
04-05	2.2	2.0
05-06	2.1	1.4
06-07	1.6	1.3
07-08	1.3	1.4
08-09	1.2	1.7
09-10	1.4	1.5
10-11	1.4	1.3
11-12	1.9	1.1
12-13	4.1	2.0
Average	2.48	2.04
S.D	1.26	1.03
Max.	4.9	4.4

Source : Compiled with various issues of RBI reports.

Table 4 : Net NPA as a % of Total Asset of Banks

Year	All Public Sector	All Private Sector
01-02	2.4	2.5
02-03	1.9	1.3
03-04	1.3	1.1
04-05	0.8	1.0
05-06	0.7	0.6
06-07	0.6	0.5
07-08	0.6	0.6
08-09	0.7	0.7
09-10	0.7	0.6
10-11	0.9	0.3
11-12	1.0	0.3
12-13	NA	NA
Average	1.1	0.9
S.D	0.56	0.60
Max.	2.4	2.5

Source : Compiled with various issues of RBI reports.

Table 5 : Provision for NPA as a % of total Provisions and Contingences of Banks

Year	All Public Sector	All Private Sector
01-02	61.4	57.9
02-03	53.2	62.6
03-04	62.4	0.5
04-05	24.5	18.0
05-06	0.2	44.3
06-07	0.2	75.9
07-08	0.3	47.9
08-09	0.3	54.9
09-10	0.3	58.9
10-11	0.5	33.7
11-12	0.5	22.6
12-13	0.6	34.57
Average	17.03	42.65
S.D	25.19	20.64

Source : Compiled with various issues of RBI reports.

made for NPAs was 17.03 percent. The same for the private sector banks was 62.6 percent in 2002-03 and it came down to 18 percent during 2004-05 and again went up to 75.9 percent in 2006-07. By 2011-12, the provision was 22.6 percent. The average provision for NPAs in private sector banks was 42.65 percent during the period 2001-02 to 2012-13. In the case of public sector banks, there was a marked decline in the provision for NPAs from 2001-02 to 2012-13.

Conclusion :

On the basis it was found that the average NPA in terms of total advances as well as total assets are higher in the public sector banks as compared to private sector banks. Surprisingly the provision for NPA as a % of total provisions is much lower in case of public sector banks as compared to

private sector banks. The recovery of NPA through various channels is also not satisfactory. NPA is one of the causes behind lower profitability of public sector banks which needs attention to maintain the financial health of the banks.

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MGNREGA - A Ray of Hope for Rural Women

The MGNREGA is undertaken on a scale and implemented well, it can reduce poverty at the bottom level as well as it empowers the poor women. The multiplier analysis has demonstrated the positive impact of MGNREGA on incomes, education and economic upliftment of women in the study area. Though MGNREGA has positive impact on employment pattern of women but the poor implementation across the nation accrued the gender sensitiveness of this. Certain initiatives and changes should be taken to remove these barriers.

MS. PRITI SUDARSHAN* & DR. DINESH AGRAWAL**

Introduction :

Gandhiji once said, "In a country like India women are the part and parcel of the vast Indian society. They should be alerted with proper education and also they should be entrusted with all sorts of jobs as per their physical ability."

The eleventh Five Year Plan marks a significant departure from the conventional way of looking at women in plan document. It tries to mark the centrality of women in all sectors. It explicitly recognizes, probably for the first time, that women are not just equal citizens but agents of economic and social growth. In several developing and emerging economies, public works programs provide employment and social protection to the working age poor, with gender responsiveness now making them. The Mahatma Gandhi National Rural Employment Guarantee Act in India and the Expanded Public Works Programme (EPWP) in South Africa are examples of important safety nets for women.

Women are essential part of a society. They play vital role in the development of the society as well as the country. When women are supported to empower themselves the whole society benefits and families are healthier. Therefore, it is very essential to empower women. Women empowerment refers to the power of having decision making of own.

The central government takes various initiatives for empowering women. The MGNREGA is one of the most progressive legislations enacted since independence. Its significance is evident from a variety of perspectives. First, it is a bold and a unique experiment in the provision of rural employment in India and indeed in the world at large. Second, it is the first expression of the right to work as an enforceable legal entitlement.

MGNREGA and Women :

The Mahatma Gandhi National Rural Employment Guarantee Act provides a legal Guarantee of 100 days of wage employment in a financial year to every rural household. The participation of women in the workforce has surpassed the statutory minimum requirement of 33 percent and through this it has protected the women justice and rights. The Act provides some explicit entitlements for women to facilitate their full participation. These include :

(i) Equal wages for men and women 'Equal wages shall be paid to both men and women workers.

(ii) Participation in Management and monitoring of the programme The gram sabha will elect the members of the committee and ensure that SC/STs and women are represented on the committee.

(iii) Participation in social audit The timing of the forum must be such that it is convenient convenient for MGNREGS workers, women and marginalized communities to attend.

(iv) Providing support for child care, and convenience to households The guidelines mention the need for a crèche at the worksite, and for the works to be convenient for families.

(v) Ensuring that single women are eligible By recognizing a single person as a 'household', the Act makes it possible for widows and other single women to access this work for widows and other single women to access work.

Objective :

The specific objectives of the study are:

(i) To find out the impact of participation in MGNREGA on women empowerment in Chhindwara District

(ii) To examine the impact of MGNREGA on the upliftment of the Rural poor Women in the study area.

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Study Area :

The study was conducted in Chhindwara district. Twenty women workers randomly were selected for the sample from five Blocks.

Methodology :

Survey instruments include structured schedules for MGNREGS women workers, group discussions and interviews. Information was collected on the socio-economic profiles of the women workers such as size of the household, dependency ratio, landholdings, sources of income and education.

Review of Literature :

There are many studies done on evaluation of the MGNREGS. The literature reviewed here focuses on different studies that look at problems in the implementation of the scheme in general and in particular pertaining to women and at possible ways to deal with these problems.

The study by Institute of Applied Manpower Research (2008) found that NREGS helps to improve the income level and enhance the standard of living of the rural people particularly the vulnerable section of the society such as women, SC/STs, minorities and so on.

Jandu (2009) argues that the NREGA empowers women by offering them opportunities for non-domestic work and helping them to contribute to household-income, which would increase their independence and self-esteem. Acknowledging the practical shortcomings with regard to effective provision of worksite facilities like toilets and childcare facilities, she nevertheless stresses the huge empowerment potential of the Act with regard to the earning component.

Reetika Khera et al., (2009) observed that the MGNREGA facilitate a lot to attain the socio-economic empowerment of the women workers. It is also said that two-third of the women come out of poverty and attained food security.

Ratna. M. Sudarshan (2010) study focused that improved women participation in MGNREGA is enhanced from active participation of NGOs and better wage payment of scheme which is above the prevalent market wage.

Trishna Kalita(2010) in her article "Women's Participation in NREGA" shares that women like NREGA work for various reasons. In spite of better possibilities of women's participation in NREGA work, there are certain problems associated with it.

Jagadeeswari Yasodha (2015) made an appraisal of Mahatma Gandhi National Rural Employment Guarantee Scheme in Tamil Nadu. She found that there has been shift towards the MGNREGA works especially of women folk. She further revealed that payment of MGNREGA wages through banks has encouraged savings habit.

Impact of MGNREGA on Rural Women of Chhindwara district :

(i) Availability of work for women : The table following shows Cross-Tabulation between Caste and whether women get the work easily under MGNREGA. This shows that the most of the respondents i.e.98% feel that women get jobs very easily under MGNREGA.

Table 1 : Job provided to Women applicant under MGNREGA -Cast wise

Particular		Do women get under MGNREGA easily		Total	
		Yes	No		
Caste	General	Count	2	0	2
		% of Total	2%	0%	2%
	Backward Class	Count	20	0	20
		% of Total	20%	0%	20%
	Scheduled Caste	Count	25	1	26
		% of Total	25%	1%	26%
	Scheduled Tribe	Count	53	1	54
		% of Total	55%	1%	56%
Total		Count	98	2	100
		% of Total	98%	2%	100.0%

Source : Field survey.

(ii) Women's contribution in family Decisions before and after MGNREGA : The table following shows that 78% respondents affirms that the conditions of the women has been improved as compared to before and now their contributions in family decisions is very significant.

Table 2 : Women's contribution in family Decisions before and after MGNREGA implementation

Particular		Women's Contribution after MGNREGA		Total	
		Yes	No		
Did women contribute in family decisions	Yes	Count	17	0	17
		% of Total	17%	0%	17%
	No	Count	78	4	412
		% of Total	78%	4.2%	82.4%
Total		Count	95	21	500
		% of Total	95%	4%	100.0%

Source : Field survey.

(iii) Women Empowerment after MGNREGA : The table following shows Cross-Tabulation between whether women have contribution in family decisions and whether conditions of women have been improved after MGNREGA. This shows that the most of the respondents affirms that the condition of women has been improved and now they have significant importance in the family decisions (about 95%).

Table 3 : Impact of MGNREGA on Women's participation after MGNREGA and Women Empowerment

Particular		Does conditions of women has been improved after MGNREGA			Total
		Yes	No		
Do women have contribution in family decisions now after MGNREGA	Yes	Count	95	1	96
		% of Total	95%	1%	
	No	Count	1	3	4
		% of Total	1%	3%	
Total		Count	96	4	100
		% of Total	96%	4%	100.0%

Source : Field survey.

Suggestions :

Though the vital causes of suffering shown above are before our eyes these can be reduced if the schemes and its execution are reviewed frequently and in such cases if lapses are seen they should be immediately rectified. Regarding this, the followings suggestions are given :

(i) For improved and active participation of women focus to minimize the vulnerable factors and hindering factors should be taken up and more attention on motivating factors should be laid.

(ii) Women officials are found playing a constructive role and facilitating the participation of women in MGNREGS and so as a policy certain percentage of positions at each level may be reserved for women functionaries.

(iii) There is need to give some serious thought to developing a wider range of activities under the NREGA. For example, while elderly women and young women with infants coming to sites confirm their pecuniary needs.

(iv) The potential of the programme for allowing women to make some savings is observed everywhere. Facilitating their ability to save towards specific income generation is a way of enhancing wellbeing.

(v) Some “gender-sensitive measures” such as increase in participation of women in planning, implementation and social audits of MGNREGA, in turn, will create an opportunity for women's role in asset management.

Conclusion :

The present study shows that if the MGNREGA is undertaken on a scale and implemented well, it can reduce poverty at the bottom level as well as it empowers the poor women. The multiplier analysis has demonstrated the positive impact of MGNREGA on incomes, education and economic upliftment of women in the study area. Though MGNREGA has positive impact on employment pattern of women but the poor implementation across the nation accrued the gender sensitiveness of this. Certain initiatives and changes should be taken to remove these barriers.

A nation goes ahead only through the contribution of all of its members. Pushing women into the backyard drags behind the society. Current framework of international

development recognises women empowerment as an immense effective stratagem for the all round development of the society.

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Print



A conceptual study on role of Self Help Groups in poverty alleviation among reserved class women in Indore Region

*The current paper is the study about unemployment and poverty in rural areas and why low-income persons seek self-employment as a viable option towards building social and human capital to work towards poverty alleviation. It deals with the impact of SHG's on individual members, family and community life, changes in skills, knowledge and attitudes, successful outcomes and the development of human and social capital. The findings are utilized to measure the effectiveness of women SHG's in the promotion of micro enterprises and suggesting that micro enterprise development is a viable option for poverty alleviation and community economic development. The paper examines the Effectiveness of Women SHGs in the promotion of micro enterprises specifically, the development of social and human capital through micro enterprise development to work towards poverty alleviation. The study shows that SHGs are still in a state of flux and their sustainable development depends on a number of factors, which are both internal and external to the group. No doubt, SHGs have set a new empowerment agenda for financial intermediation by banks. Further, SHG as a system has infused certain synergy among its members to move up in the socio-economic ladders from passive onlooker into an active partner/ stakeholder in the development process. Today, SHGs in India have become a potential tool for the empowerment of women, social solidarity and socio-economic betterment of the poor in their own setting. **Key Words** : SHG, Poverty alleviation, micro finance.*

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Conceptual Background :

In the past historical years, people have formed groups with others who have something in common with them, and oppressed people have joined together to overcome the conditions they face. SHGs, or Self Help Groups as we know them go back at least to the 1930s, when Alcoholics Anonymous started in USA. While SHGs have distinct characteristics, the philosophies of the self help movement overlap with various other ways of working. Community Development, which became established as a discipline in the late 1980s, shares the concept of empowerment. In the past two decades, the self-help movement has mushroomed. There are groups for addictions- Alcoholics Anonymous, Gamblers anonymous, Debtors Anonymous; for families- Families of the Mentally Ill, Mothers of Twins Clubs; for illness/ disability- National Association of people with AODS, Tourette Syndrome Association; for mental illness- Emotions Anonymous Recovery, GROW, for bereavement- The Compassionate Friends, Survivors of suicide, widow to widow; and for lifestyles- Single Mothers by choice and society for the second self (cross dressers) etc.

Self Help Group is about people coming together with others who are affected by a particular issue (experience, disadvantage, discrimination, etc) to support each other and to work together to change the disadvantage affecting them. Activities that groups do include community education, information, mutual support etc.

SHG is a self governed, peer-controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. Funds for credit activities come through regular savings deposited by all of its members on a weekly or fortnightly basis. In the meetings they discuss common village problems and plan solution, share information; make efforts to improve their health and literacy skills.

Self Help Groups are not charity or simply community based groups. They are made of and controlled by the people affected. Group members are not volunteers. Although the work is usually unpaid, members work to change their own situation and the support is mutual. The knowledge base of

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self-help mutual support groups is experimental, indigenous and rooted in the wisdom that comes from struggling with problems in concrete, shared ways. Self help groups build on the strengths of their members.

SHG : Path ways out of poverty in India :

SHGs play today a major role in poverty alleviation in rural India. A growing number of poor women in various parts of India are members of SHGs and actively engage in savings and credit (S/C), as well as in other activities (income generation, natural resources management, literacy, childcare and nutrition etc). The S/C focus in the SHG is the most prominent element and offers a chance to create some control over capital. The SHG system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation.

Many NGOs are promoting the SHG mechanism and linking it to various other development interventions. Besides, there is ample evidence that the SHG approach is a very effective, efficient and relevant tool for organizing and empowering the poor, do arise with design, development and introduction of programmes to promote income-generating activities (IGAs) that will generate sufficient, sustainable and regular income.

The approach towards poverty alleviation is based on the formation of self-help groups at the grass root level. This brings about the necessity for organizing them in to groups by which they avail the benefit of collective perception, decision-making and implementation of programme for common benefits. This organization holds the power and provides strength and acts as an anti dote to the helplessness of the poor. The group saving of self help groups serves a wide range of objectives other than immediate investment. The approach has evolved over the years in India. Before understanding the strength of SHG as a tool in poverty alleviation, it is imperative to understand the evolution of various poverty alleviation programmes in India.

Perspectives of Poverty alleviation in India :

Empowerment of the poor encompasses three basic dimensions creation of employment, reduction of poverty and erasing inequality. Since the magnitude of poverty challenges the very basis for State as an independent economic and political unit, it has been realized by the policy planners that development needs to be people centered and participation oriented across various interfaces. Poverty alleviation has thus assumed a new thinking and new practices have emerged through integrated community participation of the poor. The basic concept of micro finance is self organization of the poor at the community level driven by a desire and an inherent capacity to improve their living conditions by themselves. Inspired by the success of the Bangladesh Grameen Bank experiment the self-help group approach in India has taken strong roots as an effective and viable channel to take the poor to a new domain of economic empowerment and social upliftment. Micro finance, which synergises the thrift and credit habits of the poor in a

participatory and informal setting, is now widely acknowledged as a strategic tool to create dent on all poverty alleviation programmes. With the rapid expansion of Self Help Group movement covering nearly 8 lakh SHGs across the country. With this figure India is poised to provide pragmatic solutions by demonstrating the success of micro finance for eliminating poverty in the coming decades.

Poverty as a global phenomenon has varied genesis, dimensions and definitions. While human poverty is generally interpreted based on motivation levels, income poverty is defined on the basis of minimum income levels required to meet basic consumption needs and amenities. The definition of poverty needs to go beyond these conventional interpretations and cover the deprivation of human dignity caused by vulnerability to social and cultural shocks resulting in a low quality of life. The eradication of poverty has been an integral component of the strategy for economic development in India.

Strategic Shortcomings in Poverty Alleviation Programs :

Three decades of experiments with poverty under the schemes have attained varying degrees of success due to some shortcomings in design and delivery.

(1) Improper delivery system affecting outputs in an adverse manner.

(2) Insufficient funds for projects.

(3) Project Management Units were not sustainable management entities with dependence on several institutions both promotional and financial.

(4) Public sector banks expected to play a constructive role and only could address the development issues partially.

(5) Lack of proper supervision and monitoring of schemes.

(6) Lack of sharp focus on objectives with “plan driven approach” rather than demand driven approach.

(7) “Top down strategies” bypassing the total participation of beneficiaries and grass root level local governing institutions, who are the stakeholders of the schemes.

(8) Emphasis on asset creation instead of temporary gainful employment.

(9) Operation of overlapping schemes with similar objectives resulting in funds leakage for unintended beneficiaries.

Effectiveness of Self-help Groups in Indian Context :

Self-Help Groups (SHGs) are fast emerging as powerful tool of socioeconomic empowerment of the poor in our rural areas. The self-help group is a small body formed by the people for meeting their specific objectives, particularly credit. The social capital produced by the SHG as it matures through creation of new ties and linkages, strengthens the community's cooperative capacity for the achievement of group governance. When the SHGs grow they begin to articulate the community demands as they become aware of their rights and therefore attitude of the 187 government bureaucratic officials changes and they become more

responsive to meet the needs of the community i.e., with the maturity of SHG the statesociety relationship begin to change at the local level towards the betterment.

In this way, SHGs which were originally established to produce economic benefits for members eventually became an essential framework for collaborative actions that produce public goods. As a result a range of other community-level organizations emerge very often to the members newly in SHGs. Role of SHGs in strengthening local governance and political democracy can be described by the fact that a number of SHG members are being elected for the Panchayati Raj institutions in India, particularly village panchayat the lowest tier of local democratic governance.

In self help groups it is assumed that all poor households need to save and have the inherent capacity to save small amount regularly; easy access to credit is more important than cheap subsidized credit which involves intricate bureaucratic procedures, the poor are the best judges of their credit needs and are good users and re-payers of credit when formed in group. A notable feature of SHG is that before its linkage with any financial institution, credit discipline is imbibed among the member by way of SHG with banks has improved the socio-economic conditions of its member by way of positive impact on income, saving and self-confidence. The impact is more pronounced in the case of SHGs linked through NGOs. This and many other aspects of rural credit delivery system need to be studied in a greater depth. SHGs have 189 proved to be successful in addressing the interests of women in a sustained manner. They are extremely useful in generating savings, ensuring successful delivery of credit to individual women and effecting recovery. In addition, they serve as an ideal mechanism for bringing women out of their homes, making them more articulative and improving their leadership qualities and their skills as motivators.

Entrepreneurship through Self-Help Groups :

Self Help Group (SHG) enables the rural poor to earn their own livelihood besides participating in the process of development. The SHG scheme has been extensively used by voluntary agencies for a long time but has been incorporated in the conventional development programmes only recently. A typical rural women's self help group is a good example of capacity building for prospective entrepreneurs. Its aims include enabling members with no educational , industrial or entrepreneurial background to become self-dependent and self-reliant by developing and enhancing the decision-making capacity of members and instilling in them the strength and confidence for solving their problems. They provide poor people a forum where they can learn about collectively mobilizing and managing money and matters. Few other Central and State Government schemes aim at capacity building of women and others for entrepreneurship include the “ Stree Shakti” programme in the dairy cooperative sector in MP. , training cum-employment programme for women called Swa-Shakti and Rashtriya Mahila Kosh Project supported by the World Bank

and International Fund for Agricultural Development(IFAD).

Objectives of SHGs :

(1) Basically the SHGs are economic organisations. Small funds are raised for day today needs. The saving groups when transformed to earning groups not only increase the productivity of women but the credibility also.

(2) Doors are wide open to women to understand and gain knowledge about Banking, Gram Panchayats, Zilla Parishad, Law and Judiciary etc.

(3) As economical solutions are available, the family structure is maintained.

(4) SHG is a good way to stop the exploitation of consumers.

(5) Broadening of view is a major gain. The ascending order of family, group, village, Mandals, Zilla, Zone, State, Nation, World, makes the vision global.

(6) Development of self-confidence is achieved.

(7) A common platform is available for a dialogue and sharing of views.

Special features of SHG :

SHG is an organisation with fundamental principles like democratic approach and common decision-making, transparency, self-helping, repayment of loans and group development. The credibility of the group is dependent on these principles. Not only economical progress but also an 'entire development' is the aim and mutual trust among the members is the credo of SHG.

Purposes behind promoting SHGs :

The fundamental aim of promoting SHGs is poverty alleviation and to achieve empowerment of women. The recent trends show significant changes in the promotional strategies for the SHGs. Financial needs like banking, saving, insurance etc, getting subsidies, building organisations to gain political power also, are the purposes behind some of the SHGs. Today like Bangladesh & India, SHG movement is spreading in other Asian Countries and Latin America, Africa etc. SHG movement has got importance in the social movement.

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