



## Micro Finance and Self Help Groups in Women Empowerment: A Refection from Tripura.

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### Abstract

Microfinance had evolved over the past quarter of the 21<sup>st</sup> century across the country into various operating forms. It has been considered a powerful tool to fight against poverty through the provision of basic financial services such as loans, savings, insurance, transfer services, micro credit loans etc. Thus, microfinance plays a significant role in poverty alleviation and development of a country. Analogously, Self-Help Groups (SHGs) are an alternative development strategy that helps economically weaker sections of society become socially and economically empowered. Actually, SHGs are affinity groups of rural poor voluntarily formed to save and mutually agree to contribute to a common fund to enable the lending of small interest-bearing loans to their members. This gradually builds financial discipline and credit history and savings habit for themselves. Thus, SHGs aid to reduce poverty by providing financial services, income-generating activities, and access to livelihood opportunities. The participation of women in Self Help Groups made a significant impact on their empowerment both in social and economical aspects. Beside this, microfinance institutions empower women to take control of their economic destinies by providing access to small loans, savings, and other financial services. The paper overviewed the present status of microfinance and SHGs in Tripura. This paper highlighted the complete picture of Micro Finance and Self Help Groups for the empowerment of women in Tripura. The research paper also examined the status of women under Self-Help Groups in Tripura. Beside this, the performances of women SHGs in Tripura were also evaluated through the study. Finally, some suggestions offered in the study regarding further prospect of micro finance and Self Help Groups for the empowerment of women in Tripura.

**Keywords:** *Analogously, Financial Discipline, Poverty Alleviation*

### 1. Introduction

Microfinance is the provision of financial services to poor and low-income individuals and households. Actually, it is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to the poor people. Micro-financing is regarded as a tool for socio-economic up-liftmen in a developing country like India. Thus, microfinance is a very important source of financial services for people and microenterprises that do not have easy access to banking and related services (Dasari, Rajesh



Babu, 2019). It is noteworthy that, by providing access to small loans, savings, and other financial services, microfinance institutions empower women to take control of their economic destinies.

SHGs are affinity groups of rural poor voluntarily formed to save and mutually agree to contribute to a common fund to enable the lending of small interest-bearing loans to their members. The process helps them imbibe the essentials of financial intermediation including the prioritization of needs setting terms and conditions and accounts keeping. In this way, SHGs in rural area have empowered illiterate and poor people by linking them to the mainstream banking system and involving members in different activities (Tripura State Focus, 2006-2007). It is also found that, women's are also actively participated in the different SHGs of Tripura. Thus, Self Help Groups is very much helpful in women empowerment.

Microfinance was really made famous by the Grameen Bank of Bangladesh, and their model remains central to microfinance today. In the Grameen Bank system, money is advanced to small groups (usually of five women), with each member of the group agreeing to be financially responsible for the others. Alternatively, failure to meet the shared liability would stop the whole group from accessing further loans. If the loan repaid properly, member of the group are allowed to borrow more. Group members are required to monitor each other at regular meetings, and thus social pressure to meet financial commitments is created – filling the role of collateral in traditional financial services (Rajagopalam, 2008). The Grameen Bank has ignited a global conversation on offering affordable financial aid and its transformative power for women's economic empowerment. The bank's origins, its influence on women entrepreneurs, and its successful replication in India are some aspects covered in this blog (Sivasankar, Aditya, 2024).

## Microfinance and Women Empowerment

Microfinance has been a influential tool in promoting women's empowerment, especially in rural or underserved areas. By providing access to financial resources, microfinance helps women to become financially independent, improve their livelihoods, and enhance their socio-economic status. Thus, microfinance plays a important role in women's empowerment:

- a) **Financial Independence:** Various microfinance institutions provide small loans to women who typically lack access to traditional banking services. These loans allow women to start or expand their businesses, improve agricultural productivity, or invest in education, health and other purposes. It is noteworthy that, women who manage their finances and control resources, they gain greater confidence in their ability to make decisions and this financial autonomy is central to their empowerment.
- b) **Improved Livelihoods:** Microfinance enables women to become entrepreneurs, creating opportunities for self-employment. Whether through small businesses, agricultural activities, or craft production, these enterprises provide a steady income, improving their standard of living. Over the time, as women grow their businesses with the help of microfinance, they often become more resilient to external shocks, like



economic crises or natural disasters, ensuring long-term stability for themselves and their families.

- c) **Social Empowerment and Decision-Making:** Access to financial resources allows women to become more active participants in household decision-making, whether it involves financial planning, education, or healthcare. Women social status and standing often increase as they contribute economically to their households and communities.
- d) **Improved Access to Education and Healthcare:** With the increased income, women can invest in the education of their children, particularly daughters, leading to better long-term socio-economic outcomes for the next generation. Beside this, the improved financial resources also enable women to invest in their own health and well-being, which can lead to better quality of life and increased productivity.
- e) **Group Formation and Collective Empowerment:** Microfinance often operates through groups, such as SHGs, where women come together to save, lend, and support to each other. These groups help foster solidarity, provide a safety net, and encourage shared learning. It is also to be mentioned here that, within SHGs women often take on leadership roles, improving their self-confidence and giving them opportunities to influence decisions and advocate for their communities.
- f) **Reduction in Poverty and Gender Inequality:** By helping women generate their own income, microfinance reduces poverty, particularly among women who are traditionally excluded from the formal economy. In this perspective, microfinance programs specifically designed for women often include a focus on gender equality, challenging societal norms that restrict women's roles to the household and encouraging women to be active participants in the broader economy.

Microfinance has significant potential to empower women, but there are also a few challenges. In some cases, women may struggle to repay loans, leading to cycles of debt that can be hard to break. This is especially true, if loans are not properly tailored to women's needs or capacities. It is also to be mentioned here that, microfinance alone may not be enough to ensure women's empowerment. It needs to be paired with other initiatives like education, healthcare, and social services to be truly effective.

## 2. Objectives

- I. The paper overviewed the present status of microfinance and SHGs in Tripura.
- II. This paper highlighted the complete picture of Micro Finance and Self Help Groups for the empowerment of women in Tripura.
- III. The study examined the status of women under Self-Help Groups in Tripura
- IV. The research paper evaluated the performance of women SHGs in Tripura
- V. Finally, some suggestions offered regarding further prospect of microfinance and Self Help Groups for the empowerment of women in Tripura.



### 3. Methods

#### 3.1. Review of Literature

Microfinance programs have been playing a dominant role in poverty alleviation and women empowerment in the state of Tripura. The vision behind the growth of microfinance is also to pull the poor toward the entrepreneur side by giving them enough credit to achieve this goal. Thus, microfinance is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor and Self Help Group (SHG) is emerged as a tool of microfinance system in India. The literature on status of microfinance and Self Help Groups (SHGs) is not numerous and it is scattered. In this context, a specific number of studies have been carried out to procure knowledge on status of microfinance and Self Help Groups in in Women Empowerment.

Dasari, Rajesh Babu (2019), in his paper, discussed about the role of micro finance in India and its models. He was mentioned that, the role and contribution of microfinance institutions (MFIs) is very important for the betterment of poor people. He also mentioned that micro-finance is a delivery of financial services to such clients were relationship based banking for individuals entrepreneurs, small business, group based models many of those who promote MFI generally believe that such access will help poor people out of poverty.

Harper, Malcolm (2002), in his paper, analysed the Grameen bank groups and Self-Help Groups. This paper also compared the different ways in which Self Help Promotion Institutions (SHPIs) promote Self Help Groups (SHGs) with an aim of enhancing the efficiency and quality of the SHGs promotion process and thus improving the extent and level of financial service provision to rural people now without access to formal financial services. The paper also provided data for future design and implementation of programmes promoting SHGs.

Harper Malcolm, Kirsten Marie (2006), in his paper, linking the formal financial sector with poor microfinance clients seemed impossible even a decade ago. In this regard, one of India's most innovative linkage models is ICICI Bank's recent facilitation linkage' with several NGO/MFIs. This approach is based on a partnership between ICICI Bank and selected NGOs/MFIs, according to which the latter takes the responsibility of monitoring and recovering loans from individuals and Self-Help Groups (SHGs), but the credit is directly between ICICI Bank and the SHG or individual clients.

Bassi, Poonam (2013), in his paper "Self Help Groups- An Effective Approach towards Women Empowerment" discuss the role played by microfinance in women's empowerment. She also showed that Self Help Groups have contributed in developing the personality of women in molding the community into right perspective and in exploring the initiatives of women in taking up entrepreneurial activities. Actually, she analyzed the impact of micro finance and 'Self Help Groups' with respect to poverty reduction and empowerment of poor women.

Harmincova, Zuzana and Jha, Karel (2014), in their paper, "Microfinance around the world – regional SWOT Analysis" compared the functioning of microfinance in various developing regions of the world. They were analyzed the overall functioning,





effectiveness, strengths and weaknesses, potential threats and opportunities in the microfinance markets.

Heena, Qadir and Tabasum, Hassan (2013) revealed that, historically the women of Jammu and Kashmir area have been worst victims of violence, other social evils and it has been further intensified due to political trauma. Micro finance to such women SHGs have enabled to assist their family and community at large by inculcating the experience gained on savings, budgeting and how to face social and legal issues.

Kachari and Sahoo (2008), explain that self-help groups promote awareness among the women members and provide sufficient opportunities to combat with poverty. Furthermore, the self-help groups (SHGs) have come out as a significant factor in generation of income and occupations of the members which also require conditions like better disbursement of the micro credit to the members and these things should be taken care of for getting more active success in this area.

Vasanth, kumari (2008), made an attempt to examine the role of micro enterprises in empowering women in Kerala. In this context, sample sizes taken for the study were 328 micro entrepreneurs. The study revealed that these enterprises helped in empowering rural women economically, socially and individually. The study has also highlighted the priority to commercial viability of enterprises.

Rupapara, Brijesh and Patoliya, Jitendra (2012), in his book, problems faced by microfinance institutions & measures to solve it, discussed about the basics of microfinance, self help group, microfinance institutions performance, urban and rural microfinance, micro insurance, technology & microfinance and different business models for microfinance.

Sa-Dhan (2012) in his report, "Financial Inclusion – A study of the efficacy of banking correspondent model" analysed the different models of microfinance. The study highlighted the shortcomings: (i) the unviable cost structure; (ii) the lack of commitment of banks; (iii) the absence of financial literacy; (iv) a lack of knowledge between customer service operators (CSPs) and clients; and (v) lack of a grievance redressal system.

Mehra, J., Choudhary, S. and Punjabi, N.K. (2010), conducted a study on 80 SHG members of Indore district, Madhya Pradesh with the objectives to understand the empowerment of women through SHGs. The study point out that, SHGs helps in empowerment of women by increasing their financial position, influence over decisions pertaining to general welfare of the family, social activities, political activities and their own development.

Smith, Raven, (2006), in his paper "The Changing Face of Microfinance in India" has developed the concept, issues of microfinance and SHGs. The financial analysis of these case studies showed positive benefits of becoming an NBFC, such as greater profitability, greater access to commercial sources of funding, and therefore greater outreach in terms of loan portfolio size and clients reached. The case study illustrates a tendency of an NBFC-MFI towards greater transparency and efficiency in systems. The study also mentioned the changing face of microfinance in India appears to be positive in terms of the ability of microfinance to attract more funds.



Datta and Raman (2000) in their paper highlighted that SHG's are characterized by heterogeneity in terms of social and economic indicators. The findings showed that, an increase in distance among members' results in higher SHG net income per member by reducing the level of risk facing SHGs. It is also found that stronger social ties among members, increased business loan per member and lower SHG's expenditure contributed to the higher average income of the group member.

Ahmad Dar (2017) has shown that SHGs is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes. Women members learned to come from the home and take active participation in social activities organized by all groups together in a block. Self Help Groups contribute to solving the problems of inadequate housing and urban services as an integral part of poverty alleviation programmes.

Bhole B. and Ogden S (2010), in their paper titled, "Group lending & individual lending with strategic default" had compared the presence of strategic default between group lending and individual lending. This study analyzed the contract efficiency with regard to correlated project realization and the size of the borrowers in group lending. The papers also compared the lending between group and individual in the presence of strategic default.

Bindu, Ananth (2005) in her paper, analyzed the partnership model of financing microfinance institutions. The paper compared three financing models for microfinance namely Self help group bank linkage model, financial intermediation by microfinance institutions & the partnership model. The paper also discussed the building links to capital markets for financing microfinance through securitization.

Sunil, R.(2004) in his paper "Microfinance to the rural poor : A case study of the SHG-Bank linkage programme in a backward district in India" highlighted for the effective credit linking of the rural poor to the formal financial institutions through the mediating platforms called Self Help Groups (SHGs).

Rao, M.V. (2005), has shown that a review of the genesis and development of SHG's in India reveals that the existing formal financial institutions have failed to provide finances to landless, marginalized and disadvantaged groups. In this view, Bhatia and Bhatia (2000) through few case studies highlighted that recovery of SHG's is higher than other credit extended to borrowers.

Dasgupta (2000) in his paper on "Informal journey through Self Help Groups" observed that micro-financing through informal group approach has effected quite a few benefits He stressed that SHG's should be considered as one of the best means to counter social and financial citizenship not as an end in itself.

Malhotra et al. (2002) reported that, the identification of empowerment as a primary development tool has been done, but still, institutions such as the World Bank and development agencies haven't introduced an authentic method for estimating and analyzing the tracking variations in various levels of empowerment. The reason behind this is that empowerment is related to social, economic, and political and other challenges as well (Ramadevi, R., Swarnakumari, M., Guruswami, M. Sanjay, 2019).



From the literature review, it is found that, there was a practical gap regarding the lack of research on how women experienced empowerment and entrepreneurship through microfinance. It is also to be mentioned here that, a majority of the past studies applied quantitative methodology with the top-down approach which focuses on the views of service providers instead of beneficiaries and thus the beneficiaries' views were not considered. In this context, this study is based on a research design to explore the perspectives of women that how they interpret and understand the phenomenon of empowerment achieved through microfinance and SHGs.

In Tripura, most of the studies conducted so far are macro level studies and they deal with the microfinance in general. Unfortunately, microfinance and self help groups in Tripura with reference to status of microfinance has not been able to draw the attention of researcher to any noticeable extend. Hence, there is the necessity of a comprehensive study incorporating discussion on status of microfinance and Self Help Groups (SHGs) in Tripura. The proposed study is an attempt to provide a complete up-to-date picture of the microfinance in Tripura. Beside this, the study examined the status of women under Self-Help Groups in Tripura and also evaluated the performance of women SHGs in Tripura. Finally, some suggestions offered regarding further prospect of microfinance and Self Help Groups for the empowerment of women in Tripura.

### 3.2. Research Methodology

The research work is based on primary and secondary data. The primary data were collected directly from the different SHGs Group members. The primary data collected through personal interviews and telephone interviews only. In the course of analyzing the problems, a number of text and references books, various reports, Government Publications and other published and unpublished documents relating to the study have been considered. The secondary data were also collected from NABARD (Agartala Branch), NEDFI's, Statistical Abstract of Tripura and so on.

In order to reach the desired goal of the study, 30 numbers of women leading SHGs group of Tripura were taken for the Assessment of SHGs performance and determination of Critical Rating Index. For that purpose, convenient sampling method was chosen and the data were collected from SHGs Group leader /representatives of Tripura.

Table-1: Assessment of SHGs Performance (score based)

Sl. No	Point Range	Performance	Eligibility for Loan
1	Less than 100	Poor	Not Eligible
2	101 - 150	Good	Eligible with Caution
3	More than 150 points	Very Good	Highly Eligible

Source: Design by author, from NABARD.org.in

Some standard methods are used for the assessment of SHGs performance in Tripura. These formats are attached in appendices (Table-11). The formats were collected from NABARD, Agartala centre. According to this format, the performance is based on the accomplished



score of SHGs group .The assessment of SHGs Performance is evaluated in the following way:

To know the status of women in the group, data were also collected from 110 women who are SHG members of West Tripura district. In this context, the percentage analysis method was also carried out to draw meaningful interpretation of the results. The analyzed data has presented in tabular form in percentage as well as absolute figures as and where necessary

## 4. Results

### 4.1. Present Status of Microfinance and SHGs in Tripura

The popularity and acceptance of microfinance in Tripura is also a development tool in the fight against poverty. The failure of the banking institutions in delivering credit to the poor, particularly the rural poor in Tripura, has resulted in the emergence of a new, innovative and viable institutional structure. This structure, commonly called microfinance, seeks to reach and address all types of financial needs of the poor, who hitherto were not able to access credit from banking institutions due to non-possession of collateral and high cost of transaction (NABARD, 2006-07).

Self Help Groups under the Tripura Rural Livelihood Mission are making a significant impact on women's empowerment in the state. The Self Help Groups (SHGs) under the Tripura Rural Livelihood Mission have now turned into a movement for self-reliance, self- dependent and women empowerment in rural Tripura. Tripura Government is working in a determined way to empower the women socially and economically for an overall growth of the state. There are many instances that the women became self-reliant by involving themselves with the TRLM-run SHGs and they are now supporting their families. TRLM has mobilized around 63,808 rural women into 7,696 Self Help Groups for social and economic empowerment during the FY 2022-23 (Tripura Times, 2022).

It is noteworthy that, the fiscal year 2022-23, TRLM mobilized approximately 63,808 rural women into 7,696 Self Help Groups (SHGs), fostering social and economic empowerment. To support and expand the livelihood activities of these SHG members, bank loans totaling ₹120.18 crore were disbursed during the same period. These funds have been utilized not only for income-generating endeavors but also for essential needs such as children's education. To further strengthen these groups, the SHGs have been federated into 236 Village Organizations (VOs) and 16 Cluster Level Federations (CLFs), with plans underway to promote an additional 36 CLFs. TRLM had also developed an e-commerce platform named Vill-Mart to promote and sell SHG products. This initiative is complemented by collaborations with major online platforms like Amazon and Facebook, aiming to reach a broader audience and boost sales (Chakraborty, Prasenjit, 2022).

‘Tripura JICA Project’, an Externally Aided Project (EAP), envisages achieving environmental improvement through afforestation, soil and water conservation, bio-diversity conservation and poverty alleviation of the Forest dwellers through 1,400 Self Help Groups (SHGs) formed within the Joint Forest Management Committees (JFM). It is to be mentioned





that Tripura Forest Environmental Improvement and Poverty Alleviation Project (TFIPAP) popularly known as 'Tripura JICA Project'. Total JICA Project is Rs.367.00 crores, of this; major expenditure goes to employment generation to the poorest of the poor families in the most interior pockets of the State. The Project gives the micro credit for taking up these micro enterprises. The project are providing loans for women SHGs also, The Project had initiated artisan development with women Self Help Group members under Subalsing Range Management Unit (RMU) (Self Help Groups (SHGs) under Tripura JICA Project, 2007).

### Stages of SHGs Development and Role of NGOs/ SHPIs in Tripura

The institutions promoting SHGs groups are called Self Help Promotion Institutions (SHPIs). With a view to make thrift and credit activities meaningful for the economic empowerment, the groups are gradually encouraged to deploy their funds as investment for the income generating activities in Tripura. In this regard, the following table-2 details the evolution of roles of NGOs/ SHPIs through various stages of the development of SHG, and the focus of activities for each stage.

Table-2: Stages of SHG development and role of NGOs/ SHPIs n Tripura

Stage of Development	Time Period	Role of NGO / SHPIs	Focus of Activities
Pre-formation	1-2 months	Initiator / Promoter	Identifying the poor through participatory rural appraisal methods in small hamlets / villages/ towns.
Formation	2-6 months	Facilitator	Motivation to form groups, select group leaders, develop rules and norms conduct meeting, pooling of savings issues and collection of small loans groups cohesion, adjustment systems and accounts.
Stabilization Phase	7-12 months	Advisory / Managerial	Leadership stabilization, training of leaders, members, regularize and increase savings, handling of group level transactions, informal interactions with other groups / clusters, addressing community interest. Begin the process of issuing and repaying loans, handling helping defaulters to repay, sourcing loans for groups through formal credit system, etc.
Phase – II	12-18 months	Advisory / Managerial	In addition to the above activities, initiation of income generating programs, linkages with banks, support for new groups, demonstrative effect on others to form groups.
Growth and Expansion	18 months and above	Advisory / Managerial Consultative / Institution	Strengthen linkages with banks, creation of assets for the groups and members, spreading concept building and promotion of new groups, attempt at



Stage of Development	Time Period	Role of NGO / SHPIs	Focus of Activities
		building	cluster development and federation of SHGs.

Source: Design by author, information from NABARD.org.in

NGOs play vital role in the development of SHG of the state. The NGOs motivates the rural people to come together and organize themselves into a group for their growth and personal development. These organisations also train, guide, and educate the people to function and handle the group properly. Beside these, the NGOs teach the people for the habit of savings and also help them procure a loan by helping them in the loan procedure and the formalities. The NGOs help the people of SHG to identify their potential market, the products in demand, raw materials that are required for starting a business and places to procure them. It is found that, the respondents are well aware about the role of NGOs. Nearly 55 per cent of the respondents informed that NGOs helped them to form Self-Help Groups. But, Government departments and neighbouring Self-Help Groups play very negligible role in the formation of Self-Help Groups. However, NGOs play a vital role in helping rural women to form Self-Help Groups and they motivated women to join Self-Help Groups (Ramadevi, R., Swarnakumari, M., Guruswami, M.Sanjay, 2019).

#### 4.2. Micro Finance and SHGs for the Empowerment of Women in Tripura

In India, poor people cannot access banking services due to lack of awareness of banking procedures and documentation. In India, loans from the normal banking system require collateral or counter guarantee which poor people cannot offer and therefore, cannot get loan. It is through micro-finance that a wide range of financial services such as deposits, loans, payment services, money transfers and insurance can be provided to the poor and low income household. Beside these, micro-finance institutions, through their NGOs, develop saving habits among poor people. Thus, microfinance institutions help in mobilization of savings and using the same for the welfare of its members. At present, poor people especially poor women of the country are getting lots of benefits from the financial services of microfinance and SHGs.

Microfinance does away with all these obstacles and provides finance to poor population on easy terms. It allows the poorer sections of the society to get loans at cheaper rates which helps them to start their businesses on a small scale, grow their business. Microfinance also helps poorer sections of the society to get out of poverty and self-sufficient. It helps in creating long-term financial independence among the poorer sections of the society and therefore, promotes self-sufficiency among them (Dasari, Rajesh Babu, 2019).

In India, Self Help Groups (SHGs) represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self-management and development for the women who are SHG members through microfinance. SHGs enable women to grow their savings and to access the credit which banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs, stand for local election or take action to address social or community issues (Ravi, S and Vikkraman,P , 2012). In Tripura, more than 50% of the Self Help Groups (SHGs) are formed by women. Now, they have greater access to financial and

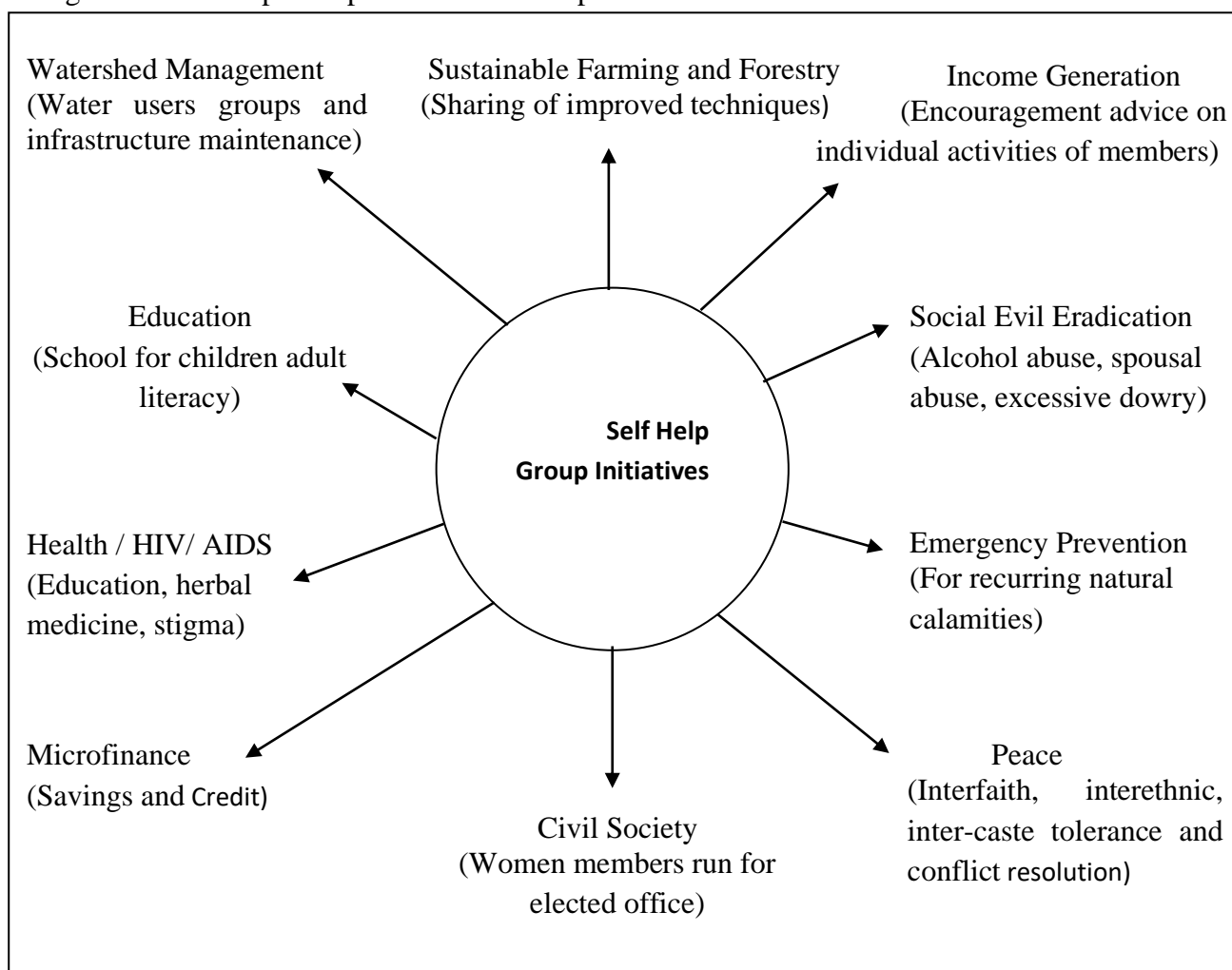


economical resources. Thus, micro-finance empowers poor women economically and socially (Dasari, Rajesh Babu, 2019).

### **Initiatives under Microfinance and SHGs: Involvement of Women in Tripura**

Various initiatives under Microfinance and SHGs may be categorized under three headings according to their involvement as primary agency. They are such as: Government initiatives, NABARD initiatives, NGOs initiatives. Since the year 1992, NABARD had taken initiatives in financing the SHGs as a mainstream activity of the banks under their priority sector lending throughout the country. The Self Help Groups initiatives in Tripura are shown in the Figure-1.

Figure-1: Self Help Groups initiatives in Tripura



Source: National Bank for Agricultural and Rural Development (NABARD) (2013), "Banking with Self Help Groups-How and why? A Handbook for Branch Level Bankers", available at <http://heapol.oxfordjournals.org/content/early/2013/10/26/heapol.czt077.full>



The banking system comprising public and private sector Commercial Banks, Regional Rural Banks (RRBs) and Cooperative Banks have joined hands with several organizations in the formal and non-formal sectors to mainstream this informal delivery mechanism for providing services to a large number of poor (Tripura State Focus 2006-07). There are three models approved by the NABARD through which SHGs are linked with formal banking system. In Model-1, banks form and finance the SHGs and in Model-2, SHGs are formed by the NGOs but directly financed by the banks. In Model-3, NGOs work as financial intermediaries (NABARD, Status of Micro finance in India 2009-10).

Empowerment in woman's development is a way of defining, challenging and overcoming barriers in her life through which she increases her ability to shape her life. Rural women play a crucial role in rural development and allied fields. Self Help Groups (SHGs) have emerged as popular method of working with people in recent years (Dey, Biplab Kumar, 2014). It is found that, womens are involved in all the models of SHGs in Tripura (Statistical Abstract of Tripura, 2007).

### **Self Help Groups in Women Empowerment: Progress and Sustainability in Tripura.**

Microfinance sector has grown rapidly over the past few decades. Today, it has evolved into a vibrant industry exhibiting a variety of business models. Microfinance Institutions (MFIs) in India exist as NGOs and Non-Banking Financial Companies (NBFCs). Commercial Banks, Regional Rural Banks (RRBs), Cooperative Societies and other large lenders have also played an important role in providing refinance facility to MFIs. Microfinance institutions serve as a supplement to banks. These institutions not only offer micro credit but they also provide other financial services like savings, insurance, remittance and non-financial services like individual counselling, training and support to start own business and the most importantly in a convenient way (Rajalakshmi A, 2011)

Many women who have accessed microfinance services have successfully increased their incomes, thereby improving their quality of life. Banks have also adopted the Self-Help Group (SHG) model to extend direct credit to group borrowers, further promoting financial inclusion. However, the sector faces challenges, notably concerning the interest rates charged by some Microfinance Institutions (MFIs). Some claim that the interest rates charged by some of Microfinance Institutions are very high while others feel that considering the cost of capital and the cost incurred in giving the service, the high interest rates are justified (Rajalakshmi A, 2011)

It is found that the progress and sustainability of the SHGs is slow in Tripura. Since its inception upto March 2004, more than thirteen thousands groups have been formed throughout the state which is almost double of the cumulative target. But if we look at other components of a quality group, the results are not at all encouraging. It is found that only 26.45 per cent SHGs were eligible for first gradation tests and only 16.74 per cent passed the first gradation and received revolving fund from the District Rural Development Agency (2010). Only 8.85 per cent opened CC account i.e. received fund from the banks (2010).

There are many instances that progress and sustainability of the SHGs for women is markable in the state of Tripura. SHGs group are working with many organisations in Tripura. On





remarkable example is that, the women became self-reliant by involving themselves with the TRLM-run SHGs and they are now supporting their families. TRLM has mobilized around 63,808 rural women into 7,696 Self Help Groups for social and economic empowerment during the FY 2022-23 (Chakraborty, Prasenjit, 2022).

#### 4.3. Status of Women under Self-Help Groups in Tripura

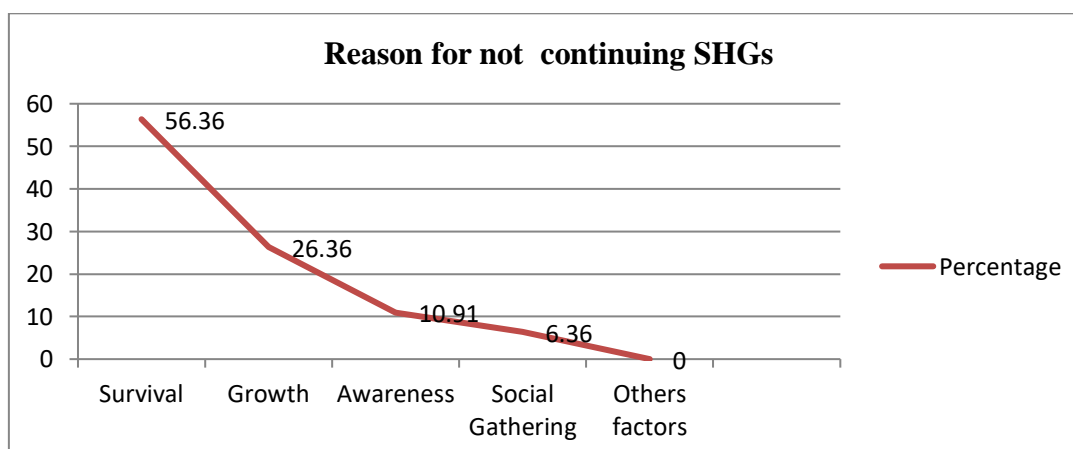
SHGs work as platforms that promote solidarity among women, bringing them together on issues of health, nutrition, gender parity and gender justice. There are various reason for joining of women in the SHGs groups. The reasons are survival, growth, awareness, social gathering and some other factors. The reasons for joining and continuing of women in SHG's in the state of Tripura are as follows:

Table 3: Reasons for joining and continuing in SHG's

Particulars	No. of respondents	Percentage
Survival	62	56.36
Growth	29	26.36
Awareness	12	10.91
Social Gathering	7	6.36
Others factors (Pressure, influence etc.)	0	0.00
Total	110	100

Source: Field survey

The above table demonstrates that 56.36% of the respondents had joined for their survival, 26.36% was joined for growth purpose, 10.91% was joined for awareness; and only 6.36% was joined for social gathering. Thus, the highest percentage (56.36%) of the respondents have joined and continued in SHGs for survival and the least number of respondents, 6.36% for Social Gathering. The reasons for joining and continuing of women in SHG's in the state of Tripura are also present in graphical form.



Graph-1: Reasons for joining and continuing in SHG's.



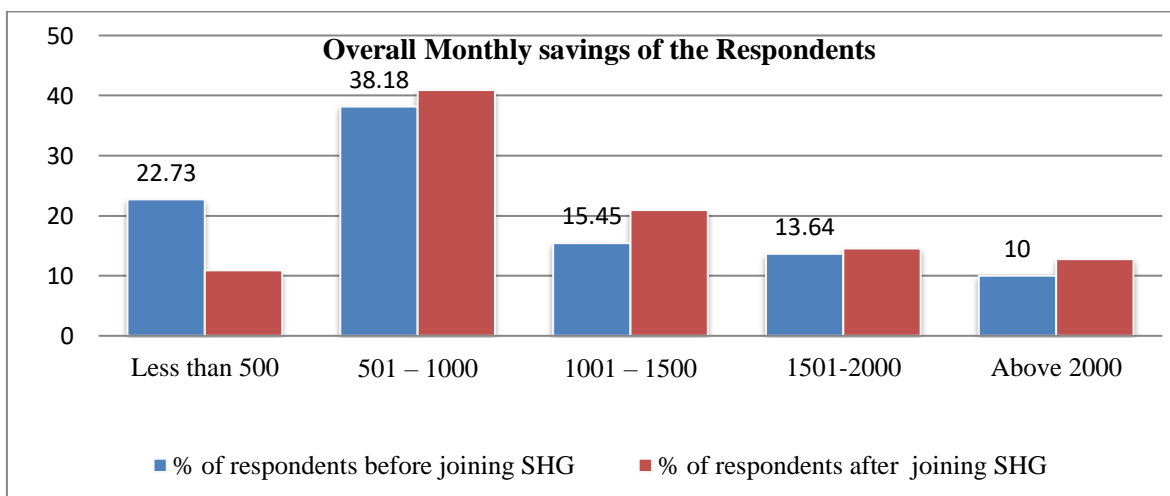
All SHG members regularly save a small amount. The amount may be small, but savings have to be a regular and continuous habit with all the members. SHG members take a step towards self-dependence when they start small savings. Beside this, some women are also related to the other income. Considering other sources of income also, overall monthly savings of the respondents are as follows:

Table 4: Overall monthly savings of the respondents.

Savings per month (in Rs.)	No. of respondents before joining SHG	Percentage	No. of respondents after joining SHG	Percentage
Less than 500	25	22.73	12	10.91
501 – 1000	42	38.18	45	40.91
1001 – 1500	17	15.45	23	20.91
1501-2000	15	13.64	16	14.55
Above 2000	11	10.00	14	12.73
Total	110	100.00	110	100.00

Source: Field survey

From the above table, it is found that the savings of the respondents is not very good. It is to be mentioned that, the monthly saving range 501-1000 for 40.91 percent women (after joining the SHGs group). Though savings is less for the women members due to the less income, but still these women groups able to increase their savings. SHGs group members informed that many women they do not have any saving before joining SHGs and many women income have already been increased. The overall monthly savings of the respondents are as follows in graphical representation:



Graph-2: Overall monthly savings of the respondents



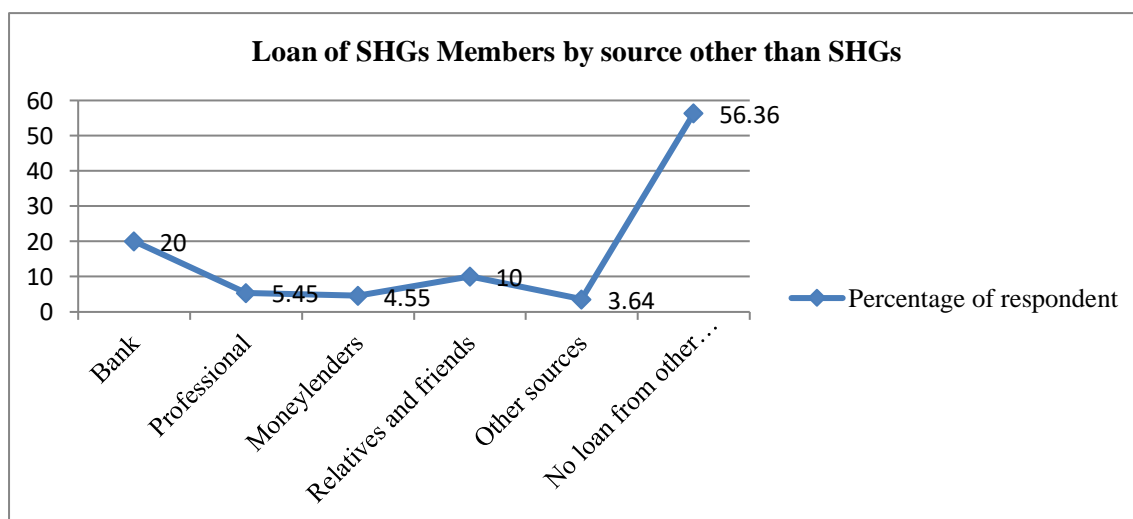
Due to shortage of fund, the SHGs group members sometimes take loan from other sources also. The sources are bank, professional, money lenders, relatives & friends and other sources. The bank provides loans and credit facilities to SHGs to help them start small businesses or generate income through other means. In this regard, loans of SHG members, by sources other than SHGs are as follows:

Table-5: Loans of SHG members, by sources other than SHGs

Source	No of Respondents	Percentage of respondent
Bank	22	20.00
Professional	6	5.45
Moneylenders	5	4.55
Relatives and friends	11	10.00
Other sources	4	3.64
No loan from other sources	62	56.36
Total	110	100.00

Source: Field survey

The SHGs group members had taken loan from Bank other than SHGs (20.00%), followed by relatives and friends (10.00%) and then Professional (5.45%). It is found that 62 % of the respondent did not take any loan rather than SHGs. The loans of SHG members, by sources other than SHGs are represented graphically.



Graph-3: Loans of SHG members, by sources other than SHGs

The loans are taken by respondents for various purposes. The Purposes are directly income generating activities (Agriculture, Livestock, Business/Shop, Skill Business), Consumption related activities (House construction, Education, Health, Ceremonial expenditure and others) and other activities. The loans are taken by respondents for various purposes are as follows:

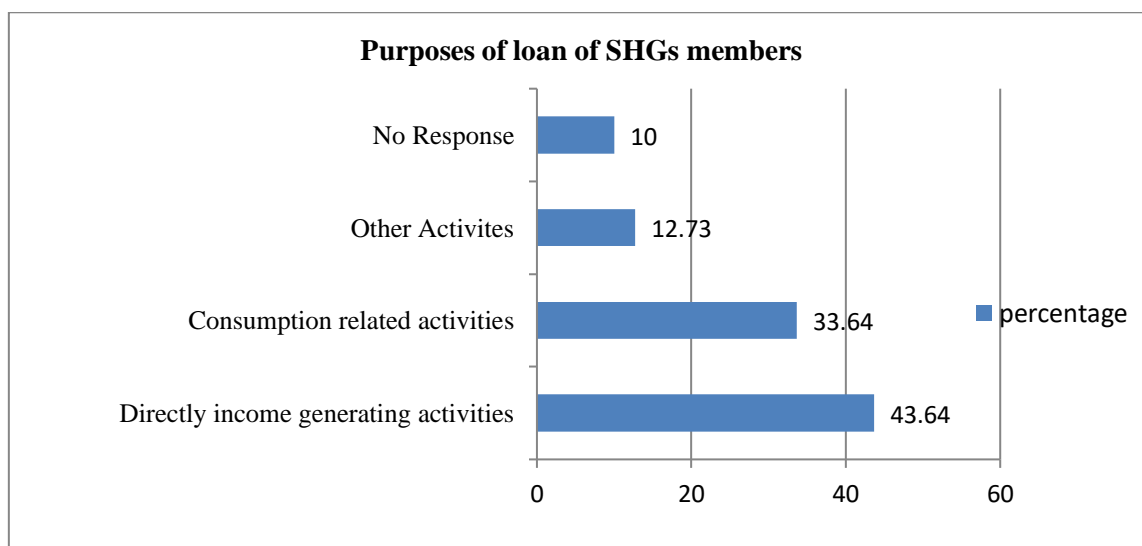


Table-6: Purposes of Loans of SHG members.

Particulars	Purposes of Loans	Number of Respondents	Percentage of Respondents
1	Directly income generating activities (Agriculture, Livestock, Business/Shop, Skill Business)	48	43.64
2	Consumption related activities (House construction, Education, Health, Ceremonial expenditure and Others)	37	33.64
3	Other Activities	14	12.73
4.	No Response	11	10.00
5	Total	110	100.00

Source: Field survey

From the table it is found that, 43.64% respondents were taken loan for directly income generating activities (Agriculture, Livestock, Business/Shop, Skill Business), 33.64% respondents were taken loan for Consumption related activities (House construction, Education, Health, Ceremonial expenditure and Others) and 12.73% respondents were taken loan for other activities. 10.00% respondents did not give their responses. The Purposes of Loans of SHG members are represented graphically.



Graph-4: Purposes of loans of SHG members





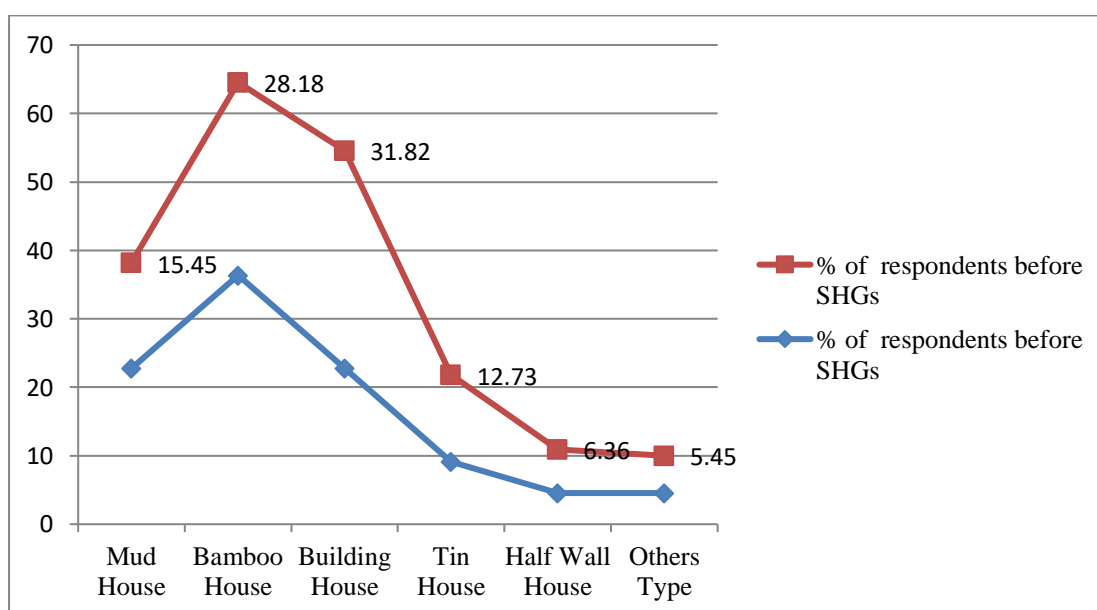
There are different types of houses are found in Tripura. The types are Mud House, Bamboo House, Building House, and Others Types. The houses are normally rectangular in shape and share similarities with the bamboo kutchra houses having linear planning and rooms opening into each other. Tin houses are also examples of the lost-cost housing methodology prevailing in Tripura. The Condition of House of the Respondents of different SHGs Groups is as follows:

Table 7: Condition of house of the respondents

Particulars	No. of respondents before joining SHG	Percentage	No. of respondents after joining SHG	Percentage
Mud House	25	22.73	17	15.45
Bamboo House	40	36.36	31	28.18
Building House	25	22.73	35	31.82
Tin House	10	9.09	14	12.73
Half Wall House	5	4.55	7	6.36
Others Type	5	4.55	6	5.45
Total	110	100.00	110	100.00

Source: Field survey

From the above table, it has been inferred that the condition of house before and after joining of SHGs. It is also observed that more houses of the SHGs respondents are bamboo houses and building houses. The above percentage shown that, the conditions of house improved, but not up to the satisfactory level. In this regard, group support, institutional support and Government support are required for the improvement of performance of SHGs group for empowering poor women.



Graph 5: Condition of house of the respondents



The firewood, kerosene, coal, charcoal and cow dung, and modern fuel includes the use of LPG are the different sources of fuel in Tripura. The multi-purpose (MP) stove is a versatile stove designed to cook all kinds of food. The uses of fuels of the respondents of different SHGs groups are as follows:

Table 8: Use of fuels of the respondents

Particulars	No. of respondents before joining SHGs	Percentage	No. of respondents after joining SHG	Percentage
Wood	45	40.91	34	30.91
Kerosene	17	15.45	15	13.64
Gas (LPG)	37	33.64	52	47.27
Others(coal, charcoal and cow dung etc)	11	10.00	9	8.18
Total	110	100.00	110	100.00

Source: Field survey

From the above table- it has been portrayed that, the fuels uses highest in LPG and lowest in other sources (coal, charcoal and cow dung etc). The uses of fuels are highest (47.27%) in Gas (LPG) after joining SHGs and it indicates that there are good improvements of social status of the women SHG members.

#### 4.4. Performance of Women SHGs in Tripura

The SHGs should be practicing Panchasutras i.e. Regular Meetings, Regular savings, regular inter-loaning, Timely repayment and up-to date books of accounts. There are three models adopted by the NABARD through which SHGs are linked with formal banking system. In Model-1, banks form and finance the SHGs and in Model-2, SHGs are formed by the NGOs but directly financed by the banks. In Model-3, NGOs work as financial intermediaries (NABARD, Status of Micro finance in India 2009-10). The Performance of three Models in India and Tripura (2010) are as follows:

Table 9: Performance of three Models in India and Tripura

Sl. No.	Location	M : 1 (formed and financed by Bank)	M : 2 (Formed by NGOs and Financed by Bank)	M : 3 (NGOs work as financial intermediates)
1	India	20%	72%	8%
2	Tripura	78.8%	21.2%	0%

Source: Status of Micro finance in India 2009-10, NABARD Agartala Branch.



Table-10: Assessment of SHGs performance in Tripura

Sl. No	Total group taken.	Point Range	Points Gain (No. of SHGs)	Eligibility for loan
1	30	Less than 100	9	Not Eligible
2		101- 150	9	Eligible with Caution
3		More than 150 points	12	Highly Eligible

Source: Field Survey from SHGs

The SHGs scoring more than 150 points are highly eligible for loan. SHG scoring less than 150 points, but more than 100 points can be selected for loan with caution. On the other hand, SHG scoring less than 100 points should not be considered for loan. On the basis of these criteria, out of 100 SHGs, 12 groups are highly eligible for loan, 9 groups are eligible for loan with caution and 9 groups should not be considered for loan.

The overall empowerment of women is crucially dependent on their economic empowerment. Women through Self Help Groups (SHGs) can work on a range of issues such as health, nutrition, agriculture, forestry, etc. besides income generation activities through microfinance. Therefore, the Women Empowerment consists in the organization of women into effective Self Help Groups (Bassi, 2013). In Tripura, empowering women through Self Help Groups prepares a cadre/network of master trainers for the sustainability of SHGs. A minimum of 1000 Tribal Women's Thrift and Credit Groups has formed in the State by the year 2002 for economic empowerment of women. The progress of formation of Women Thrift & Credit Groups for economic empowerment of Tribal Women is still moving ahead.

#### 4.5. Microfinance and SHGs: Various Ways for Women Empowerment

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 that protects interest of stakeholders as well as promotes growth, is needed. Presently, proper regulation is required regarding microfinance and SHGs for women empowerment.

- I. The foremost important thing is field visit to check the performance of ground staff of various MFIs and their recovery practices. Thus, field visits can be adopted as a medium for monitoring the conditions on ground and initiating corrective action. This will also encourage MFIs to abide by proper code of conduct and work more efficiently.
- II. The encouraging MFIs for opening new branches in areas of low microfinance penetration by providing financial assistance will increase the outreach of the microfinance in the state. This will also increase rural penetration of microfinance in



the state. In this connection, rural poor women may be motivated and encouraged for doing their activities more actively in the SHGs group.

- III. MFIs should provide complete range of products including credit, savings, remittance, financial advice and also non-financial services like training and support. 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 services. It will motivate the poor people in rural areas.
- IV. The advanced technology should be used for better operating purposes. MFIs should use new technologies and IT tools & applications to reduce their operating costs. Also initiatives like development of common MIS and other software for all MFIs can be taken to make the operation more transparent and efficient.
- V. MFIs are employing different patterns of charging interest rates and a few are also charging additional charges and interest free deposits. So a common practice for charging interest should be followed by all MFIs so that it makes the sector more competitive and the beneficiary gets the freedom to compare different financial products before buying.

## 5. Discussion

The self-help groups (SHGs) of Tripura are promising and it is proving an effective method of poverty eradication and empowerment of women. On the other hand, the supply side of microfinance in Tripura is still presently grossly inadequate to fill the gap between demand and supply, but it holds the promise to act as a great opportunity for the financial sector and the economy as a whole. Over the past decades, microfinance institutions (MFIs) have appeared as crucial tools not only to address the issue of poverty but also particularly to empower women in the state of Tripura.

The results of the study revealed that, the SHGs have had greater impact on both economic and social aspects of the beneficiaries. The Self-Help Group (SHG) model with bank lending to groups of poor women without collateral has become an accepted part of rural finance. In Tripura, Government and NABARD have emphasized the SHG approach and working along with NGOs in its initiatives. In spite of the various initiatives, microfinance in Tripura is still presently not a very high impact to create a massive impact in poverty alleviation, but if pursued with skill and opportunity development of the poor, it holds the promise to alter the socioeconomic face of the poor in the whole state. However, the analysis revealed that microfinance is an effective tool that can contribute to the development of women's empowerment and entrepreneurship of the state. Hence, this study also highlighted that microfinance creates a positive and influential impact on rural women of the Tripura.

There is a need of coordinated and comprehensive support strategy for further prospects of microfinance and SHGs. Women empowerment through SHGs is an ideal, realistic and practical strategy. Micro financing through self help groups are generating employment and income to the poor people of Tripura. The women SHGs members benefited socially and





economically after joining the SHGs and 43% (52 respondents) of women group members are satisfied with the activities of SHGs. Finally, the study concludes that, microfinance indeed has significant potential to be a transformative tool for women's empowerment in the state of Tripura, enabling women to achieve economic independence, greater social status, and a higher quality of life.

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## APPENDICES

**Table-11: Method of Assessment of SHGs Performance (NABARD)**

Sl. No.	Category	Sub Point	Items	Value (Marks / Points)
1	Group Size		Members less than 10 Members between 10 and 15 Members more than 15 and up to 20.	5 8 10
2	Composition	I	Target group only Having 1 to 5 non-target group Having more than 5 non-target group.	10 5 0
		II	Homogeneous group (Economic status) Mixed group.	10 8
3	Age of the Group		One year and above. Six months and above but less than one year Less than six months.	10 8 2
4	Monthly Meetings	I	Four meetings 2 to 3 meetings One meeting.	10 8 2
		II	Regular Irregular	10 5
5	Attendance		More than 90% 70% to less than 90% Less than 70%.	10 5 3
6	Participation		High Medium Low.	10 8 3





7	Savings	I	Frequency -Monthly 4 times 3 times 2 times One time.	10 8 5 3
		II	Regular Irregular.	10 8
		III	Mixed rate Optional rate	5 10
		IV	Interest on group loans Depending upon the purpose 24% to 36% More than 36% Nil %.	10 8 5 0
		V	Utilization of savings by grant of loans Above 80% Above 50% up to 80% Less than 60% No group loan.	10 5 3 0
		VI	Savings more than Rs.5,000/- Rs.3,500/- to Rs.5,000/- Rs.2,000 to Rs.3,500/- Less than Rs.2,000/-.	10 5 3 0
8	Group Loan Recovery		Dues recovered 90% and above Above 70% but less than 90% Less than 70% No recovery due to not granting loans more than six months.	10 8 5 0
9	Documentation		(Maintenance, upkeep custody and general maintenance of accounts etc.) Good Satisfactory Poor.	10 8 3
10	Group Rules and Knowledge of Group Functions		If known to all members If known to most of the members If known to none of the members.	10 5 0



Received: 16-03-2025

Revised: 05-04-2025

Accepted: 02-05-2025

11	Education Level		If 20% or more members having functional literacy If less than 20% All illiterates.	10 3 0
12	Awareness about Government Sponsored Program and Banking Procedures among the Members.		If all are aware If Par of the group only is aware None is aware.	10 5 0
13	Maintenance of Records and Registers (Following is the list of self help group records.  Each record, if maintained, will get points mentioned against each. Maximum 10 points).		Attendance Register Minutes Book Loan Ledger Savings Ledger Cash Book General Ledger Bank Passbook (group).	1 1 2 2 1 2 1
	Total Points			365
	Maximum points to be consider			200

Source: NABARD.org.in.