

**MICROFINANCE
FOR
URBAN POOR MICROENTREPRENEURS
SYSTEMS, PROBLEMS AND IMPACT
(A STUDY OF UTTAR AND DAKSHIN DINAJPUR DISTRICTS)**

**A Thesis Submitted to University of North Bengal
For the Award of Ph.D. Degree in Commerce**

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Preface and Acknowledgement

Being born and brought up in Kolkata, I have had the opportunity of witnessing the various facets of urban life. Among the glittering facades of showrooms and multistoried buildings were hidden the slums where object poverty and misery were parts of everyday life. The deprivation, malnutrition and homelessness of thousands of people were burning proofs of how poverty was growing at a large section of people who have every right to be bestowed with the virtues of life. I often wondered whether the people at the helm of affairs ever spared a thought about these helpless people and took initiatives to bring rays of hope in their lives. I later learnt that there were government schemes to generate income oriented activities for them, but these were probably a lot of lacunae in them as results could not be significantly visualized. There was always a desire within me to investigate what were the problems of the urban poor and what were the available solutions offered by the Government and Non Government organizations. However, the desire could not materialize due to lack of guidance as to how to go about the investigations.

It was in the year 2000, I had an opportunity to meet with Prof. Samirendra Nath Dhar of North Bengal University in a seminar in Kolkata where he spoke about the problems of urban poor people and the role of different micro finance schemes. I got the opportunity to speak to him regarding this issue. After that, I joined in Raiganj University College in Uttar Dinajpur district. I went to North Bengal University and met with Prof. S. N. Dhar I expressed my interest to work on the field of microfinance in the urban areas of the districts of Uttar and Dakhsin Dinajpur. These two districts in

North Bengal are economically backward and a huge percentage of the urban populations are poor.

The research work was initiated not only as a step to earn higher depress, but also with a passion to unearth the realities behind poverty eradication measures through microfinance. Therefore the approach was to embark on grass roots research and produce empirical evidence which would highlight the problems and perceptions of the beneficiaries. The evidence collected through questionnaire based surveys; interview and discussions have been at an expense of a considerable amount of time and money.

The reliability of the findings could have been enhanced by using a very large sample, but constraints of time and finance had to be taken into consideration. However, efforts have been made to presents the findings in a structured and logical manner and suggestion have been based on the findings.

During the course of my study, I have received help from many persons. At first I would like to express my affectionate and deeply felt gratitude to my principal supervisor Prof. Samirendra Nath Dhar Dept. of commerce, for his valuable guidance, suggestions and critical comments in every stage of the work. He has always inspired me to do the work .He has spend his precious time in spite of their busy schedules. The work could not be completed without his encouraging support and I consider myself very lucky to get him as my guide and supervisors.

I would also express my sincere thanks to my co supervisor Dr. Debabrata Mitra,, Dept of commerce , for his continues co operation and encouragement during the study.

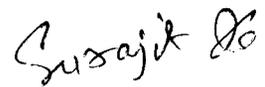
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LIST OF ABBRIVIATIONS

ADS:	Area Development Society
BPL:	Below Poverty Line
CAGR:	Cumulative Average Growth Rate
CDS:	Community Development Society
CGAP:	Consultative Groups to Assist The Poor
CO:	Community Organiser
DD:	Dakhsin Dinajpur
DUDA:	District Urban Development Agency
DWCUA:	Development of Women and Child in Urban Area
FED:	Federal Reserve System
GDP:	Gross Domestic Product
IRDP:	Integrated Rural Development Programme
MC:	Micro Credit
ME:	Micro Enterprise
MF:	Micro Finance
MFI:	Micro Finance Institutions
MFP:	Micro Finance Programme
NABARD:	National Bank for Agricultural and Rural Development
NGO:	Non- Government Organisation
NHC:	Neighborhood Committee
NHG:	Neighborhood Group

RCV:	Resident Community Volunteer
RF :	Revolving Fund
SC:	Schedule Caste
SHG:	Self Help Group
SJSRY:	Swarna Jayanti Sahari Rojgar Yojana
ST :	Schedul Tribe
SUDA:	State Urban Development Agency
SUME:	Scheme for Urban Micro Entrepreneur
TCG:	Thrift and Credit Group
UBSP:	Urban Basic Self Help Programme.
UD:	Uttar Dinajpur
ULB:	Urban Local Body
UNICEF:	United Nations Children Education Fund
UPA:	Urban Poverty Alleviation
USEP:	Urban Self-Employment Programme
UT :	Union Territory
UWEP:	Urban Wage Employment Programme
UWSP:	Urban Women Self Help Programme

Chapter I

CONCEPTUAL FRAMEWORK AND THE BACKGROUND OF THE STUDY

1.1 Introduction

Management of poverty alleviation is one of the most momentous areas of specialization in the area of development administration. The aim of the poverty alleviation programmes was to create employment among the unemployed and under employed people and to generate opportunity of earning to them. In 1995, the United National General Assembly adopted the resolution of poverty eradication (1997-2006). It was accepted by all other countries in the world. After five years, in millennium declaration, poverty was considered as one of the greatest problem for any country. In India, the subject of poverty eradication has been given emphasis in different five years plans. India is a vast country and the nature of poverty in the country was different. The informal economy in India is growing at a fast rate, employing 93% of the labour force in the country. However, informal economy workers, who contribute 63% of the GDP, still cannot benefit from the additional wealth they have contributed to generate. That is because they do not have access to credit to take advantage of economic opportunities. The problem, however, is more complex when viewed through the demographic and poverty trends in the country. One third of the world's poor live in India. The youth at the age range of 15 to 34 years constitute over a third of India's total population. Proportion of unemployment

among the youth is the highest in the country, especially among the urban man. Due to different complex nature of poverty situation in India, a number of measures were taken for alleviating of poverty. The two basic thrusts of the programmes are to secure to the targeted sections better employment and better livelihood and empower the people in the socio economic field. The component, empowerment of the women has been added in the ninth five years plan. The World Bank and the International Monetary Fund (IMF) have taken a combined effort to fight against poverty as an aim of the development policy.

In practice, it was seen that the urban poverty was proving increasingly obstinate in its decline. On one side, there is destruction of ever-new challenges being thrown up by the phenomenon of urbanization of poverty and on the other side, the crisis of resource is stunning the initiatives to counter those challenges. The urban areas are crowded because the rural people were also coming to these areas due to industrialisation and commercial activities. The supply of cheap labour provided by them is one of the important contributing factors in urban prosperity. However, these poor people have taken shelter in slums and squatter settlements basis. They did not get the basic amenities, as the urban local bodies were not able to ensure adequate investment for increasing housing and other infrastructure facilities accordingly. According to the Consultating Group to Assist the Poorest (CGAP), only 0.01 percent of the urban poor have banking relationship, while rural areas account for 95% of micro finance outreach in India. In urban areas, lack of access to trading space for vendors and livelihood training further push the poor into poverty. There were many

social welfare policies like IRDP, DWCRA etc. for the rural area. Urban areas have been characterized by increasing population pressures, which are a result of high birth rate and migration of people from rural areas. However, until recent time's poverty alleviation schemes for these people were few and far between. However, the last decade has witnessed the introduction of schemes, which aims at uplifting the socio economic condition of the poor through encouragement and implementation of self-employment projects.

It must be confessed that the prospect of investing huge investments for generating wage employment during very short period is not possible. The alternative that best seems feasible is to generate self-employment for the urban poor by asserting in building up micro enterprises. Viable micro finance enterprises can be a source of constant income and improve livelihood levels. However building up of viable micro enterprises are not very easy.

Accessibility to finance has been considered as one of the major hindrances to development and growth of the Micro Enterprises (MEs) in all developing countries. The problems like technical expertise, infrastructure, insufficiency of raw material, absence of marketing avenues, quality control tend to haunt the micro entrepreneurs. All these problems ultimately turns out to be directly or indirectly a financial problem. Most of the poor people manage to mobilize resources to develop their enterprises and their standard of living over time. Financial assistance could enable the poor to leverage their initiatives, accelerating the process of building income, assets and other securities. Brugger (1995) argued that however the most glaring problem seems to be

the inadequacy of finance relating to fixed and working capital. This includes ignorance about the sources of finance and the sizes of finance from financial institutions, collateral securities, form and application for loans etc. This problem attributes to a practical difficulties arising from the discrepancy between the financial institutions mode of operation and the need of those LIGs (Lower Income Groups). For example, the financial institutes' borrowers have a regular source of income out of which the principal and interest can be paid off according to terms and conditions but the income of these poor people are not stable. A large number of small loans are needed to serve the poor, but lender prefers to deal with large loan in small numbers to minimize administrative costs. The financial institutes also look for collateral securities with a clear title, which LIGs don't have. Moreover, bankers consider the loan to LIGs is a bad risk involving high information monitoring costs of operation. Over the last few years, it is seen that when poor gets access to the credit at market rate, they repay their loans and used the proceeds to increase their income and assets. The non-availability of loan from financial institutes made them bound to take loan from informal sources at a higher rate of interest than market rate.

Downing (1990) said that most of the micro enterprises are not self-governing economic units but are parts of larger family or household units. The cash of one micro enterprise is frequently mingled with that of other household activities including other enterprises. Thus the financial needs of families are often seems to be the financial needs of the enterprise themselves. This is particularly true for enterprises owned and operated by women. Women micro entrepreneurs usually

engaged in activities which are agricultural resource based like kutti, making tobacco products, food processing, coconut products, bamboo and cane products, forest resource based activities like collecting of ayurvedic medicinal plants, rubber and gum, mineral resource based activities like stone crushing, making models out of plaster of paris etc. Recently, the NGOs and governmental agencies have tried to lead the women micro entrepreneurs in specialized skill based activities like pottery making, knitting, tailoring, painting, handicrafts or manufacturing based activities and supplying stationeries for offices and schools, like files, notebooks etc.

Micro enterprises usually have very small start up capital requirements. Liedholm and Mead's (1987) review of evidence in several countries found initial capital requirements ranging from \$49 in Sierra Leone to \$1104 in Jamaica. In contrast, the need of working capital is relatively large in comparison to fixed capital. Most urban micro enterprises operate on short term planning cycle, often daily and weekly.

The families that operate micro enterprises typically have lack of assets, especially marketable assets. Family members who operate micro enterprises, especially women, have serious time constraints because of household responsibilities and other engagement. These characteristics require substitutes for formal collateral, rapid loan processing procedure, and conventional location for financial office. Because of time and mobility constraints, micro enterprises need services that are located close to their places of business and that can process transactions quickly.

These problems can be addressed through micro finance schemes administered with an ultimate aim to alleviate poverty.

The new term 'micro-finance' is perceived to be a paradigm shift in the quality of delivery of finance to micro-entrepreneurs. The old concept of micro finance was to provide credit to poor people basically residing in rural and urban areas at subsidized rate of interest through public and government financial institutions. The new micro finance continues to target the rural and urban poor households, with emphasis on women borrowers, provision of finance for asset creation and on the principle of 'Borrower knows best' (Kaladhar, 1997). Essential features of modern MF concept includes delivery of credit and then facilities in a convenient and use friendly way, quick disbursement of small loans, recovery at high rates through peer pressure, incentive of access to larger loan after repaying the previous one, encouraging and accepting savings through groups and peer support and linkage credit with savings. Micro Finance also includes within its gamut entire range of financial services and non-financial services. These include entrepreneurship development, capacity building and skill up gradation to equip them with the necessary financial and marketing expertise to tackle micro enterprise problems.

Micro enterprise finance refers to strategies designed to create or expand small businesses that are unable to attract financing from commercial sources. Funding for micro financial institutes comes primarily from governments, the World Bank, and Micro Finance Institutions. Donors hope that lending by micro financial institutes, commonly called micro credit, will expand local economies in disadvantaged areas,

increase household income of borrowers, and create a base of entrepreneurs for future development. Strategies to increase the supply of capital to micro enterprises began over 30 years ago. Realizing that centrally planned development efforts funded by international development agencies were not making the poor better off, NGOs began developing strategies to bring small loans to poor entrepreneurs in the informal sectors of developing economies. In 1973, ACCION International may have been the first NGO to use micro credit as a development strategy when it began making small loans to businesses in Brazil (Snow, 2003). Loans from Micro Financial Institutes, often as small as \$50, have been used to finance a wide range of income-producing activities, including produce stands, curbside repair shops, and milk and egg production.

1.2 Effectiveness Of Micro Finance

In November 1995 Micro credit summit, US first lady Hillary Clinton wrote that the micro-enterprise is the heart of development because micro enterprise programmes work, they lift women and families out of poverty. It is called micro but its effectiveness on the people is macro; we have seen that, it takes just a few dollars, often as little as \$10 to help a women gain self-employment to lift her and her family out of poverty. It is not a handout, it is a helping hand. Poor people and specially the poor women were not considered as credit worthy or able to save and thus they are not considered to be a profitable market of credit. This forces them to fall in the trap of high interest and high collateral loan from moneylenders. The sin quo non of any anti poverty strategy is the irresponsible desire and innate capacity of the poor to

uplift their conditions. Therefore, the needs come for the innovative credit delivery system that deviates from formal collateral oriented lending institutions to informal structures.

Nair (2000) argued that the concept of micro finance has become popular among donors and practitioners for its two significant roles: i) in feeling the credit market in the developing countries of its myriad disfunctionalities that arise mainly from political interferences and ii) in replacing the state sponsored direct credit programmes for poverty alleviation, which are seen as inherently non-viable because of high doses of subsidies.

It has been felt all over the world, today those micro finance performances can simultaneously help in alleviation of poverty and empowering the women. When a micro-enterprise is financed, there is inevitably a series of benefits that accrue to women micro-entrepreneurs. These are as follows:

- i) The poor women get access to the loan.
- ii) It empowers them in their family as well as in the society.
- iii) The poor beneficiaries form some homogeneous group.
- iv) They come out from the vicious circle of the loan of moneylender.
- v) They get the exposure of the world outside of their home and that make them a different one.

In a host of studies, regarding problems of women micro entrepreneurs, the following has been pointed out as serious impediments to establishment of micro enterprises.

- (1) **Improper location:** Since their enterprises are located near to their house, they face problems regarding source of raw materials, marketing etc.
- (2) **Lack of access to productive Resource:** Usually the women micro entrepreneurs don't have an asset base that they can use as collaterals for getting credit or loans.
- (3) **Lack of skill:** Due to lack of education, most of the women are not aware of the technological development, latest production process and other emerging fields. It is one of the barriers for their performance.
- (4) **Lack of time:** Women are engaged for long hours for discharging household responsibilities.
- (5) **Social barrier:** In a society, where tradition and custom dominate the logic, women suffer from men dominance. Not only the men also the old women restrict the women from entering into economic activities.

Micro Finance (MF) plays the role of the saviour by enabling the provision of credit and other financial services of very small amount to poor enabling them to raise their income and improve their standards of living. In recent time, MF is performing an important role in economic development of developing countries. They are the promoters of economic development. MEs are the most important sector of the

economy with large employment potentials, better utilization of economic resources and income and regionally balanced development orientation contributing towards achieving sound and sustained macro economic growth. MEs either in the rural or urban areas are facing acute problems regarding marketing, product competition, cost of production, inadequate market, infrastructure etc.

Financial services are needed to finance their income-producing activities, build up assets, stabilize consumption, and protect against risks. These services are not limited to credit, but include savings, insurance, and money transfers. At the 2008, 'Innovations for Poverty Action/Financial Access Initiative' Micro finance Research conference, economist Jonathan Morduch (2008) of New York University noted there are only one or two methodologically sound studies of microfinance's impact.

Sociologist Jon Westover (2008) found that much of the evidence on the effectiveness of microfinance for alleviating poverty is based in anecdotal reports or case studies. He initially found over 100 articles on the subject, but included only the 6, which used enough quantitative data to be representative, and none of which employed rigorous methods such as randomized control trials similar to those reported by Innovations for Poverty Action and the M.I.T. Jameel Poverty Action Lab. One of these studies found that microfinance reduced poverty. Two others were unable to conclude that microfinance reduced poverty, although they attributed some positive effects to the program. Other studies concluded similarly, with surveys finding that a majority of participants feel better about finances.

Some other studies made on the effectiveness of micro finance programmes bring out positive gains specially for women.

Khandker (2000) examined 1,638 households that participated in two waves of the BIDS—World Bank 1991/92 and 1998/99 survey in Bangladesh. Khandker found that moderate poverty in the sample villages declined 17% between the two waves of the survey, and extreme poverty declined 13%. Among those households that participated in the microfinance programs, the poverty rate declined 20% in the same period, with more than half of the nearly 3% annual moderate poverty decline among participants attributed to the microfinance programs alone. He further found that access to micro finance programs contributed to the reduction of both moderate and extreme poverty of individuals (particularly women) as well as for the village as a whole—where inflow of microfinance funds to rural areas impacted the local economy— and raised per capita household consumption for both participants and non participant

Dichter, T (1995) argued that some proponents of microfinance have asserted, without offering credible evidence, that microfinance has the power to single-handedly defeat poverty. This assertion has been the source of considerable criticism. In addition, Littlefield, Elizabeth, Morduch, Jonathan and Hashemi, Syed (2003) said that research on the actual effectiveness of microfinance as a tool for economic development remains slim, in part owing to the difficulty in monitoring and measuring this impact.

The BBC Business Weekly program reported that much of the supposed benefits associated with microfinance, are perhaps not as compelling as once thought. In a radio interview with Professor Dean Karlan (2006) of Yale University, a point was raised concerning a comparison between two groups: one African, financed through micro credit and one control group in the Philippines. The results of this study suggest that many of the benefits from micro credit are in fact loaned to people with existing business, and not to those seeking to establish new businesses. Many of those receiving micro credit also used the loans to supplement the family income. The income that went up in business was true only for men, and not for women. This is striking because one of the supposed major beneficiaries of microfinance is supposed to be targeted at women. Professor Karlan's conclusion was that whilst micro credit is not necessarily bad and can generate some positive benefits, despite some lenders charging interest rates between 40-60%, it isn't the panacea that it is purported to be. He advocates rather than focusing strictly on micro credit, also giving citizens in poor countries access to rudimentary and cheap savings accounts. (BBC.co.uk)

Thus, the introduction of microfinance from traditional financing has been welcomed in many countries has raised certain pertinent questions. Can these micro finance programmes reach at its desired level? Can the programme properly implemented and administered? Whether the beneficiaries can benefit from these programmes through financing and operation of micro enterprises? Can the beneficiaries empower themselves in the society in real sense? What are the limitations of the schemes and how the schemes can be made more effective?

This study will try to answer to these questions by empirical investigations related to the operation of the scheme Swarna Jayanti Sahari Rojgar Yojana (SJSRY), a holistic micro financing and poverty alleviation programme for the urban poor.

1.3 Statement Of The Problem

Lack of funds is often considered as one of the main obstacles frustrating the urban poverty reduction strategies of the Government. Research shows that a significant proportion of funds, available through Central Government and state programmes as well as international agencies, are simply not being used. Efforts to find reliable data about the exact amount of Central and State Government and external donor funds available have met with varying degrees of success. But estimates suggest that approximately 60% of available funds are spent at the national level and 30% at city level.

An example, Integrated Rural Development Programme (IRDP) was such a scheme, which was introduced in the rural area in the year 1979-80 with a target to remove the poverty. The programme aimed at reaching the people who were under the poverty line. The scheme allowed subsidy to the poor people for asset creation. Block level governmental agencies had been given the prime responsibility for implementing the scheme. But it was found that the scheme did not fulfill the target. The scheme was unsuccessful for the following reasons:

- i) The block level officers did not select the beneficiaries properly and they did not evaluate their income generating activities. The whole process was dominated by political interference.

- ii) There was a general perception that when the government introduces any welfare scheme through bank loan, the general opinion is that the loan has not to be repaid. So, most of the beneficiaries did not repay the loan and did not utilise the money in proper way. Most of the loan amount was used for personal consumption.
- iii) The banks have not shown real interest and initiatives regarding the scheme, which they used to do in case of their personal loan.

The IRDP was one time operation of loan. The relation between the bank and the beneficiaries were not found in this scheme. Narasimham committee(1998) has argued that "the experience with the implementation of government sponsored programmes has developing a sustainable ongoing bank-client relationship, The IRDP and other governmental sponsored programmes have become one shot operation of lending."

So, a scheme should be implemented that will build the bank- beneficiaries relationship and that will not be a one shot loan. In the scheme the Swarna Jayanti Sahari Rojgar Yojana, it was found that the loan grants were in the form of multiple injection system.

The role of donors has also been questioned. The Consultative Group to Assist the Poorest (CGAP) recently commented that "a large proportion of the money they spend is not effective, either because it gets hung up in unsuccessful and often complicated funding mechanisms (for example, a government apex facility), or it goes

to partners that are not held accountable for performance”. In some cases, poorly conceived programs have retarded the development of inclusive financial systems by distorting markets and displacing domestic commercial initiatives with cheap or free money.

Against this background, it is worthwhile to discuss the following issues:

- i) How much money is available for urban poverty alleviation?
- ii) What is the utilization pattern of the funds available under various programmes?
- iii) What is the efficiency level of various organizations and local bodies who disburse funds?
- iv) Why is the uptake of the funds low in many states and cities and where do the bottlenecks occur?
- v) Are the poor benefiting?

It is important to analyze whether recent changes in poverty alleviation programmes meet the requirement of the ground reality. In fact, there have been significant changes in the norms and stipulations of the problems that are likely to alter the thrust, coverage and targeting. A broad overview based on the aggregate data at the national level suggests the following changes:

There is greater emphasis on the promotion of self-employment to generate long term economic earning capabilities among the poor. The basic idea is that Government money should not be used as a one shot help to the poor to cross the poverty line. Wage Employment Programmes are being discouraged as these are seen as long term subsidization measures. Greater emphasis is placed on self employment

activities. Group based activities are encouraged as these are likely to ensure better compliance of norms and lower default rates on loan repayment. Encouraging women groups to participate is also expected to ensure better cost recovery and higher benefits to the women and children through family bonds.

This policy decisions clearly aim at introducing and operating comprehensive urban micro finance programmes. Switching over from the traditional system of financing to the micro financing programmes is welcomed at all levels. However, the tasks of financial inclusion through micro finance schemes are not completed by introduction of a programme alone. The failure of such programme and problems faced by other programmes naturally raise certain pertinent questions. Whether a microfinance programme can give the desired impact? Have the new programmes been properly formulated and implemented? Can the beneficiaries improve their financial position by setting up new micro enterprises? What are the problems faced by the beneficiaries in implementing the programmes? What are the perceptions of the beneficiaries regarding the programme?

The outcome of these discussions would help the Government both Central and State, municipality officials, local officials, NGOs and others involved in programme implementation to draw lessons and suggestions for improving the effectiveness of the scheme and underline the need for policy focus on urban poverty.

Chapter II

REVIEW OF LITERATURE, OBJECTIVES & SCOPE OF THE STUDY AND RESEARCH METHODOLOGY

2.1 Introduction

Micro finance had achieved a mileage in the recent years and it has been considered as a strong tool to fight against the poverty. The Government of India had declared the year 2006 as the year of micro finance. A substantial amount of literature can be found about different aspects of micro finance throughout the world. While some studies have explored into the connection between micro finance and the eradication of poverty, other concentrated on significant relation between the self-help groups and micro finance delivery systems. Some studies also looked into the capacity building, team concept and leadership abilities of the entrepreneurs. Research on micro finance has also concentrated on the empowerment of women, on the socio-economic and political fronts. Many researchers have also discussed thrift and credit operations of beneficiaries of members, problems relating to bank linkage and the role of NGOs and Government organisations. A review of the literature has been taken up on micro financing in micro enterprises, concentrating mainly in India and in other countries. This review will give emphasis on the findings of various research studies regarding various aspects of micro financing to micro enterprises and their problems. Since the study is going to concentrate the literatures of different countries, the lists of literature review will no means exhaustive but illustrative.



This section tries to highlight the studies, which have been conducted on micro finance through out the world and in India.

2.2 Review Of Literature

Different types of literature had been found through out the world. Different scholars and writers have given their views in different way. The literature can be discussed under the following areas.

i) Spread of Microfinance

Md. Yunus (2007) said that Bangladesh Will Send Poverty to Museum by 2030.

Vod Kothari, Neha Gupta (2007), have argued that micro Finance has become buzzword of the decade, raising the provocative notion that even philanthropy aimed at alleviating poverty can be profitable to institutional and individual investors.

Sam. Daley, Harris, (2006) managing director of Micro-Credit Ratings International in India argued that worldwide, 3,133 micro credit institutions provided loans to 113.3 million clients.

S.R.Hasim (2009) argued that the economic development and urban poverty examines the pace of urbanization in India and growth trends of Indian economy tries to build up a relationship between urbanization and economic growth.

R. Chakrabarti (2004) said that microfinance is gathering momentum to become a major force in India. The self-help group (SHG) model with bank lending to groups of (often) poor women without collateral has become an accepted part of finance. The paper discusses the state of SHG-based microfinance in India. With traditionally loss-making rural banks shifting their portfolio away from the rural poor

in the post-reform period, SHG-based microfinance, nurtured and aided by NGOs, have become an important alternative to traditional lending in terms of reaching the poor without incurring a fortune in operating and monitoring costs. The government and NABARD have recognized this and have emphasized the SHG approach and working along with NGOs in its initiatives. Over half a million SHGs have been linked to banks over the years but a handful of states, mostly in South India, account for over three-fourth of this figure with Andhra Pradesh being an undisputed leader. In spite of the impressive figures, microfinance in India is still presently too small 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 socio-economic face of the India's poor.

Gamser (1992) said that despite the important achievements of the minimalist approach, enhancing the productivity and competitiveness of small enterprises to capture market opportunities often requires more than short-term capital infusions.

Dhar (2004) has argued that the micro finance accounting is very much important for the sustenance of the groups. If the beneficiaries are not very confident about handling the accounting, the commerce graduates can be employed for the purpose. The colleges can well take up the scheme because it will require only knowledge about basic accounting documents of self help group.

Dhar and Sarkar (2009) said that Micro finance programmes in India can made a grand success by shifting focus from quantity of groups to quality of groups .

ii) Savings, Finance, Interest and Bank Linkage

Vogel (1986) argued that the financial systems approaches to micro enterprises recognizes that savings are as important as service for the poor as credit, and that savings is most important in building self-sufficient financial institutions. Well-crafted savings services can encourage a move from non-financial savings, with the advantages of self-confidence, self-sufficiency, safety, and liquidity for entrepreneurs and the provisions of funds for investment for society.

Dhar, Sett and Sarkar (2008) argued that Micro finance and SHG-banking activities are multidimensional. So the strategies and policies often needed to be framed not only on the basis of Government Guidelines. It has to be framed according to the need of the local area characteristics, demographics and needs. The capacity and the requirements of the bank branches have also to be considered

iii) Problem Of Capital Adequacy

Bansal (1992) enquired into the financial problems of micro enterprises in India and found out the reasons for inadequacy of fund for these enterprises. These are excessive debts instead of equity, cost burden during gestation period and lack of working capital.

Pareek (1978) investigated the problems of SSI units and argued that the main problems are the limited resources to enter the capital market. Working capital plays a vital role in determining fixed capital, which is much lower than large sector. Equity capital played the most roles in the source of finance of SSI and the finance came from informal source like friends, relatives and moneylenders.

Devereux and Pares and Harper (1992) argued that currently the credit strategy most widely used by development agencies is direct lending to small enterprises. This contrasts with initiating cooperative producer groups whose overall record in terms of economic viability and thus survival has not been good.

Kulsrestha (2000) argued that in spite of the administration of these programmes, lack of capital was a serious bottleneck to development for development of women.

iv) Empowerment Of Women

Sarkar (2006) observed that the women have perceived that the programmes have enhanced their literary level, mobility and ability to deal with suppliers and government agencies, most of the women under study have developed the ability to read, write and do simple calculations.

Panda and Mohanti (2003) found that in the light of economic empowerment of women, Self Help Group is novel initiative in providing easy credit to the poor vulnerable section of the society. Several women interviewed in Ghana also affirmed that in spite of their increased workload and responsibilities, they felt a great deal of pride and personal satisfaction in being able to make a substantial economic contribution to their household.

Accion (1988) argued that evidence also indicated that the smaller the business the greater the chance of its being owned and operated by a woman.

Sen (2003) has undertaken a study on SHG and Microfinance in West Bengal. He argued that the access to credit has a positive impact on income and physical quality of life, but it is difficult to establish the extent of impact of social empowerment

Buvinic, Berger and Jaramillo (1989) argued that in Latin America, a study in Ecuador found a significant increase in hourly income for women and in efficiency and productivity of their enterprises.

Amartya Sen (2000), the Nobel Prize-winning economist, eloquently argues that development can be seen as a “process of expanding the real freedoms that people enjoy.”

Renu Khosla (2003) showed in a sample study of 102 women classified into three leadership groups viz. support leader, community influencer and emerging grassroots leaders. Significant differences were found in the tasks undertaken by different leaders. Emerging grassroots leaders exhibited high level of dominance, need achievement, ego, idealism and self-confidence. Leader traits found to contribute significantly to community development included duration of association of women leaders with the UBSP programmes, marital status, and time spent on community activities, lower level of income and lack of the employment.

Buvinic and Yudelman (1989) said that access to financing at affordable rates was recognized as a constraint for poor women, and considering this into account, many development agencies began to turn their efforts towards utilizing credit as a development tool. Studies of women-focused credit projects, mostly carried out by the implementing agencies themselves, generally have found positive economic and

social benefits resulting from these projects and have shown credit projects to be generally superior to other types of income-generating initiatives.

Sarker (2005) found that the women Micro Entrepreneurs in the North Bengal of West Bengal have profitably taken up non- traditional economic activities, which have developed positive thoughts in the mind of the women and increased their economic benefits.

Berger (1989) argued that the 'credit-plus' approach has been justified as a means of increasing the effective use of credit and improving the productivity of borrowers. It is most often used where the target group is predominantly female. The approach does, however, raise the cost and administrative burden of implementation, thus potentially interfering with the project's ability to become self-sustaining. Some projects suffer from what might be called the 'error of excess'.

Fuglesang, Chandler and Wignaraja, (1990) argued that documentation of Grameen's development has also contributed to the reorientation of development thinking on key issues, such as poor people's participation.

Buvinic and Yudelman (1998) said that the context of the economic and political crisis in the America has influenced UNICEF's increasing focus on the socio-economic conditions of women. The reality is that while the male labour force doubled between 1950 and 1980, the female labour force grew by nearly three times, the greatest increase being amongst the poorest.

Susan Johnson (1997) said that literacy and numeracy were important to enable women to be seen as more than simply channels through which loans could be accessed and to give them a greater role in decision making within the household.

Gita Sabharwall (1990), argued that Micro-finance Programmes (MFPs) are being promoted as the single most important mechanism for poverty alleviation and women's empowerment

Lim .(1996) said that the growing informalization of the economy has caused a rise in the number of women who work. Participation rates of women in the informal sector are: e.g. 80 percent in Lima, Peru; 65 percent in Indonesia; 72 percent in Zambia, and 41 percent in the Republic of Korea.

Schuler and Hashemi (1994) conducted a study from Bangladesh confirms improvements in women's physical mobility, economic security, ability to make own purchases, freedom from family domination and violence, political and legal awareness and public participation, as a result of a more stable integration into microfinance circuits.

Chen (1992).conducted a study on Grameen Bank and suggests that women participants in credit programmes are more conscious of their rights, better able to resolve conflicts, and have more control over decision making at the household and community levels .

Hulme and Mosley.(1996).conducted a study in Sri Lanka and found that loans contributed to women's independent income, giving them more bargaining power in their relation with male family members

MkNelly and Watetip (1993) said that enhanced women's empowerment, such as increased self-confidence, and better cooperation with neighbors has been observed in Thailand.

Vengroff and Creevey. (1994) said that the findings for Africa have given a clear picture of positive impact on self-confidence.

Sebstad and Chen. (1996) argued that women's control over financial resources is increasingly seen as a key factor in explaining these mixed results. While only a limited number of impact assessments exist that focus on this issue, the available evidence highlights that a significant part of women, who may have access to finance, may not have control over the loans contracted .

Ebdon (1995) said that a shift of refinancing from microfinance organizations that emphasise women's social development and empowerment to others placing a premium on early and full financial sustainability.

Goetz and Gupta (1995) expressed that using women as unpaid debt collectors that facilitate intermediation between micro-finance institutions and male family members thereby reducing lenders' transaction costs.

A synthesis study done by Jennefer Sebstad and Monique Cohen (1996) found that “[lending] groups provide a means for women to know and be known by other women; a forum for learning leadership and public speaking skills; and a basis for development of trust, friendship, and financial assistance.”

Noni S. Ayo, (2001) managing director of ARDCI, in the Philippines, expresses that all efforts at improving an MFI's impact on women boil down to really

understanding a woman's needs, her predicament and what she dreams of. Even before all the questions can be answered, the basic question that must first be answered is who she is."

Berger (1989) said that by the end of the decade, scattered evidence was revealing that an increasing number of poor women were creating their own jobs in small-scale agriculture, manufacturing, services and petty trade.

Pitt and Khandkar (1995) said that the women has positive effects on the schooling of girls, it increases women's asset holdings (except land) and is a significant determinant of total household expenditure

Wariara Mbugua (2002) of UNFPA said that no longer can this strategy be reduced to simple income-generating activities through revolving funds, but rather it entails and includes other elements of empowerment such as leadership, self-management, networking and entrepreneurship. By adopting a holistic approach that takes into account cultural, economic, and political factors affecting women's empowerment, MFIs can ensure that women more deeply and consistently empowered through their programs.

v) Problem Of Micro Entrepreneurs

Thomas W Dichter (2006) said that the reality of micro credit is less attractive than the promise.

Abhijit V. Banerjee and Esther Duflo (2006) argued that "a micro credit client is an entrepreneur in the literal sense: She raises the capital, manages the business, and takes home the earnings. But the "entrepreneurs" who have become heroes in the

developed world are usually visionaries who convert new ideas into successful business models. Although some micro credit clients have created visionary businesses, the vast majority are caught in subsistence activities. They usually have no specialized skills, and so must compete with all the other self-employed poor people in entry-level trades.

Kalpana Kochhar (2006) said that when it comes to increasing labor productivity, India's performance is mediocre and the situation in Africa is dismal. One reason for India's poor productivity growth is that its enterprises are often too small. The average firm size in India is less than one-tenth the size of comparable firms in other emerging economies.

Vyas (2010) argued that "the reputations of MFIs is strong and positive in the minds of respondents. Therefore every MicroFinance Organisations need to develop and impliment a good communication strategy, othat the deprived poor people can also take advantage of their schemes. Moreover, there is a need to develop more customer frienliness in MFIs regular transactions".

Linda Mayoux (1995) argued that microfinance programmes are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment. Where financial service provision leads to the setting up or expansion of micro-enterprises there are a range of potential impacts including positive impact on non-participants cannot be assumed, even where women participants are able to benefit. Women micro-entrepreneurs are frequently in competition with each other and the poorest micro-entrepreneurs may be

disadvantaged if programmes do not include them. Where women employ labourers, it cannot be assumed that they give better wages and conditions of work than men do.

Otero and Rhyne (1994) argued that benefits for women's families cannot be assumed. Women may employ daughters and daughters-in-law as unpaid family laborers increasing their workload. Although increased family income channeled through women often benefits children considerably, evidence suggests they may often still priorities the interests of boy children. Negative impacts are even more likely where women do not control the loans. Moreover, pressures have accompanied increased funding from donors to adopt a financial systems approach which priorities cost efficiency and financial sustainability. These emphases have been a reaction to inefficiency, low repayments and lack of impact of many previous microfinance programmes. This approach takes demand for credit and repayment levels as indicators of success, requires microfinance programmes to be ultimately self-sustaining and preferably making a profit. These emphases favour large organisations in order to benefit from economies of scale and group lending where groups take much of the responsibility for savings and loan repayment.

Goetz, Sengupta and Nojonen (1996) argued that impact on empowerment cannot be inferred from take-up of financial services or repayment levels. Women may repay through taking loans elsewhere and getting into serious debt. As noted above, loans may be controlled by men. Some researchers have expressed concerns that women's microfinance programmes may be merely using women as unpaid debt collectors, mediating between development agencies and male family members,

increasing their dependency on men and/or conflicts between women to fulfill repayment targets.

Hulme, Mosley, and Montgomery (1996) argued that the overriding concern with repayment rates puts further pressures on groups to exclude those likely to experience greatest problems i.e. the poorest.

Johnson and Rogaly (1996) said that in some cases adoption of this subsidy approach has led to cutbacks in support services. There are dangers that the concern with short-term cost-efficiency may jeopardise long term organizational and client sustainability. Long-term sustainability requires both attentions to developing the skills; earning capacity and empowerment of clients and institutional learning which may entail substantial costs in the short term.

Mayoux (1997) said evidence also indicates differences between women within programmes and between women and development agencies about the aims of microfinance programmes.

Berger, (1989) argued that by the turn of the 1980s, however, commercial bank schemes had generally failed to reach many poor borrowers, let alone poor women. Women's participation in bank lending schemes for small enterprises rarely exceeded 20%.

.Buvinic and Berger (1990) argued that one study found only 16% of borrowers to be women in an Industrial Bank of Peru programme

Goetz and Gupta. (1995) said that about 63% of women's loans are actually invested by male relatives, while women bear the formal responsibility for repayment..

Ackerley (1995) conducted a survey of loans to women borrowers in the Grameen Bank, Save the Children Fund and BRAC registered a loss of direct control over loan use.

Todd (1996) argued that according to a more recent study of women borrowers in the Grameen Bank, 10 of 40 women in the sample were passing on all or most of their loans to male family members under circumstances that gave them little control over the use of this capital.

Renu Khosla (2001) concentrated on assessing the impact of the Scheme for Urban Micro Enterprises (SUME) on the economic conditions of the urban poor in Punjab, Haryana, Himachal Pradesh and Delhi. It provides economic opportunities through skill development and credit assistance, has suffered from proper utilization of funds and inadequate reach among the urban poor. An examination of the effectiveness of institutional arrangements and qualitative changes in programme intervention indicates low coverage, ineffective reach among the vulnerable groups and ineffective involvement of community based organisation and civil society's agencies.

vi) Sustainability

Wignaraja, (1990) argued that close supervision, self-monitoring through participatory process, and building a collective consciousness and cooperative values

among the SEWA groups. Training and technical inputs to improve the efficiency of activities were also necessary.

Mark Schreiner (1997) summarized the state of the art in the field of microfinance for micro enterprise, with a focus on examples from Latin America. It reviews lessons learned and offers practical guidelines for donors who want to use their resources wisely. The chief role for donors is to speed the evolution of the types of financial institutions and the types of financial services that micro enterprises find useful. This husbandry encompasses three areas of action: improving the overall economic environment, reconciling the goal of financial self-sustainability with the goal of outreach to the poor, and encouraging experimentation with organizations and services.

Mayox (2000) reported that that CARE's Mata Mara Dubara (Women on the Move) is serving 162,128 women organized into 5,654 stand alone groups in the rural areas of Niger, one of Africa's poorest countries. These groups manage \$3,000,000 of savings with virtually all of it on loan to members. Five hundred trainers selected by their communities and trained by the CARE staff, monitor the groups and develop new ones and the group members themselves pay for these services. Sustainability, then, is achieved through fees paid by the groups rather than interest charged to an MFI. Virtually all of the groups created over the last several years are still functioning, drop out is minimal and loan repayment is nearly perfect. According to the State of the Micro credit Summit Campaign Report, 2002, MDD is the second largest microfinance initiative in Africa,² and very likely the only one that depends entirely on internally generated group controlled savings. Costs per client are

estimated at \$18 to \$25 per member when the CARE staff but drop to \$3 per client carries out training when local facilitators do the training.

Pijush Tiwari and S M Fahed (1997) argued that more than subsidies the poor need access to credit. Absences of employment make them 'non-bankable'. This forces them to borrow from local moneylenders at exorbitant interest rates. Many innovative institutional mechanisms have been developed across the world to enhance credit to the poor even in the absence of formal mortgage. He has discussed about some conceptual framework of microfinance institute of India.

Suneetha Kadiyala (2000) discussed the factors that enabled and constrained the scaling up of a multicultural poverty alleviation program called Kudumbashree, initiated by the government of Kerala (GOK), India, in 1998 to eradicate poverty by 2008. It also discusses some potential threats to and trade-offs of scaling up Kudumbashree.

Philip Aims (2006) synthesizes recent work on urban poverty with an emphasis being placed on the relationship between urban poverty and the labour market. The themes considered include the distinction between permanent and temporary poverty and between trends and shocks. A number of distinctive features of urban poverty are discussed including the informal labour market, female headed households, the individualized nature of urban poverty and the greater exposure of urban residents to environmental risks. A final section considers policy implications, differentiating between promotive and protective strategies.

Ellen Wratten (2008) explores three issues. First it examines how, and by whom, poverty has been defined and measured, contrasting conventional economic

and participatory anthropological approaches. Second, it questions the extent to which urban poverty differs conceptually from poverty in general, and considers the utility of an analysis of the urban–rural divide in understanding the underlying causes of poverty. Finally, it reviews the principal ways in which urban poverty has been understood in the South and the North, and what these imply for the different policy prescriptions for addressing urban poverty. It concludes by identifying the linkages between alternative definitions of poverty, different antipoverty policy approaches and the choice of measurement techniques.

2.3 Objective and Scope Of The Study

From the above literature, it had been seen that there were many research studies, which were related to the micro finance programmes and SHG movement in different countries. Some of the literature concentrated on the outreach of the microfinance programme in the urban areas and problems of the women in running this scheme. Some studies concentrated on the role of the bank, the bank linkage problems and the problems of groups.

Some articles had concentrated on empowerment of women through micro financing programmes while trying to gauge the impact of these programmes. It would be pertinent to point out that these studies were based on either field studies or case studies or both in selected areas. In this study, the focus has been given in the district of Uttar and Dakshin Dinajpur in West Bengal as no study was made to study the urban micro finance systems in these areas. The district of Uttar and Dakshin Dinajpur are economically backward areas. The poor people of these districts suffer from many problems specially lack of awareness, finance and training to start the self-

employment activities. It was therefore felt that since the SJSRY programme has been implemented in the districts, it would be worthwhile to find out whether the scheme has reached the poor people, whether they are getting the desired benefits out of these schemes, whether the system and processes are proper for financial inclusion and whether the beneficiaries have gained socio-economically from the programmes. The study has made an attempt to study the urban micro finance programmes as adopted under SJSRY scheme in the districts of Uttar and Dakshin Dinajpur. The study has tried to focus on the outreach of the programme, financing of the programme, capacity building of the members of the group, problems of the entrepreneurs, role of government and non government agencies, bank linkage systems, perceptions of beneficiaries and impact of the urban micro finance programmes on the micro entrepreneurs in terms of socio economic benefits resulting in empowerment of women. Specially the major objectives of the study are:

- 1) To critically examine the salient features and components of the scheme SJSRY, financing pattern of the scheme and outreach in the districts of Uttar and Dakshin Dinajpur.
- 2) To examine the operational aspects of the groups, thrift and credit practices and bank linkage systems.
- 3) To examine the role of the government agencies and bankers in operation of the scheme.
- 4) To examine the perception and problems of the beneficiaries regarding the operations and financial system of the scheme.
- 5) To asses the socio-economic impact of the SJSRY on the beneficiaries.

2.3.1 Scope Of the Study

The scope of the study deals encompasses critically examining the salient features of the scheme, the progress of the scheme in the districts of Uttar and Dakshin Dinajpur, the role of the bank and government officials in implementing the scheme, group activities related to economic activities, the role of the bank and the credit linkage systems, the problems faced by the beneficiaries and perceptions regarding the programme. The study has been conducted in the districts of Uttar and Dakshin Dinajpur. The reasons for selecting the Uttar and Dakshin Dinajpur districts are given below:

2.3.2 Characteristics Of the Catchments Area Of Study

The District of Uttar Dinajpur in West Bengal came into existence on 1st April 1992 after the bifurcation of erstwhile West Dinajpur District. The District lies between latitude 25°11' N to 26°49' N and longitude 87°49' E to 90°00' E occupying an area of 3142 Sq. Km enclosed by Bangladesh on the East, Bihar on the West, Darjeeling & Jalpaiguri District on the North and Malda District on the South. Uttar Dinajpur is well connected with the rest of the State through National Highways, State Highways and Railways. NH-31 and NH-34 passes through the heart of the district. The regional topography is generally flat with a gentle southerly slope towards which the main rivers like Kulik, Nagar, and Mahananda etc flow. The total population is 24, 41,824 and the number of females is 937 per thousand males as per Census Report 2001. The number of BPL families is 1, 75,104, which is 40.96 % of the total number of families in the districts. The district of Uttar Dinajpur has only 9 large and medium

scale industries and about 1261 registered Small Scale Units and therefore has only a limited scope for providing employment opportunities to the people of this district.

Dahshin Dinajpur lies between latitudes 26° 35' North to 26° 10' North and Longitude 89° East to 87° 48' East occupying a geographical area of 2162 square kilometers. A number of North-South flowing rivers like Atreyee, Punarbhaba, Tangon and Brahmani drain the district. It is predominantly an agricultural district with large area of land being under cultivation. It is a "Non Industry" district having no large-scale industry. The first industry in medium scale sector got off to a start in the district in November 2003. Transport and Communication facilities are not very satisfactory. New railway line has been laid between Eklakhi and Balurghat, the district headquarter. Train services have been started on 30.12.2004. There is one State Highway with only 3 KM of National Highway no. 34 falling within the district. The total population is 15,02,647 out of which 952 are females out of 1000 males as per Census 2001. The number of B.P.L. families are 43.54 % out of total number of 262984 families. The nature of the districts and the large number of poor families make them an ideal set up for a study on micro finance delivery especially in small urban towns in the district.

The number TCGs and DWCUA groups in the districts make an ideal area for examining the operational mechanisms of the beneficiaries groups. Though the details of the outreach are given in the later chapters, the following table gives a brief idea as to the number of groups in the catchments area.

Table no: 2.3.2.a

The CDS and TCGs and DWCUA groups in the Districts Of Uttar and Dakshin Dinajpur as on March 2009

Municipality	District	CDS	DWCUA	TCG
Raiganj	Uttar Dinajpur	5	103	398
Kaliaganj	Uttar Dinajpur	2	157	575
Islampur	Uttar Dinajpur	2	15	27
Dalkola	Uttar Dinajpur	2	19	212
Balurghat	Dakshin Dinajpur	5	76	279
Gangarampur	Dakshin Dinajpur	2	38	235

Source: Compilation of reports from municipalities

It has been shown that under the district of Uttar Dinajpur, in Raiganj municipality, the number of CDSs is 5 and the number of DWCUA groups is 103. In the municipality Kaliaganj, the number of CDSs is 2 and the number of DWCUA groups is 157. In the municipality of Islampur and Dalkola the number of CDSs is 2 and the numbers of DWCUA groups are respectively 15 and 19. Under the district of Dakshin Dinajpur, in the municipality of Balurghat, the number of CDSs is 5 and the number of DWCUA group is 76 and in Gangarampur municipality the number of CDS is 2 and the number of DWCUA groups is 38.

It has also been shown that in the district of Uttar Dinajpur, in the municipality of Raiganj the number of CDS is 5 and the number of TCG groups is 398. In the municipality Kaliaganj, the number of CDS is 2 and the number of TCG group is 575.

In the municipality of Islampur and Dalkola the number of CDS is 2 and the number of TCG groups is respectively 27 and 212 respectively. In the district of Dakshin Dinajpur, in the municipality of Balurghat the number of CDS is 5 and the number of TCG group is 279 and in Gangarampur municipality the number of CDS is 2 and the number of TCG group is 35.

Banerjee (2004) observed that SJSRY programmes are succeed in small towns rather than big ones. This is due to the following factors:

- (1) Characteristics of the population in terms of homogeneity, education and intangible cultural factors.
- (2) It is easier to organize communities.
- (3) The women are well educated and are extremely cultured and exhibited attitudes, which are helpful in collective action.
- (4) The town being small, the administrator can devote time tom organize matters.

Moreover it has been observed that though the Government has taken many schemes like Calcutta Slum Improvement Programme (CSIP), Calcutta Urban Development Project (CUDP), Small Scale Enterprise Programme (SSEP), Environment Improvement of Urban Slums (EIUS), Integrated Low Cost Sanitation (ILCS) etc the benefits of these programmes have not been extended to these districts. This means that SJSRY is the only programme has been implemented for urban poverty alleviation in these districts. Under this scheme many self help group have been formed by the poor women with the help of Community Development Societies (CDS).

Over the years, since implementation of the scheme, hundreds of Thrift and Credit Groups have been formed in the urban areas of these districts. A large number of the groups are engaged in different types of activities like grocery and stationary, clothing, milking, tailoring, supplying spices to shops, making papad, jam, jelly, selling vegetables etc. Different vocational training have been organized like T.V, radio and telephone repairing, soft toys making, beautician course, training for making jute product, pickle making, foam and leather product making and various other training. The CDS are performing the principal role regarding all those activities with the help of banks and other government agencies.

The numbers of the groups formed in different years have been given in chapter IV. The discussion made there in show that there is quite a significant increase in the number of groups during the last few years.

2.4 Research Questions

The study will try to deal with the principle aspects of urban micro finance and will suggest measures that will help to implement the system more effectively. The principal hypothesis of the study is that the micro finance system delivered by the scheme SJSRY has been effective in terms of outreach simplicity in financial dealings and in terms of socio-economic empowerment of beneficiaries. Other hypotheses have been formulated relating to specific issues in the study and tested accordingly. The following research questions have been constructed for the purpose of the study.

- 1) What is the progress of outreach of the scheme in districts of Uttar and Dakshin Dinajpur and how has the process been influenced by the demographic and geographical characteristics of the districts?

- 2) What are the salient features of the scheme in terms of operational and financial aspects and what are the role played by government and non-government agencies in the operation of the scheme?
- 3) Do the groups operate effectively in line with the guidelines of the scheme and run their thrift and credit operations, meetings and economic enterprises viably?
- 4) How do the beneficiaries perceive the scheme in terms of ease of financial access and inclusiveness and opportunities for capacity building and self-employment and what are the problems relating there to?
- 5) What is the impact generated by the scheme in terms of socio economic empowerment of beneficiaries?

2.5 Research Methodology

The study required analysis and interpretation of a large amount of data, which were generated from the primary sources and from some secondary data. For collection of primary data, a structured questionnaire was prepared and administered to the leaders of selected TCG and DWCUA groups in the districts of Uttar and Dakshin Dinajpur. A pilot survey was made after the preliminary discussion with different group members, bank officials, CDS members, SUDA (State Urban Development Agency) officials. Based on the above discussion a questionnaire was made and circulated to the groups, banks, and CDS members for their observations. On the basis of the reply of the above members the questionnaire were modified and the final questionnaire made.

The questionnaires were supplemented by the personal interview and discussion with the group members. The names and addresses of the groups were collected from the CDS of the municipalities. The questionnaire was related to general conception about the scheme, savings pattern, financing pattern, bank linkage, problems, and perception of services rendered by banks and government agencies and socio economic benefits obtained as a result of participatory in the programme. Questionnaires were administered while visiting the groups or on the occasion when groups come to the CDSs to discuss the matter regarding group activities. In addition to these, additional data were collected by attending the group meetings and meetings of the groups with CDS officials. Another set of questionnaires were administered to bank officials. The bank officials were questioned regarding granting of loans, process and procedure, their policies towards loan sanction and disbursement and the trend of repayment of loan. Some secondary data have also been collected from the bank. Besides the primary data collected from the group members, a large amount of secondary data was also collected from the municipality, bank officials and SUDA. The appointments were made with the officials and the secondary data were collected through personal interview or by collecting data from them.

2.5.1 Sampling Procedure

For the purpose of the study, a random sample of 500 groups was initially taken having more or less a proportionate distribution from each municipality. For the purpose of identifying the groups, the names and addresses were collected from the respective CDS and municipalities and a random number generated from computer was assigned to each group. The groups were then chosen randomly from each CDS and municipality.

The sample of bank respondents, numbering was however on a convenience basis, taking at least one respondent from a bank in each municipality which were connected with the SJSRY scheme. Accordingly, the questionnaires were administered to group leaders of the TCGs and DWCUA groups. Due to some problems in responses, a total of 18 filled in questionnaires were rejected. The number of valid responses in the year 2005-06 was 482. Since the study involved use of longitudinal design for study of impact of microfinance programmes, a part of the questionnaire had to be administered to the respondents in 2008-09 again. In this case, 24 respondents who have respondent earlier could not be traced. Therefore the final sample which was considered for the study was 458 groups which represent approximately 40% of the population in 2005-06 and 19% in 2008-09. The sample therefore adequately represents the population.

Table No: 2.5.1.a

Sample Of TCG And DWCUA Groups Selected For the Study

Municipalities	DISTRICT	TCGS	DWCUA	TOTAL
Raiganj	Uttar Dinajpur	102	07	109
Kaliaganj	Uttar Dinajpur	123	20	143
Dalkola	Uttar Dinajpur	41	2	43
Islampur	Uttar Dinajpur	01	01	02
Balurghat	Dakshin Dinajpur	81	03	84
Gangarampur	Dakshin Dinajpur	76	01	77
Total		424	34	458

2.5.2 Analysis Of Data

In this study, the help of different statistical techniques have been used by analyzing the data. The primary data as well as the secondary data have been used in this study. The data have been used for the multiple regression analysis, which has shown the relation between different variables. The data have been analysed by using different rating scale to show the impact of micro finance programme on different attributes. In the study, the SERVQUAL Analysis has been constructed to show the gap between the expectation and the perception of the beneficiaries regarding the service from the commercial bank.

2.6 Time Period Of Study

Though the scheme SJSRY has been implementer in the year 1997-98, the government agencies and the other related organisaions have not concentrated on the scheme in the initial years. Like other parts of the state, in the districts of Uttar and Dakshin Dinajpur, the scheme was launched in the year 1997-98. But the real operation of the scheme has been shown from the year 2000 onwards and it has got the pace after few years.

So, the study regarding trend in the growth of TCG and DWCUA has been made from 2000-01 to 2008-09. The questionnaires for primary data however relates to the period from 2005-06 to 2008-09 .A questionnaire were first administered in 2005-06 and then again for the longitudinal data analysis it was administered in 2008-09.

The survey took more than two years because a large number of group members has been contacted, a large number of interviews of the bank officials and other were taken. A number of problems have been faced during the collection of data.

The group members are very poor and they engaged themselves in different works through out the day. So, it is also one of the reasons that talking with the members need a lot of time. The member resides in the remote place of the village. Sometimes it became very difficult to reach them. Sometimes the group members could not honour their appointment due to other engagement. The bank officials are also work within very busy schedule and it was hard to get their appointment. Sometimes the group members were panicked and did not open their mouth. One of the most important problems was that the DUDA has no function in the districts of Uttar and Dakshin Dinajpur.

2.7 Plan Of The Study

The first chapter of the study is “Conceptual Framework and the Background of the Study”. The effectiveness of the scheme microfinance has been discussed in this chapter. The statement of the problems in the districts of Uttar and Dakshin Dinajpur has also been discussed in this chapter.

The second chapter of the study is “Review of Literature, Objectives & Scope of the Study and Research Methodology”. It deals with the objectives of the scheme SJSRY Different literature in India and through out the world in the field of micro finance have been studied in this chapter. How far the scheme can play its role in the

districts of Uttar and Dakshin Dinajpur and the data source and research methodology have also been discussed in this chapter.

The third chapter of the study is "The SJSRY-Review of It's Salient Features, Monitoring and Integrating System". In this chapter, the features, the monitoring system and the role of different monitoring agencies under the scheme SJSRY has been discussed.

The fourth chapter is "SJSRY in the Districts of Uttar and Dakshin Dinajpur —A Review of Spread of SHGS and Funding" In this chapter, the spread of groups under the scheme SJSRY in the district of Uttar and Dakshin Dinajpur has been discussed. The funding pattern i.e. the criteria of receiving revolving fund , source of revolving fund, disbursement, and utilisation of this fund in the districts has been discussed.

The fifth chapter is "Thrift Credit Operations of Self Help Groups in the District of Uttar and Dakshin Dinajpur". In this chapter, on the basis of data collected from the leader of 458 groups of TCGs and DWCUA, the operations of the Thrift and Credit Groups and DWCUA groups have been examined in relation to their thrift, credit, interloaning operations and economic activities in the districts of Uttar and Dakshin Dinajpur have been examined.

The sixth chapter is "Bank Linkage Progress and Perception". In this chapter the process of bank linkage with the groups, the progress of bank linkage in the districts of Uttar and Dakshin Dinajpur, expectation of the beneficiaries and perception about the service quality of the bank has been discussed in this chapter.

The seventh chapter is “Impact Assessment”. Since microfinance interventions are expected to generate economic and social benefits of the beneficiaries under the scheme, it has been examined in this chapter whether there has been any impact of on the economic and social attributes and empowerment of the beneficiaries due to the administration of the SJSRY.

The eighth chapter is “Conclusions and Policy Implications”. In this chapter the findings of the study in the districts of Uttar and Dakshin Dinajpur has been shown and necessary suggestions has been given that may increase the effectiveness of the scheme SJSRY in the districts of Uttar and Dakshin Dinajpur

Chapter-III

THE SJSRY-REVIEW OF ITS SALIENT FEATURES, MONITORING AND INTEGRATING SYSTEM

3.1 Introduction

The Swarna Jayanti Sahari Rojgar Yojana is the scheme, which is sponsored by the central and state Government for the welfare of the urban people. We have seen that many welfare schemes were introduced to serve the rural poor people. But in urban area, there are also many people who are below poverty level. In urban area, there is also lack of job opportunities. Most of the people are dependent under agriculture. In most of the cases disguised unemployment are found. People are becoming poorer day by day. So, a scheme like SJSRY should be implemented to pull on the poor people in the urban area. The Swarna Jayanti Shahari Rozgar Yojana (SJSRY), in operation since 01.12.1997, has been comprehensively revamped with a view to addressing the drawbacks observed in implementation. The Revised Guidelines have come into effect from 1.4.2009. The three key objectives of the revised Swarna Jayanti Shahari Rozgar Yojana (SJSRY) are:

- Addressing urban poverty alleviation through gainful employment to the urban unemployed or underemployed poor;
- Supporting skill development and training to enable the urban poor have access to employment opportunities provided by the market or undertake self-employment; and

- Empowering the community to tackle the issues of urban poverty through suitable self-managed community structures and capacity building programmes.
1. The delivery of inputs under the Scheme shall be through the medium of Urban Local Bodies (ULBs) and community structures. Thus, SJSRY calls for strengthening of these local bodies and community organizations to enable them to address the issues of employment and income generation faced by the urban poor.
 2. The revamped SJSRY has five major components, namely-
 - (i). Urban Self Employment Programme (USEP)
 - (ii). Urban Women Self-help Programme (UWSP)
 - (iii). Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)
 - (iv). Urban Wage Employment Programme (UWEP)
 - (v). Urban Community Development Network (UCDN)

The above programmes have to be implemented in convergence with other programmes relating to slum development/urban poverty alleviation such as Jawharlal Nehru National Urban Renewal Mission(JNNURM), Prime Minister's Employment Generation Programme (PMEGP), Aam Aadmi Bima Yojana (AABY), Rashtriya Swasthya Bima Yojana (RSBY), National Rural Health Mission (NRHM), Sarva Shiksha Abhiyan (SSA), Mid-day Meals Scheme (MMS), Integrated Child Development Scheme (ICDS), Janani Suraksha Yojana (JSS), National Social Assistance Programme (NSAP), Skill Development Initiative Scheme (SDIS) – Modular Employable Skills (MES), etc.

3. As the problems of urban poverty are likely to assume critical proportions with the level of urbanization going up, SJSRY Guidelines 2009 contemplate that States/UTs develop appropriate policy frameworks for the planned development of economically productive, environmentally sustainable, financially vibrant, socially just and inclusive cities. It is suggested that States/UTs embark upon a mission mode approach for the alleviation/reduction /eradication of urban poverty by launching State/UT-wide mission and providing adequate support staff and funding for implementing the same.

Poverty alleviation is one of the major issues that have been given emphasis in different five years plan. Especially in Vth five-year plan, the agenda for poverty alleviation through increasing access of poor people to income generating activities has been given emphasized. In the IXth five- year plan the area, empowerment of women has been given thrust on. Due to push and pull factor, the poor people are coming to the urban areas for employment. So, it felt needed to introduce a welfare scheme in urban area for the poor people. There were many welfare schemes introduced for eradication of poverty the in rural area. The SJSRY is one of such programme in urban area that is taken to remove poverty and empowerment of women. It will be shown how this programme is worked on in the urban area and how poor people are benefited out of this programme.

Here different characteristics and the three tier monitoring system of the scheme will be discussed.

3.2 Salient Features Of SJSRY

Swarna Jayanti Sahari Rojgar Yojana (SJSRY) is a centrally and state sponsored scheme aim at alleviation of poverty in Urban areas. It was launched in the year 1997 and covers all the urban areas in the country. Poverty eradication and empowerment of women have been considered as the major issue over the decades and the researchers and policy makers are giving emphasis on this field. Different five-year plan specially the ninth five-year plan has emphasized on this issue. Many schemes have come out for the purpose and Swarna Jayanti Sahari Rojgar Yojana (SJSRY) is one of the most important schemes.

The origin of this scheme can be traced back in 1st December 1997 when it was introduced. Only the Below Poverty Line People (BPL) is considered under the said scheme. The criteria for BPL may be economical as well as non-economical. Economically any family whose monthly income is less than Rs. 313.13 will be considered as a BPL family. Non- economical factors include house, water facility, sanitation etc. It has submerged the three major schemes like (i) Nehru Rojgar Yojana (ii) Urban basic service for the poor and (iii) Prime Minister's Integrated Urban Poverty Eradication Programme. The scheme focuses on foundation of community empowerment in urban area. Rather than traditional top down approach, it aims at creating community organisations and community structure for the development. As regards the empowerment, the yojana envisages the creation of a three tier community structure of the poor women and involve them in the decision making process pertaining to the planning and execution of not only employment promotion programs but also other public services provided in their localities by

different Government agencies. Such involvement of community organizations would help in better focusing of governmental interventions to meet the needs of the localities and in realizing optimal utilization of scarce public funds by covering major gaps and avoiding redundancies, overlapping etc. The hierarchy of the community organization is:

3.2.1: Neighborhood Group (NHG)

It is an informal association of women living 10 to 40 contiguous houses in the same mahalla or basti. . This is considered as the base of the structure. The members are poor but they are energetic. They meet together regularly and decide their need and take activities accordingly.. The NHG selects one member among them who is known as Resident Community Volunteer (RCV) to join the Neighborhood Committee (NHC). The RCV plays the role of a liaison between the NHG and the NHC. The RCV has to play a very vital role for the success of the scheme. It is found that every successful group has a very energetic and laborious RCV. RCV communicates all the decisions of the NHG to NHC.

The RCV has to devote time to organize meeting and that involves contacting up to 40 families and explain to them the matters to be discussed. Meeting with the families of the NHC may also be necessary to maintain contacts, reach information, and for discussion and efforts at motivation. The RCV has to attend at least three meetings in a month (NHC, NHG and CDS). The minutes of the meeting are to be maintained. In addition, time is devoted to organize and maintain the records of TCG. The members asked various questions about the forms and the RCV has to help in filling them up and checking. The accounts, daily attendance, area mapping and other

activities is to be discharged by the RCV. In a word we can say the success of the scheme depends upon the effectiveness of the RCV and he has to perform the role of secretary in the group.

3.2.2 Neighborhood Committee (NHC)

It is a more formal association of women constituted from NHG located in close proximity and from the same ward. The members are the RCV and one female member of each family under the NHCs jurisdiction concerned. Only the RCVs have voting right. The NHC will have a convener who will look after the functioning of NHC. The members of the body meet together on regular basis and come to a collective decision. The members select one among them to participate in CDS. In this level the applications for the loans are first considered and then forwarded to the higher level with recommendations. A specially enjoyed responsibility of NHCs is that the benefits under the yojona should first reach to the women and children. NHC is also expected to provide all the needed support to the authorities in formulation of plans for establishment of community facilities and their execution.

3.2.3 Community Development Society (CDS)

This is a formal body of all NHC of the area concerned. It is required to be registered under The Societies Registration Act. It has an executive committee consists of the elected or selected members of NHCs and a project Officer and Chairman of the respective municipality concern by virtue of his post. The CDS being a formal body, eligible to receive grants under various Government schemes. Besides, the said body can raise loans from financial institutions and other sources for providing financial assistances to the beneficiaries. It is the apex body under the

scheme and all the activities are initiated as well as executed with the help of this body. It is a formal body and can take part in activities with Government. It receives Government grants and utilise this grant through different projects.

The CDS has to perform a lot or activities, but relating to the following three they act as authority:

- (a) **Organising training program:** The CDS has to decide the matter of the training to be held looking after the local demand. This is a part of the USEP.
- (b) **Works to be undertaken under UWEP:** The CDS is required to undertake a survey to identify the basic services, which is missing and has to make a priority list. Again, they have to make another priority list regarding the infrastructure facilities. These are known as list A and B. Then the CDS has to forward these lists to higher authority with comments, suggestions with regards to the localities where it will be established. The prioritization by the CDS is final and shall not be modified or changed by any agencies. Once the budget approval is accepted for the proposal, it will be executed through the CDS under the general control and supervision of ULB.
- (c) **Management of community facilities:** The CDS has to manage the facilities like community hall, work places, and service centers made by the fund of the Yojona. It fixes the charges for availing those facilities.

The scheme aims at gainful employment to the unemployed or under-employed people and empowerment of women from financial as well as social point of view. The scheme has taken two basic strategies

The yojana has been financed jointly by the central government and state government on the basis of sharing the expenditure in the ratio of 75:25. The framework for implementation is stipulated in the guidelines enunciated by the Union Ministry of Urban Development and Poverty Alleviation. State level innovations are allowed but only in a marginal way to accommodate very special conditions obtaining in the concerned state. The designated agencies in the field level for the implementation of the yojana are the local municipal body. In the latter stage it is required to set up a separate SJSRY project cell under the charge of one of the senior officer to look after the day to the day affairs of the administration. Two separate bodies i.e. State Urban Development Authority (SUDA) at the state level and District Urban Development Authority (DUDA) at the district level are to be set up under the yojana to facilitate flow of funds to the field level administration and for exercising overall supervision and control over them:

The scheme aims at gainful employment to the unemployed or under-employed people and empowerment of women from financial as well as social point of view. The scheme has taken two basic strategies.

3.3 Scheme Components Of SJSRY

The SJSRY consists of two sub schemes -The Urban Self-Employment Programme and the Urban Wage Employment Programme.

3.3.1 Urban Self-Employment Programme (USEP)

Component Of USEP

This Programme has three distinct components

1. Assistance to individual urban poor beneficiaries for setting up gainful self-employment ventures.
2. Assistance to groups of urban poor women for setting up gainful self-employment ventures. This sub-scheme is called "The Scheme for Development of Women and Children in the Urban Areas (DWCUA)". The new nomenclature is Urban Women Self Help Programme (UWSP).
3. Training of beneficiaries, potential beneficiaries and other persons associated with the urban employment programme for acquisition or up gradation of vocational and entrepreneurial skills.

Coverage

1. The programme, will be implemented in all the 58 urban towns including the three City Corporations of the State.
2. The programme will be implemented on a- whole town basis with special emphasis on slums and other clusters, of urban poor.
3. All urban poor families identified as described earlier are eligible for assistance under the scheme.
4. Special attention will be given to women, persons belonging to Scheduled Castes/Tribes, disabled persons and other such categories as may be indicated by the Government from time to time,
 - a. The percentage of women beneficiaries under this programme shall not be less than 50

- b. SCs and STs must be benefited at least to the extent of twice of their share in the local population based on the latest census.
 - c. A special provision of 5% shall be reserved for the disabled under this programme till they are fully covered.
5. There will be no minimum educational qualification for beneficiaries the programme. However to avoid an overlap with the PMRY scheme, for the self-employment component, this scheme shall not apply to beneficiaries educated beyond the IX standard. However, if sufficient numbers of persons are not available in this category; persons with higher educational level can be selected if they have not availed themselves of any assistance under PMRY and do not intend to do so (covered through an undertaking). The list of such selected beneficiaries shall be sent to avoid duplication.
6. All other conditions being equal, women beneficiaries belonging to woman-headed households shall be ranked higher in priority than other beneficiaries. For purposes of this section, women-headed households shall mean households, which are headed by widows, divorcees or abandoned women, single women, or even households where women are the sole earners.

Components Self-Employment Through Setting Up Of Micro Enterprises and Skill Development

This programme is to under-employed and unemployed Urban youth to set up small enterprises relating to servicing, petty business and manufacturing. For which there is a lot of potential in urban areas. Local skills and local crafts are to be encouraged for this purpose. Each CDS has to develop a compendium of such

projects/activities keeping in view cost, marketability, economic viability etc. No training is required if the beneficiaries has already undergone training in the scale/trade from a registered NGO, provided requisite certificate is produced to that effect. Training should also not be necessary if the beneficiary has traditionally acquired skills in activities like pottery making, cobblery, carpentry, iron-smithy etc. This aspect should however be certified by ULB before recommending / forwarding application to bank. Training should also not be necessary if a beneficiary has learnt a particular trade from private/public-registered company, as apprentice or employee; certificate from the private/public-registered company is to be produced.

Project Cost

Ordinarily the project cost would be Rs 50,000 per individual. But if two or more eligible persons join together in a partnership, projects with higher costs would also be allowed, provided the share of each person in the project cost is Rs 50,000 or less. The overall project cost will be the simple sum of individual project costs. More than one member in a household is eligible for assistance. But not more than two persons from one household needs to be sanctioned assistance.

- a. **Subsidy:** - Subsidy would be provided at the rate of 15% of the project cost subject to a ceiling of Rs 7500 per beneficiary. In case more than one beneficiary join together and set a project under partnership, subsidy would be calculated for each partners separately at the rate of 15% of his share in the project cost, limited to Rs 7500 per partner.
- b. **Margin Money:** - Each beneficiary is required to contribute 5% of the project cost as margin money in cash.

- c. **Loan:-** 95% of the project cost would be sanctioned as composite loan by bank at the rate of interest applicable to such priority sector loans fixed by Reserve Bank of India, from time to time.
- d. **Collateral Guarantee on Bank Loan:** - The loan would not require any Collateral guarantee. Only assets created under the programme need be hypothecated/mortgaged/pledged to the bank advancing the loans.

Repayment

Repayment schedule ranges from 3 to 7 years after initial moratorium of 6 to 18 months as decided by bank. The CDS/Municipality will extend help to the banks for ensuring repayment of loans as per rules.

Skill Development

Skill development through appropriate training is another element of this programme. It is intended to provide training to the urban poor in a variety of service and manufacturing trades as well as in local skills and local crafts so that they can set up self-employment ventures or secure salaried employment with enhanced remuneration. Training should also be imparted in vital components of the service sector like the construction trade and allied services like carpentry and plumbing and in manufacturing low cost building materials based on improved local technology. Training institutions such as Polytechnics/ETCs/Shramik Vidyapeets, Engineering Colleges and other suitable training institutions run by government, private or voluntary organisation may be utilised and provided appropriate support for this purpose. The unit cost allowed for training skill is Rs.2000 per trainee,

including material cost, trainers' fees, other miscellaneous expenses to be incurred by the training institution and the monthly stipend, to be paid to the trainee. The total training period for skill up gradation may vary from two to six months, subject to a minimum of 300 hours as given below:

Norms for a Training Course:

- i. Average size of training class = 25 trainees
- ii. Duration per training course = 300 hours* (Minimum)
- iii. Average expenditure on training
- iv. Including material cost = Rs.2000 Trainer's fees, other miscellaneous Expenses to be incurred by training Institution as well as monthly Stipend to trainee. 15% of the funds earmarked for training can be given as infrastructure support to the training institutions.

Infrastructural Support to Micro Enterprises in Relation to Marketing Of Products

Monthly expenditure on training per trainee including material cost, trainee's fees, tool kits and other miscellaneous expenses to be incurred by training institution as well as monthly stipend to trainee, may vary depending upon the trade and duration of training, subject to minimum stipend of Rs.100 per month and Rs.230 per month as training cost respectively. Infrastructure support may also be provided to beneficiaries setting up micro-enterprises in relation to marketing of their products etc. This can be accomplished by providing selling places for the poor in the form of kiosks and markets, setting up of "Urban Service Centre" for construction and other services,

(like those provided by carpenters, plumbers, electricians, TV/Radio/Refrigerator mechanics who will be available to city residents on call), and through provision of weekend markets/evening markets in municipal grounds or on road sides on the one hand and technical assistance in relation to market surveys/trends, joint brand names/designs and advertising on the other hand. It is also proposed that a Service centre should be set up at the CDS level for those who have undergone skill up gradation training. Appropriate space should be provided to trained persons who can be asked to enroll themselves with the service centre, so that they could be sent to attend day-to-day skilled training on call from citizens against appropriate payment fixed by the Community Development Society (CDS). Appropriate publicity may be done within the town regarding the facilities available under the Service Centre. Up to 10% of fund under USEP can be used for creation of this infrastructure. Tool Kits may also be provided to trainees who complete the training satisfactorily. The cost of tool kit should not exceed Rs.600 meeting the expense from Rs.200 per person allowed for training. In case the cost exceeds Rs.600 there is no objection to the excess amount met from funds other than this programme funds or even on beneficiary's contribution.

Development Of Women and Children in Urban Areas (DWCUA)

or

Urban Women Self Help Programme (UWSP)

This scheme is distinguished by the special incentive extended to urban poor women who are from the families under CDS who decide to set up self-employment ventures in a group as opposed to individual effort. Groups of urban poor women

shall take up an economic activity suited to their skill, training, aptitude and local condition. Besides generation of income, this group strategy shall strive to empower the urban poor women by making them independent by providing a facilitating atmosphere for self-employment. To be eligible for subsidy under this scheme, the DWCUA group should consist of at least 10 urban poor women who may be members of the same or adjoining NHGs under ADS with entrepreneurship. The group members must get to know each other well, understand the group strategy and recognise the strength and the potential of each member of the group. The group shall select a leader and a joint leader from amongst the members. The group will also select its own activity because the future of the group will rest wholly on an appropriate selection. The DWCUA group shall open a separate bank a/c from which the loan is to be availed under the scheme and operated under the joint a/c of the group leader and joint leader from among the beneficiary group members. The DWCUA shall have a five-member management committee with a representative of ADS (one governing committee member and RCV/NHG President). This is to help and guide the DWCUA to manage its affairs. But if the DWCUA group wants to manage its own affairs jointly by themselves, without the support of NHG or ADS, it may do so. The DWCUA group society shall be entitled to a subsidy of Rs.1, 25,000 or 50% of the cost of project whichever is less. Group unit activities with 10 or more members can also be undertaken at NHG, ADS and CDS level. Creation of Thrift & Credit group is the base of DWCUA.

Thrift and Credit Group

Creation of savings habit among the poor of the urban area, however small may be the amount is one of the objectives of the SJSRY scheme. Accordingly, encouragement has been given to the formation of Thrift & Credit societies (T&C) of urban poor. A group, which consists of 10 to 20 members, opened a bank account in their group name and deposited regularly monthly basis a certain sum of money in that said account. It is considered as the base of other activities like DWCUA. The members of the group determine the amount of monthly contribution. Generally, it varies from RS. 10 to Rs.150 per month. But one thing should mention here that the proposal of the member of the least contribution is accepted. After completion of one year, they are given revolving fund @ Rs. 2000 per member subject to Rs.25,000 per group. This fund can be used only for the purpose of business activities.

Thrift and Credit Society shall be entitled for payment of revolving fund not earlier than one year after its formation. In other words, only such a body in existence and functioning for at least one year shall be eligible for payment of the revolving fund. The decision whether a group has been in existence and functioning for more than one year shall be taken on the basis of examination of the record of the group as regards the number of meetings held, the collections made from members towards group savings, the regularity of collection, the role of the group in capacity building etc. to be eligible. A certificate has to be issued by the Secretary of the Urban Local Body or the chartered accountant who audited the account of the CDS, to the effect that NHG thrift was in operation for more than one year with proper registers, ledgers, pass book etc.

A. Revolving Fund For Thrift and Credit Societies

The women members are entitled to a lump sum grant of Rs.25000 as revolving fund at the rate of Rs. 2000 maximum per member who joins the thrift societies at NHG level. This revolving fund shall be available for the following:

- v. Purchases of raw materials and marketing.
- vi. Infrastructure support for income generating and other groups activities.
- vii. One time expense on childcare activity. Recurring expenses like salary for staff etc. will not be payable.
- viii. Expenses not exceeding Rs.500 to meet travel costs of group members for visit to banks etc. per annum.
- ix. Where an individual member of a Thrift and Credit Society saves at least Rs.500 in a fixed deposit for 12 months with the society, she will be entitled to a subsidy of Rs.30 to be paid on her behalf towards a health/life/accident/any other insurance scheme for herself.
- x. Moreover, in cases where the member saves at least Rs.750 in a fixed deposit in 12 months, she will be entitled to a subsidy of Rs.60, at the rate of Rs.30 for the member herself and either Rs.30 for her husband towards health/life/accident/any other insurance or Rs.30 for any minor girl child in her family for health/accident insurance. This expense may also be debited to the revolving fund, and

- xi. Any other expense allowed by the State as being necessary in group or society interest from time to time; like repairing of community well, repair of taps, repairing of community light.

3.3.2 Urban Wage Employment Programme (UWEP)

This scheme is to be implemented in all towns have a population of less than 5 lakhs as per the 1991 census.

Objective

The basic objective of the scheme is to provide wage employment to those people below poverty line who are in need of such income, particularly during the lean season. While providing employment, durable community assets, which are of continuing and direct benefit to the poor, should be taken up. Only the basic needs infrastructure identified under the poverty alleviation sub-plan shall be taken up.

Material-Labour Ratio

The Material-Labour Ratio for the works taken up under the Programme shall be maintained at 60:40. However, if durable assets require a higher material component, it may be provided using Municipality's resources. The Urban Wage Employment Programme shall be dovetailed into State Sector Slum Development Programmes as well as National Slum Development Programmes. The work shall be implemented using rates fixed under the Public Works Rules applicable to Municipalities from time to time.

Mode Of Implementation

Beneficiary Committees shall carry out the work. The ADS/CDS should be deemed to be a Beneficiary Committees for the purpose of implementation. Works, which are beyond the capacity of the ADS to implement, can be implemented by NGOs. While implementing the Wage Employment Programmes the following shall be observed:

- i. An Annexure to the estimate shall be prepared which explains in layman's language, the expected quantity and quality of materials to be used in the construction, their cost, the kind and quantum of labour input required and the wages expected to be paid.
- ii. All documents like estimates, bills, vouchers, muster rolls, measurement books and payment documents are public documents which can be scrutinized by any person of the locality and copies of which can be had by payment actual photo-copying cost.
- iii. Before the start of any work, the beneficiaries shall meet and select a Committee for executing the work. This Committee shall meet every week and verify the progress of work in all details

Training

Training has been included as one of the major component under the self-employment programme of the yojana. It is well recognized that imparting new skill would go a long way in helping the urban poor who want to undertake a self-employment venture by availing loan facilities under this scheme or want to improve

their salary or wage opportunity. Any member of a urban poor family is entitled to this facilities provided the family is a BPL family as indicated in the SJSRY guidelines. Recently the Govt of India has relaxed the bar of any educational qualification. Now any member having educational more than standard ix can apply for the training. The subjects in which the training programs are organized are range from traditional ones like tailoring, embroidery, Carpentry, to new vocations like computer programming, beautician etc. The municipality chairperson with the consultation of CDS finalizes the subject of the training programme. ITI, Polytechnique, or private training institute organizes it. The duration of the training varies from trade to trade, but the minimum period is fixed 300 hours and the expenditure per trainee is fixed at Rs. 2000. It includes the stipend and kits, which is given to each trainee at the end of the training program. The cost of each kit will not exceed Rs. 600 per trainee. Any municipality can exceed the stipulation by providing the difference from its own fund.

3.4 Monitoring System Of SJSRY

The schemes has given emphasis on building and strengthening of community based organizations of urban poor and going through various administrative process. Besides that, the successes of the scheme depend on some other bodies. The functions of the scheme based on three tier organizations. The bodies which monitor the performance of the scheme are :

- i) Urban poverty eradication cell (UPE): A urban poverty eradication cell is required to be created under the municipal body for carrying various functions under

the scheme SJSRY. The cell worked under the charge of a senior officer called “project officer”

3.4.1 State Nodal Agency with UPA Cell

The following is envisaged as the minimum requirement for an effective delivery structure: At the State/UT level, every State/UT shall designate a State Nodal Agency and a State Nodal Officer for SJSRY who could be the Director of Municipal Administration or Director of SUDA or Mission Director of State Urban Poverty Eradication Mission, for all urban poverty alleviation efforts including SJSRY. This State Nodal Agency shall house the State UPA Cell, which will function under the overall supervision of the State Nodal Officer for UPA/SJSRY reporting to the State Nodal Officer. This Cell will work closely with JNNURM [Urban Infrastructure & Governance (UIG), Basic Services to Urban Poor (BSUP), Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) and Integrated Housing & Slum Development Programme (IHSDP)] and Rajiv Awas Yojana (RAY). It should be equipped with proper manpower and logistic support. The functions of the State UPA Cell, headed by designated State Nodal Officer for SJSRY will be:

- Guide and monitor SJSRY for the proper implementation of all its components,
- Provide suitable policy directions on poverty and livelihoods-related issues, keeping in view programmes like SJSRY, JNNURM and RAY,
- Facilitate the convergence with SJSRY of policies and other programmes impacting on the urban poor,

- Liaise with the State Level Bankers' Committee for credit flow to urban poor micro entrepreneurs and Self-Help Groups,
- Receive and distribute Central and State funds to the DUDAs/ULBs for implementation of the scheme, and
- Closely work with National/State Resource Centre(s) for capacity building/training/skill development training of all stakeholders to ensure the effective implementation of SJSRY. In the district of Uttar and Dakshin Dinajpur the activities of DUDA is insignificant.

3.4.2 State Level Monitoring Committee

The State UPA Cell will service the State Level Monitoring Committee for SJSRY under the chairpersonship of the Secretary concerned and having Secretaries in charge of social sector departments like Education, Health, Social Security, Woman & Child Development, Labour, Micro & Small Industries, Rural Development, Skills Training etc. (concerned with implementation of programmes like JNNURM, RAY, PMEGP, AABY, RSBY, NRHM, SSA, Mid-day Meal Scheme, ICDS, JSS, NSAP, SDIS-MES etc.), Coordinator of State Level Bankers' Committee, select Mayors/Chairpersons and Experts as members.

3.4.3 State UPA Cell

At the state level a separate agency was formed to look after the activities of the scheme is called State Urban Development Agency (SUDA).

The State UPA Cell may have the following minimum staffing:

- Programme Officer (UPA)

- Programme Accountant
- Programme Assistant
- Computer Operator /MIS Programmer.

The State UPA Cell may to be supported by experts/specialists in the area of poverty alleviation, livelihoods, slum development/redevelopment, community mobilization, social development, research and training etc. The States/UTs may consider combining the State UPA Cell under SJSRY and Programme Management Unit (PMU) under JNNURM (BSUP & IHSDP). If not, at least two of the specialists provided for PMU under JNNURM (BSUP & IHSDP) should be seconded to the State UPA Cell. The specialists placed in the State UPA Cell may be entrusted with the following portfolios:

- Livelihoods Specialist/Officer – to be in charge of Micro-enterprise Development and Skill Training (USEP, UWSP and STEP-UP)
- Social Development Specialist/Officer – to be in charge of Community Development Networks (CDN) involving Neighborhood Groups (NHGs), Neighbourhood Committees (NHCs), Community Development Societies (CDSs), Self-Help Groups (SHGs), SHG-Bank Linkage, Micro-finance, Convergence with Social Sector Programmes covering Education, Health, Social Security etc., Surveys & MIS and Social Audit.
- Technical Officer in charge of Civil Works (UWEP) and coordination with JNNURM (BSUP & IHSDP) and RAY.

The Research & Training Coordinator engaged in PMU shall be common to both JNNURM (BSUP & IHSDP) and SJSRY.

States/UTs may decide on the number and designation of specialists to be engaged. The specialists may be taken on deputation, contract or outsourcing basis, selected by a Committee headed by the State Secretary concerned, with another Secretary dealing with social sector programmes and State Nodal Officer for UPA/SJSRY as members. The specialists in State UPA Cells will work in close collaboration with specialists in Programme Management Unit (PMU) established under UIG/UIDSSMT and BSUP/IHSDP.

The staffing patterns indicated above are suggestive only. The States/UTs may suitably modify the administrative structures suggested, but the broad elements of support for implementation of SJSRY by Urban Local Bodies/Community Structures must be put in place.

3.4.4 District Level – District UPA Cell

Under the scheme, the establishment of a district level agency i.e. the District Urban Development Agency (DUDA) was very important.

At District level, a District Urban Development Agency, i.e. DUDA or a District level agency /mechanism (where DUDA does not exist) would be necessary to coordinate SJSRY and other programmes impacting on the urban poor and undertake capacity building activities for all ULBs within the District. This agency may house a District Urban Poverty Alleviation Cell coordinated by District Project Officer (UPA), reporting to District Collector/Deputy Commissioner. The District Project Officer should be supported with the following minimum staff:

- Technical Officer
- Office Assistant.

The above staffing pattern is suggestive only. The officers may be taken from the State/District cadres.

The functions of the District Urban Poverty Alleviation Cell would include the following:

- Liaise with Line Departments for implementing and converging urban poverty alleviation, skill development and related programmes including SJSRY, BSUP/IHSDP, RAY, PMEGP, SDISMES etc. without duplication,
- Coordinate with the District Planning Committee set up in the District in accordance with the Constitution 74th Amendment Act,
- Monitor the setting up as well as functioning of Micro-Business Centers (MBCs)/Urban

Resource Centre(s) and provision of support services to micro-entrepreneurs,

- Undertake coordination with District Level Banker's Committee/Banks for the effective implementation of self-employment and SHG-Bank linkage programmes under SJSRY,
- In order to eliminate overlaps between PMEGP and SJSRY, DUDA/district level agency will closely associate with the activities of the District Industries Centre (DIC), the implementing body for PMEGP and UPA Cells in ULBs, the implementing agencies for SJSRY. In this way, each programme implementation agency will be able to keep the other informed of the areas of

focus and thus eliminate duplication of services, efforts and beneficiary coverage between PMEGP and SJSRY.

- Work in close collaboration with reputed Community Based Organisations (CBOs) / Non- Governmental Organisations (NGOs) for the effective implementation of SJSRY and various activities meant for benefiting the BPL population.

3.4.5 City Level – Town UPA Cell

At the city level, there shall be a Town Urban Poverty Alleviation Cell under the Executive Officer or Commissioner of the Municipal Corporation/Municipality.

The Town UPA Cell may have the following minimum staffing:

- Town Project Officer (PO) in charge of UPA – for large cities / Town Assistant Project Officer (APO) for UPA – for small towns.
- Office Assistant-cum-Accountant.

If it is not possible to provide the above staff immediately, staff working in the Municipality may be asked to hold the charges till full time arrangements are made.

The Town UPA Cell will discharge the following functions

- Coordinate the activities of all the Community Development Societies (CDSs) and Community Organisers (COs),
- Ensure the convergence between activities of the CDSs, the ULB and Line Departments,

- Identify the urban poor clusters and areas for setting up of community structures like NHGs, NHCs and CDS,
- Guide and monitor the works of CDSs and COs, rendering assistance for the preparation of Community Development Plans and the ULB's Poverty Sub-Plan and Budget for the Urban Poor (P-Budget),
- Conduct Slum, Household and Livelihoods Surveys, identify beneficiaries for various schemes, promote SHG-Bank linkages, and train Community Organizers for this purpose,
- Establish links between the community structures and the ULB structures under the 74th Constitution Amendment Act,
- Promote convergence between various urban development and poverty alleviation programmes, and
- Mobilize human and financial resources at the city level and monitor programme activities by deploying suitable MIS/e-governance tools, etc.

3.4.6 Community Level – Community Organiser

At the community level, a Community Organizer (CO) may be engaged for about 2,000 identified poor families (or for an average urban population of 50,000). Such Community Organizer should, as far as practicable, be a woman. She should be a full-time functionary, engaged on a contract basis. She should be paid suitable remuneration (may be up to Rs. 5,000/- per month) commensurate with her qualification and experience. (A suggestive norm may be Rs. 5,000 for Graduate/Post-

Graduate and Rs. 4,000/- for Matriculate-Pass candidates preferably from the local community).

The Community Organizer (CO) will be the main link between the urban poor community (represented through the CDS) and the implementation machinery i.e. Urban Poverty Alleviation Cell at the ULB level. The major responsibilities of a CO, under the guidance of the Town Urban Poverty Cell will include:

- (i) Facilitating and promoting voluntarism and organizing community structures/groups;
- (ii) Guiding and assisting the community in assessing its needs, organising community structures, developing a community vision, and formulating community development action plans;
- (iii) Coordinating the conduct of Slum, Households and Livelihoods surveys and maintaining database on the urban poor and their needs;
- (iv) Working with the community to implement and monitor SJSRY and related programmes or activities;
- (v) Assessing skill needs of the urban poor and facilitating skill development training and post training handholding;
- (vi) Liaising with the sectoral departments to establish initial contacts with the community in support of their programmes;
- (vii) Facilitating community empowerment through community level training, information sharing, exchange of experiences, community skills enhancement programmes, etc.;

- (viii) Identifying suitable beneficiaries for self-employment ventures, preparing applications for securing bank credit after approval of the names of beneficiaries by the CDS, and taking subsequent follow up with the ULBs/Banks/Administration until final disposal of the applications;
- (ix) Regularly following up with the financed beneficiaries to monitor the progress of their self employment venture as also the timely repayment of loans, etc. and
- (x) Any other function as may be assigned for furtherance of the target of alleviating urban poverty.

The selection of Community Organisers shall be done in a transparent manner through a Selection Committee comprising the District Collector/Deputy Commissioners or his/her deputy, the District Project Officer (UPA) and Executive Officer/Commissioner of Municipality concerned. The State Level Nodal Agency will communicate suitable guidelines to the concerned in this regard.

3.5 Programme Monitoring

Progress of SJSRY will be monitored at the National level through Quarterly Progress Reports (QPRs) from the States/UTs. In addition, field visits by the officers of Ministry of Housing & Urban Poverty Alleviation, supported by select resource centers/agencies, will be undertaken on regular basis to review the actual implementation at ground level. Periodic review meetings will also be held at National/State level for reviewing the performance of the Scheme.

3.6 Provision and Utilisation Of Resources:

The scheme SJSRY is a central and as well as state sponsored programme. The share of central government is 75%, where as the state share is 25%. Besides the govt. fund the members of the group also accumulate a fund by contributing the monthly collection is called owned fund.

Regarding the utilisation of fund under the scheme the SJSRY a guideline is given. The guideline is :

Table no.3.6.a
Guidelines for Distribution Of Fund Under SJSRY

Sl. No.	Component	SJSRY Funds (%)	2% UPA Funds (%)
1	USEP subsidy	10	20
2	DWCUA subsidy	30	35
3	General Training	0	10
4	Skill Development Training	17	15
5	Infrastructure Development	4	0
6	Revolving Fund (Thrift & Credit)	20	15
7	Community Structure	14	0
8	A & OE	5	5

Source : SJSRY Guidelines

It is shown from the above table that according to SJSRY guidelines the fund available will be distribute for different component of SJSRY as follows:

For USEP subsidy-10%, for DWCUA subsidy it is : 30%, For skill development training it is 17%, for Infrastructure it is 4%,for Revolving fund it is 20%, for community structure it is 145 and for other expenses 5%.

3.7 Cluster Approach

Identifiably, clusters should be taken for support under SJSRY and efforts should be to ensure that all adults in the cluster are provided with benefits of skill development, self-employment or wage employment so that no urban poor household is left with an adult without means of earning income. Clusters should be so chosen that the USEP target group get attention. USEP encourages under-employed and unemployed urban poor to set up small enterprises relating to manufacturing, servicing and petty business for which there is a lot of potential in urban areas. Local skills and local crafts should be encouraged for this purpose. Each town/urban local body has to develop a compendium of such activities/projects keeping in view marketability, cost, economic viability etc. To avoid duplication with the ongoing Prime Minister's Employment Generation Programme (PMEGP), this component of SJSRY is to be confined to Below Poverty Line (BPL) beneficiaries with emphasis on those given a higher priority on the basis of non-economic criteria. Beneficiaries should declare that they have not availed similar benefits under any other self-employment scheme. The list of beneficiaries is to be shared with PMEGP to rule out duplication of coverage.

For the purpose of self-employment, focus will be on 3 sectors i.e. Production (Micro-industry), Services and Business.

On Micro-industry (Manufacturing) side, a group of people (hub) will be encouraged for setting up of enterprises centered around and supported by Micro Business Centers (MBC), established following cluster approach. Space may be provided by MBCs in the form of working sheds or micro-entrepreneurs may work from their homes.

In relation to Services sector, Urban Local Bodies will provide Seva/Suvidha Kendras (for every 50,000 population at least one Kendra) with suitable logistics and space. Workers will register themselves with the Kendras, which could act as focal points for the servicing trades and facilitate jobs/assignments to the registered skilled workers on demand from the clients. The emphasis will be on quality skills and the rates will be decided in advance/fixed for home visits.

In Business Sector, i.e. shop-based enterprises, kiosks/spaces will be leased out by the ULBs to the urban poor for setting up shops. Vendors' markets will be promoted. Mobile vending outlets, running on motorized scooters will be encouraged with suitable technological interventions. Beneficiaries can also run their ventures from their own houses /shops. . Opportunities in the transport sector, viz. running of scooter rickshaws, motorized cycle rickshaws for ferrying people/goods will be explored. Group ownership /Occupational Credit Groups concept in this sector will also be encouraged.

Micro-business Centers can be planned to cover Services and Business sectors, apart from Micro-industry. For businesses, they can help with project preparation, permissions from planning and regulatory agencies, maintenance of

accounts, advertisement, packaging, branding, deciding maximum retail price, marketing, etc.

The details of financing pattern under USEP are as follows

Table no.3.7.a

Financing Pattern Under USEP Scheme

Maximum allowable unit project cost	-Rs.200,000/-
Maximum allowable subsidy	- 25% of the Project Cost subject to a maximum of Rs. 50,000/-.
Beneficiary contribution	- 5% of the project cost as margin money.
Collateral	- No Collateral required.

Source : SJSRY Guidelines

3.8 Conclusion

This chapter has been reviewed the features and monitoring systems with an of the scheme SJSRY with an objective that it will help in working with the survey findings in the districts of Uttar and Dakhsin Dinajpur. Discussion of structure, objectives, funding pattern and thrift operations have been done for the aid purpose. These aspects of the scheme will be discussed in the next chapter of the study.

CHAPTER-IV

SJSRY IN THE DISTRICTS OF UTTAR AND DAKSHIN DINAJPUR—A REVIEW OF SPREAD OF SHGS AND FUNDING

4.1 Introduction

Uttar and Dakshin Dinajpur are backward districts. The rate of illiteracy and unemployment and under employment is very high. In the rural areas some welfare schemes are operating and helping the people to fight against poverty. The need of a scheme like SJSRY was felt very much in the urban areas of these districts. People of urban areas have got the opportunity to get employment opportunity and to fight against the poverty by successful operating of the scheme. The spread and the funding of the scheme in the districts of Uttar and Dakshin Dinajpur will be discussed below:

4.2 Spread Of SJSRY In The Districts Of Uttar Dinajpur and Dakshin Dinajpur

The Swarna Jayanti Sahari Rojgar Yojana (SJSRY) has been implemented in the year 1997. Since then a steady growth is observed in all the components of the scheme all over West Bengal. The districts of Uttar and Dakshin Dinajpur also responded well accordingly. If we go through the information of Thrift and Credit group in the state, we see a steady growth since its inception. The formation of Thrift and Credit Group (TCG) in different years in West Bengal and in the districts of Uttar and Dakshin Dinajpur has been shown in the following table:

Table No.4.2.a

**Trend Of Formation Of Thrift & Credit Groups In Different Municipalities Of
Uttar and Dakshin Dinajpur Districts**

Municipality	Dist.	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	CAGR %
RAIGANJ	UD	32	68	117	168	246	271	322	398	37.04
KALIAGANJ	UD	19	37	89	152	298	338	384	575	53.14
ISLAMPUR	UD	00	00	00	00	01	03	11	27	127.95
DALKOLA	UD	00	00	12	58	118	119	140	212	61.38
TOTAL IN UD	UD	51	105	218	378	663	731	857	1212	48.59
BALURGHAT	DD	37	79	121	180	203	205	253	279	28.73
GANGARAMPUR	DD	12	27	49	84	188	201	223	235	45.04
TOTAL IN DD	DD	49	106	170	264	391	406	476	514	34.15
TOTAL IN WEST BENGAL		1113	3224	5784	9723	13919	19265	21163	33074	52.80

Source: Source: Compilation of reports from municipalities. (Figure denotes no. of group, (CAGR is Cumulative Average Growth Rate)

It is found from the above table that in the year 2001-002, total number of Thrift and Credit Group (TCG) in the district of Uttar Dinajpur was 51 and in the district of Dakshin Dinajpur, it was 49. Among the municipalities in the district of Uttar Dinajpur, in Raiganj, total number of TCG was 32, in Kaliaganj, total number of

TCG was 19, in the municipalities Dalkola and Islampur, no TCG formed during the year 2001-02.

In the district Dakshin Dinajpur, total number of TCG was 49 during this year. Among the municipalities in the Dakshin Dinajpur district, in Balurghat, the number of TCG was 37 and in the Gangarampur municipality, it was 12. During this year, total number of group in West Bengal was 1113.

During the year 2008-09, total number of groups in the district of Uttar Dinajpur was 1212, which was 41.42% more than the previous year 2007-08. In the municipality Raiganj, it was 398, which was 23.60% more than the last year. In the Kaliaganj municipality, it was 575, which was 49.73% more than the previous year 2007-08. During the year 2008-09, in Dalkola municipality, the number of TCG was 212 and in the Islampur municipality, it was 27 ..

So, it is observed that during (2001-02) to (2008-09) the growth in TCG are steady in the districts of Uttar Dinajpur and Dakshin Dinajpur. Cumulative Average Growth (CAGR) of Uttar Dinajpur district (48.59) is higher than Dakshin Dinajpur district (34.15). The CAGR of DWCUA group in West Bengal during 2008-09 was 52.80%. So, the CAGR of these districts are not very far from the growth rate of West Bengal.

Among the municipalities in the Uttar Dinajpur, it can be seen that Raiganj and Kaliaganj municipalities have shown a steady growth from the year 2001-02. Though the municipalities Dalkola and Islampur have started the operation later on, the Cumulative Average Growth Rate of these municipalities are satisfactory. The

Islampur municipality should concentrate on formation of more TCG and DWCUA groups.

It can be found that though the number of TCG formation in the Raiganj and Kaliaganj municipality is more than Dalkola municipality; but the CAGR of Dalkola and Islampur municipalities is higher than other municipalities in the these districts.

Regarding the formation of DWCUA groups in the districts, it can be stated that Development of Women and Children in Urban Area (DWCUA) was one of the major components under the scheme SJSRY. At least 10 women can group together and can start such activity. This DWCUA scheme is a group activity and eligible for 50% subsidy of the project amount subject to a maximum of Rs. 1, 25,000. In the initial stage of the scheme, the component DWCUA was not given much emphasis. The creation of Thrift and Credit Group was given first priority. From the year 2004-05, emphasis was given for creation of DWCUA in West Bengal as well as in the district of Dinajpur also. The progress of DWCUA group in the districts and in West Bengal is discussed as follows:

Table No.4.2.b**Year Wise Trend Of DWCUA in the Districts Of Uttar and Dakshin Dinajpur**

Municipality	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	CAGR
RAIGANJ(UD)	00	00	01	03	21	38	56	103	116.50
KALIAGANJ(UD)	00	00	02	04	46	90	85	157	106.92
DALKHOLA (UD)	00	00	00	00	03	07	19	19	58.63
ISLAMPUR(UD)	00	00	00	00	00	00	03	15	123.60
TOTAL(UD)	00	00	03	07	70	135	163	294	114.71
BALURGHAT(DD)	00	00	00	03	13	24	42	76	90.87
GANGARAMPUR(DD)	00	00	00	00	00	02	26	38	166.84
TOTAL(DD)	00	00	00	3	13	26	68	114	106.99
WEST BENGAL	74	102	178	656	966	1258	1669	1903	50.06

Source: compilation of reports of municipalities. (CAGR: Cumulative Average Growth Rate)

It has been found from the above table that in the year 2001-02 and 2002-03, there was no of DWCUA group formed in the districts of Uttar Dinajpur and Dakshin Dinajpur.

In the year 2003-04 total number of DWCUA groups in Uttar Dinajpur district was 3 and in Dakshin Dinajpur no DWCUA groups was formed during this year. In the year 2004-05, total number of groups in Uttar Dinajpur district was 7 and in Dakshin Dinajpur, it was 3 i.e. total number of groups in Dinajpur districts were 10. It has been found that though the formation of DWCUA was started in the year 1997-98, the actual

operations have started from the year 2005-06 in the districts of Dinajpur. During this year, total number of DWCUA group in the districts of Dinajpur was 83 and at the end of the year 2008-09, total number of DWCUA groups in the districts of Uttar and Dakshin Dinajpur was 408. In West Bengal total number of DWCUA group in the year 2008-09 was 1903. It was 21.44% of the DWCUA groups formed in West Bengal.

Among the municipalities under Uttar and Dakshin Dinajpur, Kaliaganj municipality has formed maximum number of DWCUA group. It is also shown that the CAGR of the districts of Uttar and Dakshin Dinajpur is higher than the CAGR of West Bengal.

**(In case of calculating CAGR, the Years when first groups are formed have been taken as base year for each municipality).

The year wise growths of TCGs and the DWCUA have been presented in the following tables.

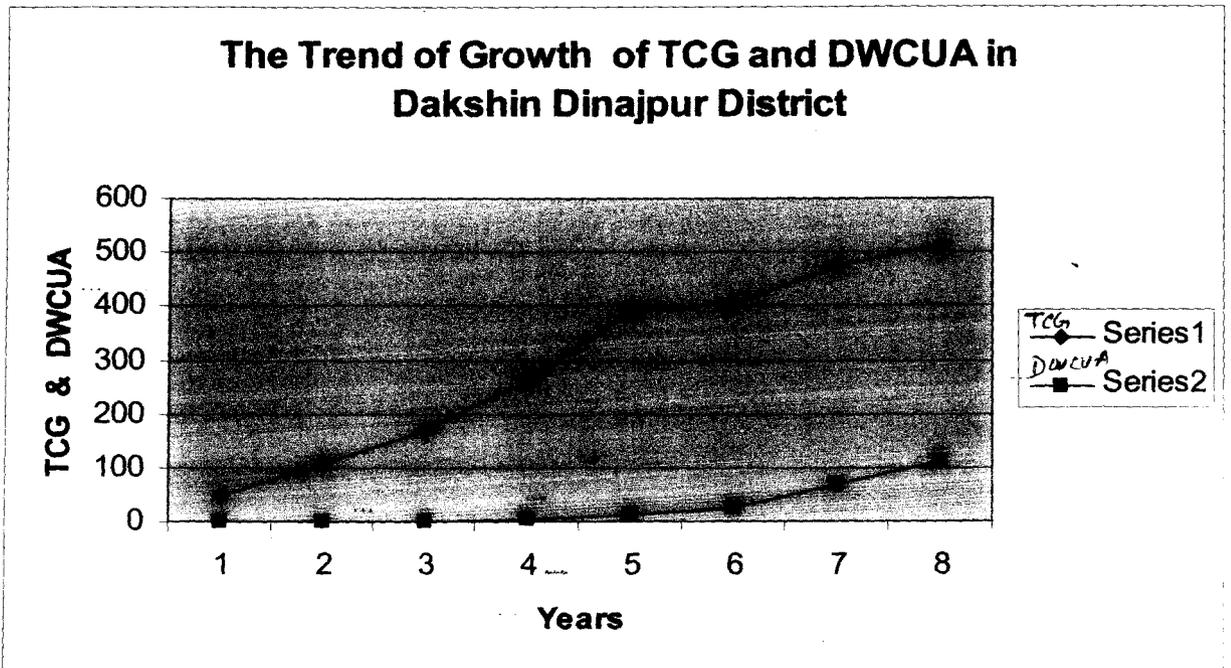
Table no: 4.2.c

The Trend Of TCG and DWCUA in the Dakshin Dinajpur District

Year	TCG	DWCUA
2001-02	49	00
2002-03	106	00
2003-04	170	00
2004-05	264	3
2005-06	391	13
2006-07	406	26
2007-08	476	68
2008-09	514	114

Source : : compilation of reports of municipalities under Uttar Dinajpur district

A line diagram of the above table can explain the trend of TCG and DWCUA in the of Uttar Dinajpur district.



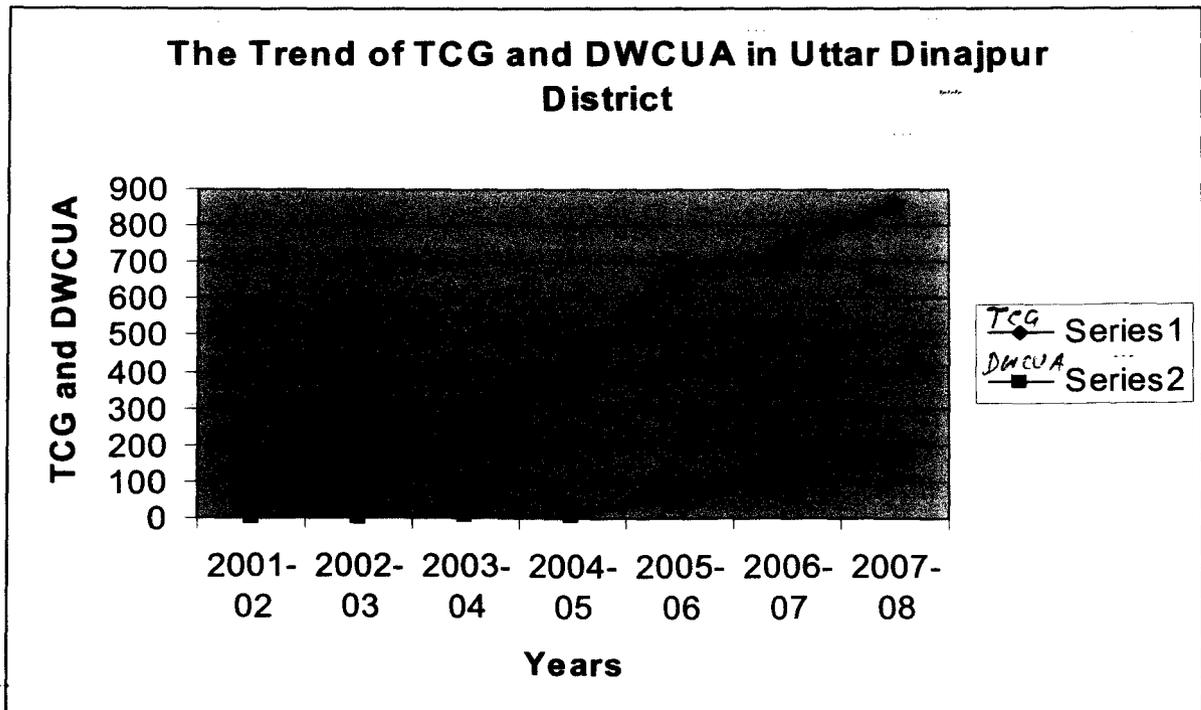
In the district of Dakshin Dinajpur, it has been shown in the line diagram that an upward trend in the case of formation of TCGs and DWCUA. The trends of growth in TCGs are more than the DWCUA groups. It is also shown that the TCGs have a steady growth over the years. The growth in formation of DWCUA has started from the year 2004-05 onwards.

Table no:4.2.d

The Trend Of TCG and DWCUA in the Uttar Dinajpur District

Year	TCG	DWCUA
2001-02	51	00
2002-03	105	00
2003-04	218	03
2004-05	378	07
2005-06	663	70
2006-07	731	135
2007-08	857	163
2008-09	1212	294

Source : : compilation of reports of municipalities



In case of the district of Uttar Dinajpur, the line diagram of the above table has shown an upward trend in the case of formation of TCGs and DWCUA. The trends of growth in TCGs are more than the DWCUA groups. It is also shown that the TCGs have a steady growth over the years. The growth in formation of DWCUA has started from the year 2004-05 onwards.

4.2.1 Spread Of TCG And DWCUA Group in Relation to The Demography and Geography Of The District

In this section it will be examined whether the number of the groups formed bears any relationship to the geographical area, population and CDS in the municipalities.

The following table gives an idea of the distribution of groups in relation to the above

Table no: 4.2.1.a

TCGs and DWCUA Groups in 2008-09 in Relation to Population, Area and CDS

Municipality	District	No. of CDS	No. of TCGs	No. of DWCUA	Total Groups	Urban Population as per census 2001	Urban Area (Sq,km)	No. of Groups per sq.km	No. of Group per 1000 population
Raiganj	UD	5	398	103	501	74691	10.76	47	6.7
Kaliaganj	UD	2	575	157	732	28688	10.67	69	25.5
Dalkola	UD	2	212	19	231	22459	15.90	15	10.28
Islampur	UD	2	27	15	42	28122	11.40	4	1.49
Balurghat	DD	5	279	76	355	37397	10.56	34	9.5
Gangarampur	DD	2	235	38	273	21846	10.29	27	12.5

Source: : compilation of reports of municipalities

The objective of any micro finance programme is to reach all sections of the poor in a given area. As such the members of the TCGs and DWCUA groups formed should be in accordance with the size of the targeted area and the population regarding in it. In addition to this, the CDS in an area is responsible for developing, nurturing and assisting the groups. It can therefore be logically be argued that the more the number of CDS in any area, the more would be the number of groups formed.

To find out whether the number of TCG and DWCUA groups formed in municipalities depended on the geographical and demographic factors the following hypotheses were formulated.

Ho: The numbers of groups formed in municipalities do not depend on the area, population and number of CDS of the municipalities.

H1: The numbers of groups formed in municipalities depend on the area, population and number of CDS of the municipalities

The hypothesis were tested using multiple regression analysis where number of groups formed were taken as the dependent variable and area, population and number of CDSs were taken as the explanatory variables. The results are given in following tables:

**Table no: 4.2.1.b
Regression Result (with CDS)**

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate	Durbin-Watson
1	.428(a)	.183	-1.042	341.37235	2.042

a predictors (constant),Area, Population, CDS

b Dependent Variable: No. of Group

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
Regression		52330.672	3	17443.557	.150	.921
Residual		233070.161	2	116535.080		
Total		285400.833	5			

a. predictors (constant),Area, Population, CDS

b. Dependent Variable: No. of Group

Coefficients

Model		Unstandardised Coefficient		Standardised Coefficient	t	Sig
		B	Std. Error	Beta		
1	Constant	604.575	1045.824		.578	.622
	CDS	-26.395	164.755	-.171	-.160	.887
	Population	.005	.013	.400	.379	.741
	Area	-29.341	75.979	-.263	-.386	.737

A Dependent Variable: No. of Group

It is seen that the value of R^2 is only 0.183 which is also statistically not significant. The dependent variable can only explain 18% of the variation in the number of groups. The null hypothesis is accepted and it can be said that the number of groups formed have not been formed based on area or population.

4.3 Funding Pattern and Funding Procedures

Funding under SJSRY will be shared between the Centre and the States in the ratio of 75:25. For Special Category States (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Jammu & Kashmir, Himachal Pradesh and Uttarakhand) this ratio will be 90:10 between the Centre and States.

The Central share under SJSRY will be tentatively allocated between the States / UTs in relation to the incidence of urban poverty (number of urban poor) estimated by the Planning Commission from time to time. However, additional parameters like absorption capacity (based on the past trend in utilization of SJSRY funds) and special requirement will be taken into consideration during the course of the year.

Central funds will be released to the States/UTs only after they fulfill the prescribed criteria regarding submission of Utilization Certificates (UCs) as well as release of matching State share for the past releases. However, in order to promote better utilization of funds under the Scheme, the idle funds at the Central level, which could not be released to the States/UTs not fulfilling the prescribed criteria, may be diverted to better-performing States/UTs in the fourth quarter of a financial year, keeping in view their performance and demand for additional funds.

Release of funds to the States/UTs will be made for SJSRY as a whole, without segregating into components, thereby giving flexibility to them in utilizing funds. However, indicative component-wise allocation of Central share may be intimated by the Ministry of Housing & Urban Poverty Alleviation to the States/UTs from time to time to ensure balanced coverage of all the components of SJSRY as well as better utilization of available funds. State/UT-wise annual physical targets under the scheme will be fixed based on the all India targets decided by the Ministry of Housing & Urban Poverty Alleviation. State/UT-wise progress will be monitored against these targets and therefore the States/UTs ought to prioritize the flow of funds

to different components of the scheme so that the annual targets are achieved. Revolving fund which is granted by the

Government to the groups is one of the sources of fund. The procedure of getting Revolving fund and other aspects have been discussed below:

4.3.1 Revolving Fund

Under the scheme SJSRY, when a group's vintage is more than one year, it would be eligible for an extra fund other than their own contribution. This is called revolving fund. Revolving fund is one of the most important funds in the success of the scheme the SJSRY. The groups do not get this fund at the very beginning stage of the starting their operation as a group member. After completion of one year from the date of their start in operation, the groups became eligible of getting revolving fund. But, the groups which were eligible for getting revolving fund did not get this fund for different reasons like deficit of fund, due to improper application for revolving fund, lack of initiatives of the members of the group etc. This fund is provided by the government to be used exclusively for business purposes. The amount of revolving fund is Rs. 2000 per member of the group subject to a maximum of Rs.25000 per group. In the district of Uttar and Dakshin Dinajpur, many groups were formed as a part of the scheme of SJSRY and most of the groups have received revolving fund for setting up micro enterprises. The details of the groups who have received revolving fund are given below:

4.3.1.1 Groups Received Revolving Fund

In the districts of Uttar and Dakshin Dinajpur, huge number of TCGs has been formed during last few years. The groups which expire one year are eligible to get Revolving fund from the Government. The groups which have received Revolving fund can be found from the following table:

Table No.4.3.1.1.a

Number Of Groups Received Revolving Fund in Uttar and Dakhsin Dinajpur

Districts:

Municipality	2004-05 NRF	2004-05 % of NRF	2005-06 NRF	2005-06 % of NRF	2006-07 NRF	2006-07 % of NRF	2007-08 NRF	2007-08 % of NRF	2008-09 NRF	2008-09 % of NRF
RAI GANJ	144 (168)	85.71	171 (246)	69.51	201 (271)	74.17	230 (322)	71.42	242 (398)	60.80
KALIA GANJ	87 (152)	57.23	158 (298)	53.02	179 (338)	52.96	217 (384)	56.51	297 (575)	51.65
ISLAM PUR	0 (00)	00	00 (00)	00	0 (03)	00	01 (11)	9.09	02 (27)	7.40
DAL KOLA	0 (52)	00	0 (118)	00	38 (119)	31.93	97 (140)	69.28	112 (212)	56.60
TOTAL	231 (372)	62.09	330 (662)	49.85	418 (731)	57.18	545 (857)	63.59	651 (1212)	53.71
BALUR GHAT	118 (180)	65.55	139 (203)	68.47	167 (205)	81.46	203 (253)	80.23	231 (279)	82.79
GANGA RAMPUR	53 (84)	63.09	71 (188)	37.76	75 (201)	37.31	105 (223)	47.08	167 (235)	71.06
TOTAL	171 (264)	64.77	210 (391)	53.70	242 (406)	59.60	308 (476)	64.70	398 (514)	7.43

Source: : compilation of reports of municipalities (NRF=No. of Group Received Revolving Fund , Figures in parenthesis represents total no. of groups formed)

In this case, the analysis has been shown from the year 2004-05 to 2008-09. Though the scheme SJSRY has been implemented in the year 1997-98, the real operation has been started from the year 2000 onward. The data were available from 2004-05 onwards.

It is seen that in the year 2004-05, total number of groups in the district of Uttar Dinajpur covered under revolving fund were 231. Out of which in Raiganj municipality, it was 144 and in Kaliaganj municipality, it was 87. During this year, no groups in the municipalities Dalkola and Islampur were covered under revolving fund. It is found that 85.71% of the TCGs formed have been covered by Revolving Fund in Raiganj and 57.23% in Kaliaganj. The rate of groups received revolving fund in the district of Uttar Dinajpur is 62.09%.

In the district of Dakshin Dinajpur, 65.55% of the groups in Balurghat municipality have received Revolving Fund and in Gangarampur municipality the rate is 63.09%. In Dakshin Dinajpur district, the overall rate of groups covered under Revolving Fund is 64.77%

It has been seen that in the year 2008-09, total number of groups in the district of Uttar Dinajpur covered under revolving fund were 651. Out of which in Raiganj municipality, it was 242 and in Kaliaganj municipality, it was 297. During this year, in Dalkola and Islampur municipalities the numbers of groups covered by Revolving Fund were 112 and 2 respectively. It is found that 60.80% of the TCGs formed have been covered by revolving fund in Raiganj and 57.23% in Kaliaganj. In Dalkola municipality the rate was 56.60% and in Islampur municipality it was 7.40%. The rate of revolving fund linkage in the district of Uttar Dinajpur is 53.71%.

In the district of Dakshin Dinajpur 77.43% of the total TCGs are covered under Revolving Fund. Out of which 82.79% of the groups in Balurghat municipality have received Revolving Fund and in Gangarampur municipality the rate is 71.06%.

So, it is observed the rate of coverage of Revolving Fund in case of TCGs in the district of Uttar Dinajpur and Dakshin Dinajpur is satisfactory. In Raiganj, Kaliaganj and Dalkola municipalities the rate of coverage is steady. In Islampur municipality the rate of coverage is low. Islampur municipality should concentrate in increasing the number of TCGs as well as the Revolving Fund linkage of the groups

In Dakshin Dinajpur district, Balurghat and Gangarampur municipalities have shown a satisfactory rate of Revolving Fund linkage of the TCGs. It can also be observed that though the number of TCG formation in the district of Uttar Dinajpur is more than Dakshin Dinajpur district, the rate of Revolving fund linkage in the district of Dakshin Dinajpur is higher than Uttar Dinajpur district.

4.3.1.2 Disbursement Of Revolving Fund

Revolving fund is granted to be used for the business purposes. Accordingly the funds are disbursed keeping in view the economic activities to be undertaken by the groups. The amount of Revolving Fund disbursed is on the rise as evident from the following table.

Table no.4.3.1.2.a**Disbursement of Revolving Fund as on 31.3 2009 in the Districts of Uttar and Dakshin Dinajpur (Rs. in lakhs)**

Municipality	Dist.	2004-05	2005-06	Grth (%)	2006-07	Grth (%)	2007-08	Grth (%)	2008-09	CAGR
RAIGANJ	UD	18.30	21.46	17.26	28.49	65.06	27.77	(2.52)	32.13	11.91
KALIAGANJ	UD	14.51	20.12	38.66	28.09	(27.34)	31.65	12.67	35.23	19.41
ISLAMPUR	UD	0	0	0	0	0	0.1238	00	.2516	---
DALKOLA	UD	0	0	0	5.74	-	14.95	160	17.34	44.56
TOTAL	UD	32.81	41.58	26.72	63.13	51.82	76.37	20.97	78.24	18.98
BALURGHAT	DD	18.75	25.11	8.20	33.32	6.42	36.79	10.41	39.26	15.92
GANGARAMPUR	DD	7.19	9.99	38.94	9.99	00	14.86	48.75	15.28	16.27
TOTAL	DD	25.94	36.10	14.35	43.31	5.37	51.65	19.75	54.54	10.81

Source: : compilation of reports of municipalities

It has been found that in the year 2004-05, in the district of Uttar Dinajpur, the amount of revolving fund release was Rs.32.81 lakhs and in the district of Dakshin Dinajpur, it was Rs.25.94 lakhs. It has been also found that within Uttar Dinajpur district, in the Raiganj municipality, the amount of release of revolving fund was Rs. 18.30 lakhs and in the municipality Kaliaganj, the amount of revolving fund release was Rs.14.51 lakhs. During this year in the municipalities Dalkola and Islampur, there was no release of revolving fund. Within the Dakshin Dinajpur district, in Balurghat

municipality, the amount of revolving fund release was Rs.18.75 lakhs and in the municipality, Gangarampur the amount of revolving fund release was Rs.7.19 lakhs.

During the year 2008-09, the amount of revolving fund release in the district of Uttar Dinajpur was Rs.78.24 lakhs, which was 2.44 % more than the previous year 2007-08.

In the year 2008-09, in Uttar Dinajpur district, in Raiganj municipality, the amount of revolving fund release was Rs. 32.13 lakhs, which was 15.70% more than the previous year 2007-08. In the Kaliaganj municipality, the amount of revolving fund release during the year was Rs.35.23 lakhs, which was of 11.31% more than the last year. In the municipalities, Islampur there only two groups have received Revolving Fund amounting Rs. .2526 lakhs and in Dalkola the amount of revolving fund release was Rs.17.34 lakhs, which was 11.98% more than the previous year 2007-08.

During the year 2008-09, in the district of Dakshin Dinajpur, the amount of revolving fund release was Rs. 54.54 lakhs, which was an increase of 5.59% from the previous year 2007-08. Among the municipalities under the Dakshin Dinajpur district, in Balurghat the amount of revolving fund release during the year 2008-09 was Rs.39.26 lakhs, which was of 6.71 % more than the last year. In the municipality Gangarampur, the amount of revolving fund release during this year was Rs.15.28 lakhs, i.e. an increase of 2.82 % than the last year 2007-08.

It is observed that the amount of disbursement of Revolving Fund in the district of Uttar Dinajpur is more than the amount disbursed in the district of Dakshin Dinajpur.

It is also seen that during 2004-05 to 2008-09 the Cumulative Average Growth Rate (CAGR) of Revolving fund in the district of Uttar Dinajpur was 18.98 %. Under the Uttar Dinajpur district, in the municipality of Raiganj it was 21.53% and in the municipality Kaliaganj it was 27.84%. In the municipality Dalkola the CAGR was 61.38% and in Islampur municipality no group have received revolving fund. It is seen hat during 2004-05 to 2008-09 the Cumulative Average Growth Rate (CAGR) in the district of Dakshin Dinajpur was 10.81%. In the municipality of Balurghat it was 15.92% and in the municipality of Gangarampur it was 16.27%.

Table no.4.3.1.2.b

Statement Of Groups Received Average Revolving Fund in the Districts Of Uttar and Dakshin Dinajpur (Rs. In Lakhs)

Municipality	Dist.	2004-05 RF Rec	2004-05 Avg RF	2005-06 RF Rec	2005-06 Avg RF	2006-07 RF Rec	2006-07 Avg RF	2007-08 RF Rec	2007-08 Avg RF	2008-09 RF Rec	2008-09 Avg RF
RAIGANJ	UD	18.30	.1270	21.46	.1256	28.49	.1417	27.77	.1207	32.13	.1327
KALIAGANJ	UD	14.51	.1667	20.12	.12.73	28.09	.1569	31.65	.1458	35.23	.1186
ISLAMPUR	UD	0	0	00	00	00	00	.1238	.1238	.2516	.1258
DALKOLA	UD	0	0	00	00	5.47	.14.39	14.95	.1541	17.34	.1548
TOTAL	UD	32.81	.1420	41.58	.1263	63.13	.1510	76.37	.1401	78.24	.1202
BALURGHAT	DD	18.75	.1588	25.11	.18.06	33.32	.1995	36.79	.1812	39.26	.1699
GANGARAMPUR	DD	7.19	.1356	9.99	.1394	10.18	.1357	14.86	.1415	15.28	.091
TOTAL	DD	25.94	.1517	36.10	.1957	43.50	.17.97	51.65	.1677	54.54	.1370

Source: : compilation of reports of municipalities

The data have been available from the year 2004-05 to 2008-09. So, the discussion have been made during 2004-05 to 2008-09.

In Raiganj municipality average amount of revolving fund per group in the year 2004-05 was Rs.1270 lakhs and in the year 2008-09 it was Rs. .1327 lakhs per group. So, the average fund per group has been increased. In case of other two municipalities Kaliaganj and Dalkola the total amount of revolving fund and average amount of revolving fund per group also increased in the year 2008-09 than 2005-06. Only Islampur municipality has got revolving fund from the year 2007-08. Average amount of Revolving Fund in case of Uttar Dinajpur district has decreased from Rs. .1420 lakhs to Rs..1202 lakhs from the year 2005-06 to the year 2008-09.

In Balurghat municipality average amount of revolving fund per group in the year 2004-05 was Rs. .1588 lakhs and in the year 2008-09 it was Rs. .1699 per group. So, the average fund per group has been increased. In case of Gangarampur municipality, average Revolving fund per group in the year 2004-05 was Rs. .1356 lakhs and in the year 2008-09 it has increased to Rs. 0.091 lakhs per group. Average amount of Revolving Fund per group in case of Dakshin Dinajpur district has decreased from Rs. .1517 to Rs. .1370 from the year 2004-05 to the year 2008-09.

Among the municipalities under the districts the groups under Balurghat municipality has got highest amount of Revolving Fund per group and the Kaliaganj municipality rank second regarding that.

It is also observed that regarding Revolving Fund per group, the performance of the municipalities under the district Dakshin Dinajpur is better than the municipalities under the district Uttar Dinajpur.

4.3.1.3 Disbursement and Utilisation of Revolving Fund:

In the district of Uttar and Dakshin Dinajpur, a large number of urban populations were unemployed and under employed. In this district, there were no major industries where people could get employment. The main area of activities was confined within agriculture. However, due to increase in population, the marginal productivity became negative and a large number of disguised unemployment was created. In such a situation, the scheme SJSRY worked a lot for the poor people of these districts. The revolving fund helped those poor people a lot for their commercial activities. The beneficiaries used the revolving fund and helped to fulfill the social objectives of the scheme. The utilization of the revolving fund can be observed from the following table. The utilisation and unutilisation of the revolving fund will be observed from the following.

Table no.4.3.1.3.a

Disbursement and Utilisation of Revolving Fund in the Districts of Uttar and Dakshin Dinajpur (Rs. in lakhs)

Municipality	Dist.	2004-05 Dis	2004-05 Uti	2005-06 Dis	2005-06 Uti	2006-07 Dis	2006-07 Uti	2007-08 Dis	2007-08 Uti	2008-09 Dis	2008-09 Uti
RAIGANJ	UD	18.30	17.89	21.46	21.46	28.49	27.92	27.77	27.16	32.13	30.87
KALIAGANJ	UD	14.51	13.78	20.12	17.57	28.09	25.80	31.65	29.48	35.23	34.69
ISLAMPUR	UD	00	00	0	00	00	00	.1238	.1168	.2516	.2314
DALKOLA	UD	00	00	00	00	5.74	4.55	14.95	12.14	17.34	14.36
TOTAL	UD	32.51	31.67	41.58	39.03	63.13	58.27	76.37	67.78	84.95	80.15
BALURGHAT	DD	18.75	17.63	26.11	15.40	33.32	24.11	36.79	26.78	39.26	33.68
GANGARAMPUR	DD	7.19	6.31	9.99	7.12	9.99	7.33	14.86	11.62	15.28	12.96
TOTAL	DD	25.94	23.94	36.10	22.52	43.31	31.44	51.65	38.4	54.54	46.64

Source: : compilation of reports of municipalities

The scheme SJSRY has been implemented from the year 1997-98. But the scheme actually started its operation in the year 2000 onwards. Due to lack of availability of data, the analysis has been shown from the year 2004-05. It is seen that in the year 2004-05, the disbursement of revolving fund was 18.30 lakhs and utilisation was Rs.17.89 lakhs in Raiganj municipality. In Kaliaganj municipality the amount disbursed was 14.51 lakhs and the amount utilised was 13.78 lakhs. In the district of Dalkola and Islampur, there was no disbursement of revolving fund during this year. It is seen that in the district of Uttar Dinajpur, total amount of revolving fund disbursed were Rs. 32.51 lakhs and utilisation of fund was 31.67 lakhs which was 97.41% of the total fund disbursed. So, it is found that the rate of utilisation in this district is highly satisfactory.

In the municipality Balurghat, total amount of revolving fund disbursed during the year 2004-05 was 18.75 lakhs and the amount utilised was Rs. 17.63 lakhs. It was 94.02% of the amount disbursement. In the Gangarampur municipality, the amount of revolving fund disbursed was Rs. 7.19 lakhs and the amount utilised were Rs.6.31 lakhs. So, it is seen that total utilisation in the district of Dakshin Dinajpur district is 77.54% of the fund disbursed. The rate of utilisation is satisfactory but it is less than the utilisation rate of Uttar Dinajpur district. Total amount utilised was Rs. 22.52 lakhs out of disbursement of Rs.36.10 lakhs in the district of Dakshin Dinajpur district that was 62.38% of the total amount disbursed.

It is seen that in the year 2008-09, the disbursement of revolving fund was Rs 32.13 lakhs and utilisation was Rs.30.87 lakhs in Raiganj municipality. In Kaliaganj municipality, the amount disbursed was Rs.35.23 lakhs and the amount utilised was

Rs. 34.69 lakhs. In the district of Dalkola the amount of disbursement was 17.34 lakhs and the amount utilised was Rs.14.36. In Islampur, only two groups have received Revolving Fund and the rate of utilisation of revolving fund is 92% during this year also. It is seen that in the district of Uttar Dinajpur, total amount of revolving fund disbursed were Rs.84.95 lakhs, amount utilised were Rs. 80.15 lakhs, which is 94% of the amount disbursed.

In the municipality Balurghat, total amount of revolving fund disbursed during the year 2008-09, were Rs. 39.26 lakhs and the amount utilised were Rs. 33.68 lakhs. In the Gangarampur municipality, the amounts of revolving fund disbursed were Rs. 15.28 lakhs and the amount utilised were Rs.12.69 lakhs. It is seen that in the district of Dakshin Dinajpur, the amount of total revolving fund disbursed were Rs.54.54 lakhs and the amount utilised out of that fund were Rs. 46.64 lakhs which is 85.51% of the amount of disbursement.

It is observed from the above table that regarding the utilisation of Revolving fund that the district of Uttar Dinajpur has a steady high utilisation rate of Revolving Fund. The Dakshin Dinajpur has shown a growth in using Revolving fund in the year 2008-09 than the year 2004-05. Still the performance of the municipalities under Uttar Dinajpur district is better than the municipalities in the district of Dakshin Dinajpur. The trend of the disbursement and utilisation of Revolving fund in the district of Uttar and Dakshin Dinajpur have been presented in the following table and diagram.

Table no: 4.3.1.3.b

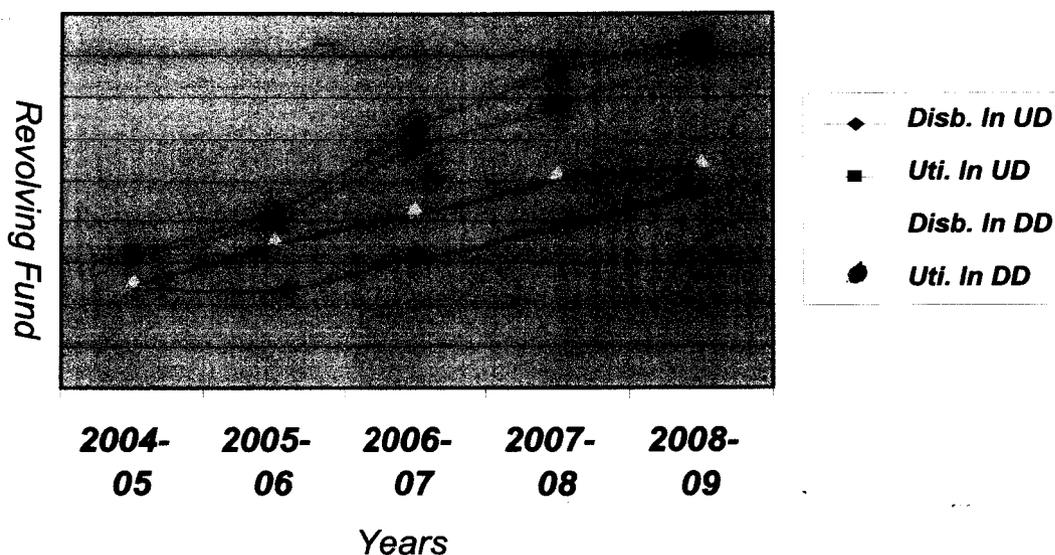
**The Trend Of Disbursement and Utilisation Of Revolving Fund
in Uttar and Dakshin Dinajpur Districts (in lakhs)**

Year	Disb. In UD	Uti. In UD	Disb. In DD	Uti. In DD
2004-05	32.51	31.67	25.94	23.94
2005-06	41.58	39.03	36.10	22.52
2006-07	63.13	58.27	43.31	31.44
2007-08	76.37	67.78	51.65	38.40
2008-09	84.95	80.15	54.54	46.64

Source: : compilation of reports of municipalities

The above table has been presented in the above line diagram. From the diagram it is shown that the ratio of disbursement and utilisation of Revolving Fund in the districts are satisfactory. The ratio of disbursement of Revolving Fund and its utilisation in the district Uttar Dinajpur is higher than the Dakshin Dinajpur district.

Disbursement and Utilisation of Revolving Fund



4.4 Reasons for Unutilisation of Revolving Fund:

The officials of State Urban Development Agencies (SUDA) and CDS were interviewed and the reasons for not utilisation of the Revolving Fund have come out.

The main reasons for unutilisation of revolving fund are as follows:

- i) Sometimes, it was found that the members were not very much motivated about utilisation of the revolving fund. Lack of motivation is one of the important reasons for that. It may be due to non-cooperation from family members, neighbors etc.
- ii) The revolving fund can only be used for business purposes. So, the members should start new micro enterprises or invest such amount in their

existing business. Lacks of such businesses were also one of the reasons for non-utilisation of revolving fund.

- iii) Some of the members of the groups were engaged with seasonal business. In such cases, the members keep the fund in hand to be used at the time when their products have demand in the market.

The discussion made so far has shown that there has been an increasing trend in the growth of groups, a compounded annual growth rate of about 15% in both the districts.

However, it has to be pointed out that spread of micro finance and growth of TCGs and DWCUA groups cannot be sporadic, because the scheme is intended to serve the below poverty line population evenly throughout a given area. It is therefore necessary to find out whether the groups were formed taking into account the areas of the municipalities, the population and the poverty level.

4.5 Conclusion:

The scheme SJSRY had been started in December 1997. But in the initial years the people were not very much optimistic about the scheme. Though the start up was due to lack of awareness and dissemination of information. The failure of IRDP has also shaken the confidence of the people about the scheme. All those other schemes concentrated at one time help to the people. The monitoring systems under the said schemes were not so good and as a result the loan amount has not been recovered and the purposes were not served. But under the SJSRY system to create and sanction of loans at a stage when the groups develop capacity to run enterprise

became the pivotal attributes of a good micro finance scheme. In addition to this, a very good monitoring system has helped to reduce default and quick recovery. Gradually recognizing the attributes of the scheme from the year 2000 onwards people started to accept the scheme. The number of TCG and DWCUA groups are in the districts of Uttar and Dakshin Dinajpur have been growing at a fast pace. In additions to this, most of the municipalities have been concentrating also on quality of the groups together with focusing on quantity targets.

Chapter V

THRIFT CREDIT OPERATIONS OF SHGS IN THE IN THE DISTRICTS OF UTTAR AND DAKSHIN DINAJPUR

5.1 Introduction

The most important component of the micro finance schemes are thrift and credit group. These thrift and credit groups operated their operation through self-help group mechanism. The members of the group are playing the most important part in application of the scheme SJSRY. So, all the activities of the members like team building, creating own corpus, organizing meeting, creating savings habit within the members, documentation of the proceedings of the meeting etc. have to be studied in details. Here, in this chapter, the details of the members from the context of their general characteristics as well as members of the group will be discussed.

5.2 General & Demographic Profile Of SHGs

Leaders of 458 groups of the district of Uttar and Dakshin Dinajpur were circulated questionnaire and information has been received from 7368 members of 458 that groups.

Age group of the member: In the districts of Uttar Dinajpur and Dakshin Dinajpur, It is found that among the members of the group, most of them lie between at the age of 18-35 years. In this case, 458 numbers of groups consisting 7368 members were given questionnaire in the district of Uttar and Dakshin Dinajpur and their responses were presented in tabular form as on 2008-09.

5.2. a) Age Group Of The Members Of The Group:

Age group	Number of Members	% of Total Members
Below 18 years	-	--
18-35 years	4624	62.73
36-50 years	1432	19.45
Above 50 years	1312	17.82
Total	7368	100

Source : Field Survey

It has been shown from the above table that out of 7368 members of 458 groups, 4624 members i.e. 62.73% lies between in the age of 18 to 35 years, 1432 members i.e. 19.45% lies between the age bar of 36 to 50 years and 1312 members i.e. 17.82% of members lies above 50 years. No members were found below 18 years in the groups. So, it is found that large number of members lie between 18 to 35 years. It implies that most of the members of the group can able to work hard because they fall in the age group of 18 to 35 years.

5.2. b) Literacy Level:

Category	Number of Members	% of Total Members
Illiterate	1052	14.27
Up to class iv	1988	26.98
Class v to matric	2906	39.44
Matric to HS	940	12.75
Above HS to Graduate	486	6.56
Total	7368	100

Source : Field Survey

It has been found that regarding literacy level of the members, 1052 members i.e. 14.27% are illiterate, 1988 members i.e. 26.98% of member's qualification was up to class iv, 2906 members i.e. 39.44% of the members' qualification level were matric, 940 members i.e. 12.75% members qualification was matric to HS and 486 members i.e. 6.65% of the members were HS to graduate. It has been found that most of the members lie between the ranges of qualification of class v to matric.

5.2.c) Marital Status Of Members

Marital Status	Number of Members	% of Total Members
Un married	1788	24.26
Married	4196	56.92
Widow	1384	18.77
Total	7368	100

Source : Field Survey

It has been found from the above table that among 7368 members 1788 i.e. 24.26% were unmarried, 4196 members i.e. 56.92% were married and 1384 members i.e. 18.77% members were widow. It is found that all the members in the district of Uttar and Dakshin Dinajpur are women and it has been observed most of the members were housewife.

5.2.d) Size Of Family Of the Members:

Category	Number of Members	% of Total Members
1-2 child	2284	31.01
2-3	3462	46.98
3-4	1516	20.57
4 & above	106	1.44
Total	7368	100

Source : Field Survey

Regarding the size of the family, it is found that out of 7368 members, 2284 members have 1 to 2 children (31.01%) in their family, 3462 families (46.98%) have 2 to 3 children. 1516 families (20.57%) have 3 to 4 children and only 106 families (1.44%) have more than 4 children. It is observed that maximum families have 2 to 3 children in their family.

5.2.e) Selection Criteria Of the Members Under SJSRY:

Category	Number of Groups	% of Total Group
Economic	6345	86.15
Non economic	1023	13.85
Total	7368	100

Source : Field Survey

Under the scheme of SJSRY, the members should be from BPL category. BPL category can be ascertained from economical as well as non-economical point of view. In the above table, the BPL category has been measured from economical as well as non-economical point of view. It is found that out of total 7368 members, 6345 i.e. 86.15% have been considered as BPL according to economic criteria and 1023 members have been considered as BPL according to non-economic criteria.

5.2.f) Occupation Of Spouse Of the Members:

Category	Number of Members	% of Total Members
Agriculture	3522	47.81
Artisan	1612	21.87
Grocery Shop	1512	20.52
Trader	578	7.85
Seasonal Worker	144	1.95
Total	7368	100

Source : Field Survey

The districts of Uttar and Dakshin Dinajpur are economically backward. The spouses of the members of the groups are engaged in different types of micro activities. Out of the total 7368 members, it is found that 3522 members i.e. 47.81% of the members are engaged in agricultural work, 1612 members i.e. 21.87% of the members were engaged in the work of an artisan, 1512 members are engaged in the work of grocery shop business, 578 persons i.e. 7.85% are engaged in trading business and 144 persons i.e. 1.95% of the members are engaged in different seasonal work.

5.3 Meeting

Conducting regular meeting is the key to success for the self help group. The decision of the group is taken after discussion with all the members of the group. It is a democratic set up. The groups conduct at least one meeting per month. The members of the group discuss all the matters of the groups in the meeting and the final decisions are taken on the basis of the discussion of the meeting. If the regular meeting was not held, then the decision of the group leader would be the decision of the group. It cannot serve the purpose of the scheme. Leaders of 458 groups in the districts of Uttar and Dakshin Dinajpur were circulated questionnaire and information has been received from 7368 members of 458 groups. Different aspects of the meeting can be found from the following tables:

5.3.a) Average Number Of Meeting in a Year

Meeting	Number of Groups	% of Total Group
Less than 12	62	13.54
12 to 20	389	84.93
More than 20	7	1.53
Total	458	100

Source : Field Survey

Out of 458 groups considered in the districts of Uttar and Dakshin Dinajpur, it is found that in only 62 groups i.e. in 13.54 %, the number of meeting was less than 12, in 389 groups, i.e. in 84.93% groups there were 12 to 20 meetings in a year and in only 7 groups there were more than 20 meeting within a year. So, it was found that at least one meeting per month was held in all the groups for the decision of the group. The regular meeting of the group indicate that he group members are conscious and want to take decisions after discuss with all the members of the group. The decision of the group represents the decision of the members.

5.3.b) Attendance Of Members' in Group Meeting:

Avg. Number of Members Present in meeting	Number Groups	% of Total Groups
All members	334	72.93
More than 75%	98	21.39
More than 50%	22	4.80
Less than 50%	4	0.88
Total	458	100

Source : Field Survey

Attendance of members in meeting is very important in case of a meeting. It has been seen that out of the 458 groups, 334 groups have reported that all members were present in the meeting. It was 72.93% of the total group. 98 groups have reported that more than 75% members were presented in the meeting. It is 21.39% of the total. 22 groups have reported that in a meeting more than 50% of the members were presented. It is 4.80% of the total group. Only 4 groups reported that less than 50% of the members are presented in the meeting. It is only 0.88% of the total group.

It can be shown that all members of the group are present in most of the meeting. It indicates that the members are aware about their role in the group. They want to take a decision after discuss with all other members. They used to give their opinion regarding what is to be done and what not.

5.3.c) Participation Of Members in-Group Meetings for Decision-Making:

Decision taken by	Number of Groups	% of Total Groups
All members	396	86.46
Some members	54	11.79
Group leader	08	1.75
Other	--	--
Total	458	100

Source : Field Survey

Out of 458 groups, the members of 396 groups reported that all the members of the group took the decision of the group. It was 86.46% of the total. The members of 54 groups reported that some members of the group take the decision. It is 11.79% of the total and members of only 8 groups reported that decisions are taken by the leader of the group. It was only 1.75% of the total. In most of the cases it is shown that the decisions of the group are taken after discussion with other members. It implies that the group members are of very democratic attitude and they have a very good team concept within them. The members have confidence on other members of the group. In other word the members can think in the same line i.e. the groups are homogeneous group, which is one of the pre conditions of forming group under the scheme SJSRY.

5.3 Keeping Records

Regarding the maintaining the records, it can be said that though the groups are run by less educated people, in spite of that it is shown that the ledgers, cashbooks, resolution books and notice books has been maintained by the groups in a well-defined manner. In this case 458 members of different 458 groups of the districts of Uttar and Dakshin Dinajpur were circulated questionnaire and information has been received from 7368 members of 458 groups. Different aspect of the records keeping can be found from the following tables.

5.4.a) Maintenance Of Resolution Books and other Documents

Records are maintained in	Number of Groups	% of Total Groups
Cash book	458	100
Resolution book	458	100
Ledger other	458	100
Total	458	100

Source : Field Survey

Regarding the maintenance of records, all the 458 groups reported that they maintain cashbook, documents. Resolution book and ledger book along with other necessary documents. It can be found that all the groups keep records of the meeting. It indicate the members of the group are well acquainted about what documents are to be maintain for running a group.

5.4.b) Agenda Of the Meeting

Agenda of meeting	Number of Groups	% of Total Groups
Decided by all members	396	86.46
Some members	54	17.79
Group leader	08	1.75
Total	458	100%

Source : Field Survey

Out of 458 groups, the members of 396 groups reported that all the members of the group selected the agenda of the meeting. It is 86.46% of the total. The members of 54 groups reported that agenda is selected by some members of the group. It is 11.79% of the total and members of only 8 groups reported that agenda was selected by the leader of the group. It is only 1.75% of the total. In most of the cases, it is found that the agenda of the meeting are prepared by the leader of the group after discussion with other members. It indicates that the group leader considering the needs of the group members equally. He/She does not prefer any particular member of the group. It implies that the group members are of very democratic attitude and they have a very good team concept within them. The members have confidence on other members of the group.

5.5 Operations of Groups

5.5.1 Thrift

The financial operation of the SHGs is unique. In the scheme of the SJSRY, the main intention is to create a savings habit within the members of the group. So, at first some members from the homogeneous background were selected to form a group and initially the group members started savings a minimum amount according to their capacity in their group's name. They opened a bank account and every month they deposited their groups' contribution into the bank. This fund is known as own fund. This mechanism gives birth of a confidence within the members that they can also save money. At this stage, they use this money according to their need by taking the loan from the owned fund. They also paid interest @ 2% per month on the amount of loan. This fund they used for business as well as personal purposes. After one year,

they get revolving fund from the government. This fund can be used only for business purposes. The detail of the financial operations of the groups is given in the following tables:

5.5.1.a) Distribution Of SHGs according to Monthly Contribution

Monthly contribution	Number of groups	% of Total Groups
Rs. 10 per month	222	48.47
Rs. 20 per month	66	14.41
Rs. 30 per month	42	9.17
Rs. 50 per month	90	19.66
Rs. 50 & above	38	8.29
Total	458	100

Source : Field Survey

One of the basic characteristics of the scheme SJSRY is that the members of the group should contribute a monthly contribution to build own corpus for inter loaning purpose .Among the group studied, it is found that out of 458 groups, 222 group members monthly contributed @ Rs. 10 per month. It is 48.47% of the total group studied.66 group member's monthly contribution was @ Rs.20, which is 14.41% of the total group.42 group members monthly contribution was @ Rs. 30, which is9.17% of the total group.90 group members contributed @ Rs. 50 per month which is 19.66% of the total group and 38 group members have contributed more than Rs. 50, which was 8.29% of the total group. In most of the cases, it is seen that most of the group members contribute Rs. 10 per month for forming the group corpus. It indicates though the members of the group had come from BPL families, still they felt need to form a group corpus and fight against the poverty.

5.5.1.b) Group Corpus:

Amount	Number of groups	% of Total Groups
Up to Rs.5000	58	12.67
Rs.5001-15000	172	37.55
Rs.15001-30000	102	22.27
Rs 30001-50000	78	17.03
Rs.50000 & above	48	10.48
Total	458	100

Source : Field Survey

Out of total 458 groups, it was found that 58 groups have their own corpus up to Rs.5000, it was 12.67% of the total. 172 groups have their corpus up to Rs 5001 to Rs. 15000 and it was 37.55% of the total group. It is also found that 102 groups have their own corpus amounting to Rs.15001 to Rs.30000 and it is 22.27% of the total group, and 78 groups have corpus of Rs.30001 to Rs. 50000, which was 17.03% of the total group. There are 48 groups whose corpus was Rs.50000 and above. It is shown that most of the groups' own corpus lies between Rs5000 to Rs. 15000. It indicates the members have come from BPL families and contributing minimum contribution towards their contribution. They have realized the importance of forming a group under the scheme SJSRY. They know that loan can be taken from own corpus.

5.5.1.c) Frequencies Of Collection Of Inter Loaning Installments from Members:

Installments	Number of Members	% of Total Members
Quarterly	4	0.87
Monthly	452	98.69
Bi-monthly	2	.044
Weekly	-	0
Daily	-	0
Total	458	100

Source : Field Survey

The contributions of the members are collected in different time intervals. It is found that out of 458 groups only four groups paid installment on quarterly basis, it is only .87% of the total and 452 groups have paid the installment on the monthly basis, it is 98.69% of the total group. Only two groups have paid the installment on bi-monthly basis, which is only 0.044% of the total groups. It has been observed from the above table that almost all the groups paid the installment on monthly basis. It is shown that most of the members paid their loan installments on the monthly basis. It indicates that they are using the loan amount for business purposes and generating some income. They are paying the installments from their income.

5.5.1.d) Use Of Fund by the Members

Fund used by	Number of Members	% of Total Members
The beneficiaries	3976	53.96
Husband of the beneficiaries	3138	42.59
Other relatives	254	3.45
Total	7368	100%

Source : Field Survey

The members of 458 groups have given opinion about 7368 members of the groups. Regarding the fund use by the members, out of 7368 members, 3976 members have reported that they used the fund for their own business. It is 53.96% of the total members of the group. 3138 members have informed that their husband for business purpose used their fund. It was 42.59% of the total members of the group. 254 members have informed that other relatives used the funds of the members. It is 3.45% of the total number of the members. It is observed that maximum amount of the fund is used the members for their own business purposes. It indicates that most of the members are doing business of their own. Sometime it is shown that the members have their existing business. Their investment of further capital would increase the income generating power of the said existing business. In that case the members of the group did not take the burden of setting new business rather they have concentrated to expand the existing business of her husband.

5.5.2 Economic Activities Of The Group

The objective of the scheme SJSRY is to provide employment to the beneficiaries and reduce the under employment. So, to fulfill the objective of the scheme the beneficiaries engage in different types of economic activities in the districts of Uttar and Dakshin Dinajpur. The descriptions of such economic activities are shown in the following table:

Table 5.5.2.a
Economic and Other Activities Of Members

Activities	Number of Group	% of Total Groups
Grocery shop	66	14.41
House dairy	97	21.18
Agricultural work(Kutti)	49	10.70
Artesian	58	12.67
Poultry	32	6.99
Chira muri making	39	8.52
Chatu making	16	3.49
Tailoring work	34	7.42
Spices(Trading)	26	5.68
Transport business	08	1.75
Other seasonal work	14	3.05
No economic activities	19	4.14
Total	458	100

Source: Field Survey

It has been seen from the above table that the 458 members who have filled up the questionnaire out of them 66(14.41%) members run grocery shop, 97 members(21.18%) are engaged in house dairy business, 49(10.70%) are related with agricultural work. In agricultural work, a large number of members engaged in preparing rice. It is called “kutti”.58(12.67%) members are artesian. 32(6.99%) members are running poultry business. 39(8.52%) members preparing chira and muri and 16(3.49%) members are preparing chatu.34 (7.42%) members are doing tailoring business and 26(5.68%) members are making packed spices and selling in the market

or sale on door to door. 8 members have purchased rickshaw by the loan amount and given the rickshaw on hire. 14(3.05%) are engaged in different seasonal business. 19 (4.14%) members are not doing any economic work. They have used the loan amount for consumption purpose or for their personal needs. It has been observed that before joining the group a large number of the poor people were not doing anything. Under the scheme SJSRY they have got loan and doing different types of economic activities for their livelihood. It is seen that before joining the group most of the members only looking after their family, they did not have any economic activities.

5.6. Inter- Loaning

Inter loaning operation is the most important factor of the financing mechanism that fulfill the purposes of the members of the groups. The members of the group take loan from their groups fund and repaid it with some interest. The interest earned by the group is distributed among the members of the group at the end of the year. Thus by inter loaning the members are benefited in two ways. Firstly they can use the loan amount according to their need and it give them financial support and secondly, they earn interest at the end of the year by inter loaning. The inter loaning facilities have met the financial need of the members of the group. Previously, before forming of the group, in case of financial need the poor people had to go to the moneylender for loan at an exorbitant rate of interest. The members have to pay huge amount of interest each and every month. The members could not able to pay the interest and as a result, the amount of loan would have increased day by day. The moneylender ate all the income of the poor people away. The inter- loaning facility

have saved the members from the debt trap of the money lender. Different aspects of the inter loaning is discussed in the following tables.

5.6.1.a) Frequencies Of Inter-Loaning to the Members:

Frequencies	Number of Groups	% of Total Groups
Quarterly	104	22.71
Monthly	354	77.29
Bi-monthly	0	0
Weekly	0	0
Daily	0	0
Total	458	100

Source : Field Survey

The amount, which was accumulated in the account of the groups, was given, as loan to the members of the group is called inter-loaning. It can be seen that out of 458 groups, 104 groups have given loan to their members at three months interval. It is 22.71% of the total. It is also found that 354 groups have given loan to their members at an interval of one month. It was 77.29% of the total group. It is found that most of the groups offer their groups loan on monthly basis. Here one thing should be mentioned that one member would be eligible for new loan after paid of the previous loan. It is shown that most of the groups have given loan to their members monthly. Previously, the groups would give loan to their members at a long interval due to shortage of fund. Now, the situations have changed and the groups can give loan to their members at a shorter interval. Still the demand of loan is less than the total fund of accumulated fund. The members don't get adequate amount of loan during festival period due to shortage of fund.

5.6.1.b) Average Amount Of Loan Per Member Per Year

Amount	Number of Groups	% of Total Groups
Less than Rs 5000	36	7.86
Rs. 5000-Rs. 10000	166	36.24
Rs.10000-Rs.15000	146	53.72
Rs.15000-Rs.20000	10	2.18
Rs.20000 & above	-	--
Total	458	100

Source : Field Survey

The thrift and credit groups offer loan to their members when the members need it. It is found that in 36 cases i.e. in 7.86% cases average amount of loan was less than Rs. 5000 per year. In 166 cases, the amount of loan per year per member was Rs. 5000 to Rs.10000. It was 36.24% of the total. In 146 cases, the amount of loan is Rs.10000 to Rs.15000 and it was 53.72%. 10 members got loan of Rs.10000 to Rs. 15000 per year and it is only 2.18% of the total. So, it is observed that in most of the cases, the members got a loan of Rs.10, 000 to Rs.15, 000 per year from corpus of the group. It can be seen that the maximum loan was ranging from Rs5000 to Rs. 15000 per member per year. All the groups though at present have accumulated good amount of fund, still it is less than the need of the members.

5.6.1.c) Purpose Of Inter-Loaning:

Purpose	Number of Members	% of Total Members
Personal	403	5.47
Bus. of husband	695	9.44
Existing Business	3871	52.53
New Bus.	1537	20.86
Children's Education	862	11.70
Total	7368	100

Source : Field Survey

It can be seen from the above that out of 7368 members of 458 groups, 403 members have been used the money which they have got from loan for personal purpose. It is 5.47% of the total members. It is also shown that 695 members have used the loan amount for their husbands' business. It is 9.44% of the total. 3871 members have used the amount of loan for their existing business and it was 52.53% of the totals. 20.87% i.e. 1537 members have utilised the amount of loan for new business. 862 members i.e. 11.70% of the members have used the loan amount for the education of their children. It is observed that maximum amount of loan was used for existing business of the beneficiaries. It can be seen from the above table that the beneficiaries used the loan fund for different purposes. The members even spent the loan amount for the education of the children. At present, It is seen that the number of school going student has increased. This is to some extent due to the introduction of the SJSRY scheme. The women are forming group and generating income from the group activities and spending a part of their income for the education of their child.

5.6.1.d) Interest On Inter-Loaning (Per Month)

Rate of interest	Number of Groups	% of Total Groups
Less than 2 %	--	0
Exact 2%	412	89.95
(3 to 4)%	46	10.05
(4 to 5)%	--	0
Total	458	100

Source : Field Survey

In the district of Uttar and Dakshin Dinajpur, it is seen that the rate of inter-loaning was fixed at 2% per month and most of the groups followed that rate of interest through out the districts. It should also be mentioned here that at the end of the year most of the portion of income, which was derived from interest, were distributed among the members of the group. The rate of interest seems to be little higher but it is much lower than the private source in the market. At the end of the year total interest earned through inter loaning is distributed to the members of the group. So, the actual interest rate on interest on inter loaning is much lower than prescribed interest rate per month.

5.6.1.e) Inter Loan Repayment Period:

Amount	Number of Groups	% of Total Groups
Less than 10 months	26	5.67
Exact 10 months	325	71.19
More than 10 months	107	23.14
Total	458	100

Source : Field Survey

According to the scheme of SJSRY, the loan amount should be repaid within 10 installments. It was shown that out of 458 groups in the districts of Uttar and Dakshin Dinajpur, in 26 groups the members have repaid the amount of loan within less than 10 installments, which was 5.67 of the total groups, 71.19% of the groups i.e. in 325 groups members have repaid their loan in exact 10 installments, and in 107 groups i.e. 23.14% of the groups members have repaid their loan in more than 10 months. It is observed that in most of the cases, loan was repaid within 10 installments. It indicates that the group members are taking loan and repaying it in 10 equal installments. One thing is to mention here that after repaying the loan by one member the other members gets the loan. So, there is always peer pressure on the members and due to this they repay the loan in time.

5.6.1.f) Purpose Of Taking Loan by Members:

Purposes	Number of Members	% of Total Members
For repaying loan	462	6.27
Setting new enterprise	738	10.02
Expanding the existing one	4194	56.92
Education of children	1974	26.79
Social functions	---	---
Other	---	---
Total	7368	100%

Source : Field Survey

From the above table, it is found that out of total 7368 members we have considered, 462 have reported that they have utilised the loan for repaying the

previous loan. It was 6.27% of the total members.738 members informed that they have utilised the loan amount for setting new enterprises and it was 10.02% of the total members.4194 members have informed that they have used the loan amount for expanding their existing business. It is 56.92% of the total members considered.1974 members have informed that they have used the loan amount for education of their children and it is 26.79% of the total members. It has been observed that a large portion of the loan amount has been utilised for expansion of existing business.

5.6.1.g) Whether Inter Loaning is Allowed to Outsiders by the Group

Event	No of Groups	% of Total Groups
Inter loaning is restricted within the members	458	100
Inter loaning is allowed to outsiders	---	---
Inter loaning is allowed to outsiders according to situations	---	---
Total	458	100%

Source : Field Survey

From the above table it can be found that out of 458 groups, all groups informed that inter-loaning was not allowed to the outsiders .Inter loaning is only allowed to the members of the group. It indicates that the members need loan and they can use the loan amount in the business. In most of the cases it was found that the accumulated fund of the groups are less than the needs of the members.

5.6.1.h) Recovery Of Loans from Group

Recovery of Loan	No of Groups	% of Total Groups
Most of the times as per schedule	396	86.46
Only few times as per schedule	62	13.54
Never as per schedule	-	
Total	458	100%

Source : Field Survey

Under the scheme SJSRY, granting loan to the members and recovery of loan from them are the prime activities, which lead the scheme to the success. It has been found that out of 458 groups, 356 groups paid off the loan as per the schedule time. It is almost 86.46% of the total group .It is also found that 62 groups paid off the loan, but not as per schedule time .It was 13.54% of the total group we have considered. So, it is observed that almost all the members paid the loan under the scheme, out of them most of the groups as per schedule and some of the groups are not. The high rate of recovery indicates that the groups are doing good business and they have the capacity of repaying loan installments in time.

5.6.1.i) Amount Of Monthly Installment to Repay the Inter Loan

Amount	No of Members	% of Total Members
Less than Rs. 250	5564	75.52
Rs. 250 to Rs500	1274	17.29
Rs. 500 to Rs. 1000	332	4.50
Rs. 1000 to Rs. 2000	198	2.69
Rs. 2000 and above	----	----
Total	7368	100%

Source : Field Survey

In this case 458 members of different 458 groups of the districts of Uttar and Dakshin Dinajpur were circulated and information has been received about 7368 members of 458 groups.

It is found that out of total 7368 members, 5564 members have paid their loan installments amounting Rs. Less than Rs. 250 per month to repay the loan, it is 75.52% of the total members. 1274 members have paid their loan installments amounting Rs.250 to Rs.500 per month to repay the loan, which is 17.29% of the total members. 332 members have paid their loan installments amounting Rs. 500 to Rs.1000 per month to repay the loan, which is 4.50% of the total members. 198 members have paid their loan monthly installments amounting Rs.1000 to Rs.2000, which was 2.69% of the total members. No members have paid monthly installments of Rs.2000 and above among the total members. It was observed that most of the members paid off their loan in 10 to 12 installments.

5.6.1.j) Whether Members Repay Loan Within Time Frame

Sources	No of Groups	% of Total Groups
Within the time limit	389	83.93
Not within time limit	57	12.44
Not repaid	12	2.63
Total	458	100

Source : Field Survey

In terms of the repayment of loan in time, it is shown that out of 458 groups, 389 groups have paid the loan installments within time limit; it is 83.93% of the total group. It is also seen that 57 groups have paid their loan installments but not within

the specified time limit. It is 12.44% of the total group. 12 groups have not paid their full amount of loan until the data is collected. It is only 2.63% of the total groups have considered here. It is shown from the above table that the members are very particular about repaying of loan in time. One thing is to mention here that after repaying the loan by one member the other members gets the loan. So, there is always peer pressure on the members and due to this they repay the loan in time.

5.7 External Loan

The bank is the main contributor for the success of the scheme SJSRY. Unless the bank provides finance, the thousand efforts of the members of the group cannot be fulfilled. Bank provides loans to the group, guide the members during their activities as entrepreneur, provide them expertise knowledge and helps the members when they are in need. So, the role of the bank for the success of the scheme is inevitable. In this case 458 leaders of different 458 groups in the districts of Uttar and Dakshin Dinajpur are circulated questionnaire and information has been received from 7368 members of 458 groups. The detailed information of the bank in respect of the scheme and the perceptions of the members regarding the activities can be found from the following tables:

5.7.a) Source Of Loan to the Members

Sources	Number of Members	% of Total Members
Banks	5972	81.05
Friends	334	4.53
Moneylender	1062	14.42
Other		--
Total	7368	100%

Source : Field Survey

It was found that regarding sources of loan, out of 7368 members, 5972 members depend on the bank. It is 81.05% of the total members considered. 334 members got loan from their friends, which is 4.53% of the total members. 1062 members managed loan from private moneylender, which is 14.42% of the total members of the group. It has been observed that due to introduction of the scheme, the dependence on the moneylender has been reduced to a large extent. It indicates that the members of the group are very much dependent on the loan from bank because the rate of interest on the bank loan is much lower than the private source of fund. Besides that, bank allow subsidy to the members.

5.7.b) Distance Of Bank from Work Place

Distance	Number of Groups	% of Total Groups
Within 1 km	252	55.02
2 km to 3 km	156	34.06
4 km to 5 km	38	8.30
More than 5 km	12	2.62
Total	458	100%

Source : Field Survey

Distance of the bank from the house of the members of the group is one of the factors that effect the efficiency of the bank transactions. If the bank is nearer to the house of the members of the group that will definitely help the members regarding bank transactions. It is found from the above table that out of 458 groups, 252 groups have reported that the bank is within 1 k.m. from their house. It was 55.02% of the total group we have considered here. 156 groups have reported that bank is situated within 2 to 3 k.m. from their home. It is 34.06% of the total group. 38 groups have

reported that the bank was situated within 4 to 5 k.m. from their residence. It is 8.30% of the total group. 12 groups have reported that their house was situated about more than 5 k.m. from the bank .It was observed that in most of the cases the bank was situated within one k.m. from the members residence and helped the members to operate bank transactions efficiently..

5.7.c) Co-Operation Of the Family Members Regarding Bank Transactions

Co operation	Number of Members	% of Total Members
Always	4338	58.88
Sometimes	1966	26.68
Very often	852	11.56
Never	372	2.58
Total	7368	100%

Source : Field Survey

Co- operation of the family members is very much needed for the success of the members as well as the scheme. It is found from the above table that out of 7368 members, 4338 members reported that they always get the help from their family members always .It is 58.88% of the total members. 1966 members reported that they get the help from their family some times. It is 26.68 % of the total members.852 members have reported that very often they get help from their family members. It is 11.56% of the total members.372 members have reported that they never get any sort of help from their family members. It is 2.58% of the total members. It implies that the family members also realize that the SJSRY scheme has given them opportunity to generate income. So, the family members of the member are helping her in all aspects of activities.

5.7.d) Perception Of Members About Bank Transactions:

Opening a savings a/c	Number of Members	% of Total Members
Very easy	3173	43.08
Somewhat easy	3535	47.99
Somewhat difficult	461	6.27
Cannot say	76	1.03
Very difficult	119	1.63
Total	7368	100%

Source : Field Survey

In the above table, the perception of the members about opening a savings account in a bank has been taken. It was found that out of 7368 members, 3173 have been reported that opening a savings account in the bank is very easy, it is 43.08% of the total members and 3535 members have reported that opening a savings account in bank is somewhat easy, it is 47.99% of the total members. 461 members have reported that opening savings account in bank is somewhat difficult, it was 6.27% of the total members. 76 persons do not give their opinion regarding that, it is 1.03% of the total and 119 persons informed that opening savings account in bank is very difficult, it was 1.63% of the total. The literacy levels of the members of the groups are not very high. In spite of that, the members are transacting with the bank successfully. It indicates that the scheme has increased the confidence of the group members regarding activities of the business.

5.8 Conclusion

This chapter has been dealt with the demographic characteristics of the districts like age, sex, marital status, family sizes of the beneficiaries which are considered very

important for making any policy on delivery mechanism. It has been seen than more than 98% of the beneficiaries are women and are from BPL families. The literacy level of the beneficiaries is not high. Most of the beneficiaries fall under the age group of 18 to 35.

The scheme SJSRY is the only Government sponsored scheme that has given them opportunity to get financial assistance to start micro enterprises and to get employment opportunities. It has been seen that the scheme has created a savings habit among the beneficiaries which was one of the main objectives of the scheme. Inter loaning operation is also successfully operated among the groups and it serves their financial need to some extent and save them from taking loan from money lender. The prescribed rate of interest on inter loaning is high but at the end of the year most of the groups distribute the interest income to the members of the group. So, the actual rate of interest is less than the prescribed rate of interest.

The meeting is regularly conducted in case of most of the groups and the decisions of the meeting are taken after discussing the agenda in the meeting. Attendance of the members in the meeting is good but need to be improved by intervention of CDS officials and other government agencies. The beneficiaries engaged in different types of economical activities in the districts of Uttar and Dakshin Dinajpur. Though some problems have been identified regarding the outreach of the groups in different parts of the districts and financing, the overall performance is satisfactory. Some suggestions regarding improvement of the performance of the scheme SJSRY in these districts has been discussed in last chapter of the study.

Chapter VI

BANK LINKAGE PROGRESS AND PERCEPTION IN THE DISTRICTS OF UTTAR AND DAKSHIN DINAJPUR

6.1 Introduction

Commercial banks play a very important role in implementing the scheme of SJSRY. Bank advance the loans to the poor people without any collateral to be kept as security because these poor have nothing to be kept as security. The commercial banks recover the amount, which has been granted as loan over a long period of time than the usual recovery strategy of the banks from other customers. This is so because the poor people will not be in a position to pay regular huge installment within a short duration of time. The objective of the bank is to serve the poor people. Therefore, success of the yojana SJSRY depends upon two parties i.e. the municipality or the CDS who will be acting on behalf of the poor people and the commercial bank on the other side. The co-ordination and the co-operation of the said parties are very much essential. The degree of success depends on the degree of co-operation and co- ordination between these parties. This chapter traces the progress of bank linkage with urban SHG in the districts of Uttar and Dakshin Dinajpur, the process of linkage and the problems in loan processing, the opinions of the bank personnel and the perception of the beneficiaries regarding the services of the banks.

6.2 Bank Linkage and Process

Bank linkage is the most important function under the scheme SJSRY. The success of any scheme depends on the successful bank linkage. Under SJSRY scheme, the beneficiary has to contribute only 5% of the project cost, 15% amount provided as subsidy by government and the rest 80% amount is provided as loan by the commercial banks. So, it has been found that the success of the scheme depends on the availability of the bank loan. The beneficiaries under the scheme are very poor. So, there is always a chance of non recovery of loan from banker's side. So, the bank follows some procedure for bank linkage with the group. At the very first stage, a group is formed and a bank account is opened in the name of the group. The group contributes a monthly subscription as own corpus which is deposited into the bank in the groups' name. During this stage, bank watches the activities and the viability of the group. After expiry of one year, if the group can satisfy the terms and conditions of the concerned bank, it will be eligible to get the government grant, loan and subsidy through the bank. The name of the beneficiary or group is selected in the NHG meeting and forwarded to the CDS through NHC. The beneficiary or group has to submit a project for getting loan from bank. The CDS after getting the name of the beneficiary or group send it to the Board of Councilors meeting for approval. The Board of Councilors meeting finally selects the name of the beneficiary or group and sends it to the bank through the chairperson of the municipality. The bank after getting the name of the beneficiary along with the project goes for door-to-door inspection to see the viability of the project for which the loan applied. If the bank is

satisfied with the project, the loan will be sanctioned. The technical body of the bank fixed up the amount of loan required to run the project.

After the loan is sanctioned, the bank sends a sanction letter to the chairperson of the municipality. The chairperson sends the sanctioned letter to SUDA for subsidy, which is 35% of the amount of loan sanctioned. SUDA send the subsidy in the name of the beneficiary or group to the chairperson and the chairperson send the subsidy to the concerned bank for sanctioning the balance amount of loan. The bank after getting the subsidy from the SUDA sanctions the remaining 65% of the loan to the beneficiary. In other words the bank linkage of the group is done. The banks always look after the viability of the group since the bank has to provide loan under the scheme SJSRY without any security and collateral.

6.2.1 Progress Of Bank Linkage in the Uttar And Dakshin Dinajpur Districts

The scheme SJSRY was launched in December 1997. During the initial years, the rate of bank linkage were not very high, rather it was very low. Remembering the unsuccessful story of the other government scheme the banks were not interested to grant loan under the scheme SJSRY. In case of the unsuccessful scheme, the loan was one shot help to the beneficiaries and the beneficiaries considered the loan as nonrefundable grant. But under the scheme SJSRY, a savings habit has been created among the members and the loan is not one shot loan. The beneficiaries are not allowed to get cash loan rather the bank pays the suppliers directly on behalf of the beneficiaries. Due to all these reasons, in the later stage i.e. during the years 2000 onwards, the

rate of bank linkage has been increased. The bank linkage in the districts of Uttar and Dakshin Dinajpur can be found from the table:

Table No: 6.2.1.a
Trend Of Formation Of DWCUA and Bank Linkage in Different
Municipalities under Uttar and Dakhsin Dinajpur Districts

Municipality	2005-06	Bank linkage	2006-07	Bank linkage	2007-08	Bank linkage	2008-09	Bank linkage
RAIGANJ(UD)	21	11 (52.38)	38	22 (57.89)	56	36 (64.28)	103	59 (57.28)
KALIAGANJ(UD)	46	14 (30.43)	90	47 (52.22)	85	68 (80.00)	157	107 (68.15)
DALKHOLA (UD)	03	00 (00)	07	2 (28.57)	19	5 (26.31)	19	7 (36.84)
ISLAMPUR(UD)	00	00 (00)	00	00 (00)	03	1 (33.33)	15	2 (13.33)
TOTAL(UD)	70	25 (35.71)	135	51 (37.77)	160	110 (68.75)	294	175 (59.52)
BALURGHAT(DD)	13	3 (23.07)	24	6 (25.00)	42	13 (30.95)	76	18 (23.68)
GANGARAMPUR	00 (00)	00	2 (50.00)	01	26	15 (57.69)	38 ()	23 (60.52)
TOTAL(DD)	13	3 (23.07)	26	7 (26.92)	68	28 (46.66)	114	41 (35.96)
West Bengal							1903	1482 (77.87)

Source: : compilation of reports of municipalities

Table No: 6.2.1.b

**Trend Of Formation Of Thrift & Credit Group And Bank Linkage In
Different Municipalities**

Municipality	Dist.	2005- 06	Bank Link(%)	2006- 07	Bank Link(%)	2007- 08	Bank Link(%)	2008- 09	Bank Link(%)
RAIGANJ	UD	246	117 (47.56)	271	187 (69.00)	322	202 (62.73)	398	242 (60.80)
KALIAGANJ	UD	298	167 (56.04)	338	198 (58.57)	384	237 (61.71)	575	297 (51.65)
ISLAMPUR	UD	01	0(00)	03	1 (33.33)	11	3 (27.27)	27	6 (22.22)
DALKOLA	UD	118	68 (57.62)	119	79 (66.38)	140	98 (70.00)	212	112 (52.83)
TOTAL	UD	663	252 (38.00)	731	465 (63.61)	857	540 (63.01)	1212	657 (54.20)
BALURGHAT	DD	203	98 (48.27)	205	142 (69.26)	253	189 (74.70)	279	231 (82.79)
GANGARAMPUR	DD	188	82 (43.61)	201	128 (63.28)	223	142 (63.67)	235	167 (71.06)
TOTAL	DD	391	150 (38.36)	406	270 (66.50)	476	331 (69.53)	514	398 (77.43)

Source: : compilation of reports of municipalities

In the year 2005-06, total number of DWCUA groups formed in the district of Uttar Dinajpur was 70. It can be seen from the above table that the number of bank linkage for DWCUA groups in the municipality of Raiganj as

on 2005-06 was 11 out of 21 groups. It was 52.38 % of the DWCUA groups formed. It is also seen that the number of TCG bank linkage was 117 out of 246 groups formed during the year. It is 47.56% of total the groups formed. It is found that the number of bank linkage for DWCUA group in the municipality of Kaliaganj as on 2005-06 was 14 out of 46 groups. It is 30.43% of the DWCUA group formed. It is also seen that the number of TCG bank linkage is 167 out of 298 groups formed. It is 56.04% of the total groups formed. In Islampur municipality no DWCUA group has been found during the year and no TCG was linked with the bank during this year. In Dalkola, no bank linkage was made in case of DWCUA during this year. The number of TCG bank linkage was 68 out of 118 groups formed. It was 57.62% of the total TCG group formed in Dalkola municipality.

In the district of Dakshin Dinajpur, It can be seen from the above table that the number of bank linkage for DWCUA group in the municipality of Balurghat as on 2005-06 was 3 out of 13 groups formed. It was 23.07% of the DWCUA group formed. The TCG linkage was 98 out of 203 groups formed. It was 48.27% of the total groups formed. In the municipality Gangarampur, no bank linkage was found in case of DWCUA during this year. The number of TCGs linkage was group formed was 82 out of 188 groups formed. It was 43.61% of the total groups formed.

In the district of Uttar Dinajpur 38.00% of the TCGs and 35.71 % of the DWCUA groups were linked with bank in the year 2005-06. In the district of Dakshin Dinajpur the TCG bank linkage was 38.36% and the DWCUA bank linkage was 23.07%. So, it can be observed that in case of TCG bank

linkage the performance of the Dakshin Dinajpur is better than Uttar Dinajpur district. In case of DWCUA bank linkage the performance of Uttar Dinajpur is better than Dakshin Dinajpur.

In the district of Uttar Dinajpur, It can be seen from the above table that the number of bank linkage for DWCUA group in the municipality of Raiganj as on 2008-09 was 59 out of 103 groups. It was 57.28% of the DWCUA group formed. It is also seen that the number of TCG bank linkage was 242 in the municipality of Raiganj. It is found that the number of bank linkage for DWCUA group in the municipality of Kaliaganj as on 2008-09 was 107 out of 157 groups. It was 68.15% of the DWCUA group formed. It is also seen that the number of TCG bank linkage was 297 in Kaliaganj municipality. In Islampur municipality the number of bank linkage of DWCUA group was 2 out of 15 groups formed and it was 13.33% of the total group. There was no TCG linkage in this municipality. In Dalkola the number of bank linkage was 7 out of 19 in case of DWCUA groups formed and it was 36.84% of the total DWCUA group formed. The number of TCG bank linkage was 112 in the Dalkola municipality.

In the district of Dakshin Dinajpur, It has been seen from the above table that the number of bank linkage for DWCUA group in the municipality of Balurghat as on 2008-09 was 18 out of 76 groups. It was 23.68% of the DWCUA group formed. It is also seen that the number of TCG bank linkage was 231 in the municipality of Balurghat. In the municipality Gangarampur, the number of bank linkage was 23 out of the DWCUA group formed was

38. It was 60.52% of the total groups formed. The number of TCG bank linkage was 167.

It can be observed that total bank linkage of DWCUA in the district of Uttar Dinajpur was 175 out of the total number of groups formed was 294. It was 59.52% of the total groups formed and in Dakhsin Dinajpur the bank linkage was 35 out of 114 groups formed. It was 35.96% of total DWCUA group formed In Dinajpur districts total number of DWCUA linkage in were 216 out of 408 groups formed. It was 52.94% of total number of groups formed in these districts.

Total number of TCG groups formed in the district of Uttar Dinajpur as on 2008-09 was 1212. Bank linkage was done for 657 groups. It was 54.20% of total TCGs in the district of Uttar Dinajpur. In Dakshin Dinajpur district, the number of bank linkage was 398 out of 514 groups and it was 77.43% of the total groups formed in Dakhsin Dinajpur as on 2008-09. Total number of TCGs linkage in the districts of Dinajpur was 1055 (657+398) out of 1726 groups, which was 61.12% of the total number of groups formed in these districts.

In West Bengal the number of DWCUA bank linkage was 1482 out of 1903 groups formed. It was 77.87% of the total groups formed. So, the percentage of overall bank linkage in case of DWCUA in the districts of Dinajpur is lower than the linkage rate in West Bengal. But the percentage of bank linkage in case of Kaliaganj municipality is at par with West Bengal. The total number of TCG bank linkage was 13822 in West Bengal. The percentage of TCG bank linkage in the districts was 7.59% of West Bengal.

It can be found that the DWCUA and bank linkage is satisfactory in the municipalities of Raiganj and Kaliaganj (more than 50%) in the district of Uttar Dinajpur and Gangarampur in the district of Dakshin dinajpur. In other municipalities the percentage of bank linkage in respect to DWCUA groups formed are not satisfactory. In case of TCG bank linkage it was found that the percentage is satisfactory in all the municipalities in Uttar Dinajpur except Islampur.

In the municipalities of Balurghat and Gangarampur under the district Dakshin Dinajpur the TCG and bank linkage rate were more than 70%.

In the initial years the rate of bank linkage was slow. At that time the beneficiaries were not competent enough to make bank linkage. But with the passage of time, the beneficiaries become lot more confident and as a result the numbers of bank linkage are increasing rapidly. It is also observed from the table that the ratios of bank linkage are increasing over the years.

The summary of the trend of TCGs and the DWCUA linkage in the district of Uttar Dinajpur district has been shown in the following table.

Table No: 6.2.1.c

The Trend Of TCG And DWCUA Linkage in the Uttar Dinajpur District as on 2008-09

Year	TCG	DWCUA
2005-06	252	25
2006-07	465	51
2007-08	540	110
2008-09	657	175

Source: : compilation of reports of municipalities

In the district of Uttar Dinajpur, an upward trend in the case of TCGs and DWCUA linkage is found. The growths in TCGs linkage are more than the DWCUA groups' linkage. It is also shown that the TCGs have a steady growth over the years. It is also seen from the year 2005-06 onwards the progress in DWCUA and TCG linkage is steady. This can also be observed from the following line diagram :

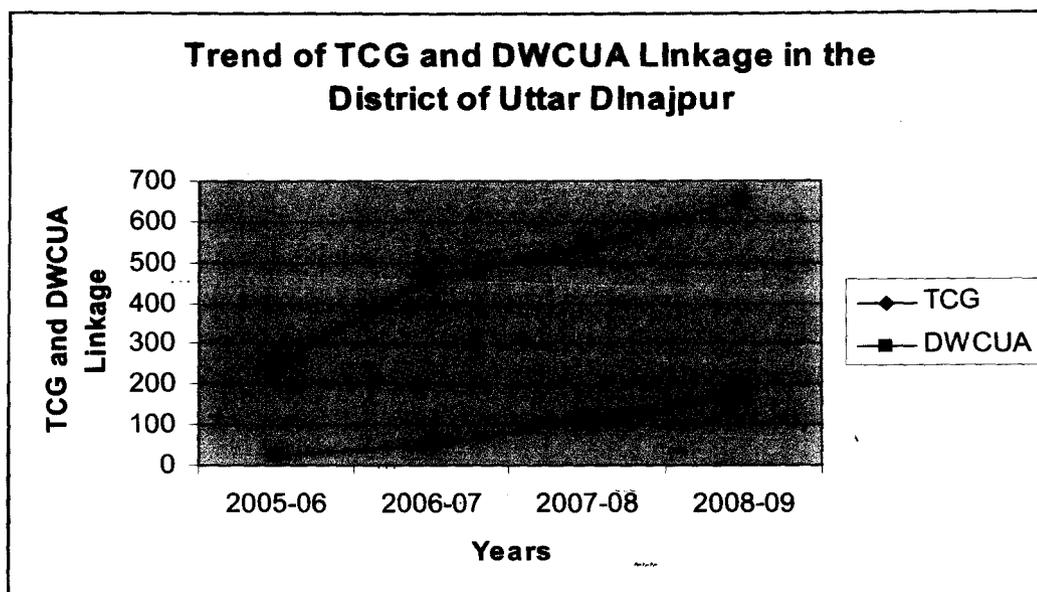


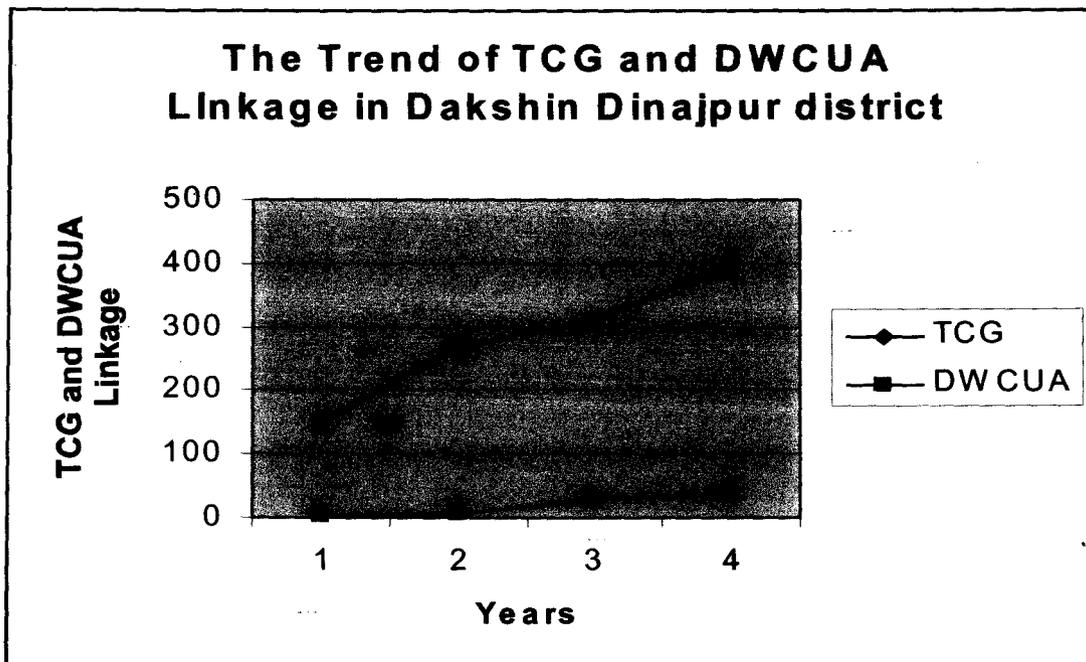
Table No.: 6.2.1.d

The Trend Of TCG And DWCUA Linkage in The Dakshin Dinajpur District as on 2008-09

Year	TCG	DWCUA
2005-06	150	3
2006-07	270	7
2007-08	311	28
2008-09	398	41

Source: compilation of reports of municipalities under Dakshin Dinajpur

In the district of Dakshin Dinajpur, it is shown that an upward trend in the case of TCGs and DWCUA linkage. The growths in TCGs linkage are more than the DWCUA groups' linkage. It is also shown that the TCGs have a steady growth over the years. It is also seen from the year 2005-06 onwards the progress in DWCUA and TCG linkage is steady. Situation can also be found from the following diagram:



It has also observed that the linkage of DWCUA groups is less compared to the linkage of TCG groups in both the districts. Regarding the number of DWCUA and TCG linkage, it is found that the number of DWCUA and TCG linkage in the district of Uttar Dinajpur is higher than Dakshin Dinajpur district. It can also be observed that the formation and linkage of the

groups have been found in some particular municipalities like Kaliaganj and Raiganj in Uttar Dinajpur district. The even distribution of the groups have not be found in the district of Uttar and Dakshin Dinajpur districts.

6.3 Problems in Bank Linkage and Loan Sanction:

6.3.1 Problems

Bank linkage is the most important factor on which the success of the scheme SJSRY depends. The operations of bank linkage process should be smooth and easy. But in practice, it is shown that in most of the times the process does not operate as per expectation of the beneficiaries as well as the bankers. It is due to some problems that have faced during the process of bank linkage. These problems are discussed below.

i) Long time taken for processing the loan application:

The survey result reveals that majority of the respondents felt that entire process of loan sanctioning i.e. from the date of receiving the application form to the date of disbursement of loan, the time requirement should be not more than one and half months. However in practice, regarding the follow up for the purpose of loan, the beneficiaries have to wait for at least for 2 to 3 months and even more in some cases. This is shown in the following table:

Table-6.3.1.a**Time Taken by Bank to Process Loan Applications (In Months)**

Municipality	District	Average Time taken (months)
Raiganj	Uttar Dinajpur	3-4
Kaliaganj	Uttar Dinajpur	2-3
Dalkola	Uttar Dinajpur	12
Islampur	Uttar Dinajpur	12
Balurghat	Dakshin Dinajpur	2-3
Gangarampur	Dakshin Dinajpur	3-4

Source: Field Survey

It is found that in the municipality of Kaliaganj and Balurghat the time taken by the bank for processing the loan i.e. the time from receiving the application form to the date of sanctioning the loan is 2-3 months. In the municipality Raiganj and Gangarampur, it is 3-4 months, and in the municipality Dalkola and Islampur it is almost one year.

ii) **Sanctioned amount is less than applied amount:**

In most of the times, it is also found that the banks allow lesser amount of loan to the beneficiaries than their applied amount. Respondents (the clients) also stated that in most of the cases, loan sanctioned by the commercial banks are not exactly equal to the amount that the beneficiaries apply for. Commercial banks sanction a portion of the loan after scrutiny. It is seen in survey that 60% of the applicants get 80% of the loan they have applied and 15% of the applicants get loan amounting to 50% of the amount

they have applied for and rest 35% get between 50% and 80% of the amount of loan they have applied for.

The reasons of allowing lesser amount of loan than application as stated by the bank officials are overcasting the amount of loan required by the beneficiaries and lack of loan payment ability.

iii) Cancellation of loan application:

The banks reject a large number of loan applications. The reasons for rejection were as follows:

- a) It is seen that about 50% of the loan applications are rejected because the applicants are not qualified for applications. One of the main criterions under the scheme is that the beneficiaries should be a member from a BPL family. However, in most of the cases, it is found that the applicants were not from BPL families. Again even if the loan applicant was a member from BPL family but the other persons of the group was not from BPL families.
- b) Applicants in many cases do not belong to the jurisdiction of the bank branches. A committee comprising of Municipal Commissioner, chairperson of CDS and manager of the lead bank initially screens the applications for loans. After the screening work has been done, the lead bank send the applications to the concerned bank according to the locality of the clients. It also set the target for clearing the applications. Due to over -sight, some loan applications are sent to wrong branch and thus are rejected. Rejections on this ground can be avoided through mutual consultation among the banks.

iv) Out of the sample of 458 respondents, 167 have visited bank 2 to 3 times for granting loan, 158 visited bank 3- to 4 times and 56 visited 4 to 5 times, 45 visited 5 to 6 times and 32 visited 10 to 12 times for sanctioning the loan. These multiple visits occur cost and act as hindrances to financial access. Making multiple visits to bank for getting loans sanctioned and disbursed makes the beneficiaries frustrated and they often give up the hope of getting the loan.

Bank managers however had other views when interviewed. They stated that the total process of the loan i.e. from the date of receiving the loan to the date of sanctioning the loan, it took hardly 15 days time. They also stated that beneficiaries have to visit on an average of two times to bank for knowing about the current position of their loan. This can be found from the following table:

Table no: 6.3.1.b

Number Of Visits an Applicant has to Make for Getting Loan. Sanctioned

Municipality	District	Number of times
Raiganj	Uttar Dinajpur	4-5
Kaliaganj	Uttar Dinajpur	3-4
Dalkola	Uttar Dinajpur	8-10
Islampur	Uttar Dinajpur	10-12
Balurghat	Dakshin Dinajpur	3-4
Gangarampur	Dakshin Dinajpur	5-6

Source: Field Survey

6.3.2 Opinion and Appreciation Of Bank Manager

The bank managers were interviewed and some apprehensions that the bank managers had in extending loans to the SJSRY clients are as follows:

- a) The clients are very poor and they often use the loan amount for personal consumptions other than business purposes. For that reason, the project for which they get the loan is not either implemented or suffers from under investment. When an economic activity does not produce the desired level of goods or services, the revenue generated from such activities are low. These in turn results in reduce profit and increase the chance of default in loan installment.
- b) There is a provision that any individual who wants to get loan under the scheme must live in the area for at least three years. But it is seen that these poor people usually live in rented house and change their residential address very often. In that case, it becomes very difficult to know their whereabouts of the beneficiaries and to keep regular contact with their economic activities.
- c) The banks usually insure these loans with the insurance companies. It is shown that total cost for sanctioning the loan is very high and income is low compared to the risk involved.

It is found in the guidelines of the scheme that the bank managers should be called on, participate in the CDS meeting, and take part in the discussion regarding provision of loan and recovery strategy. Six managers out of the ten managers interviewed have argued that they were never invited to attend the CDS meeting.

It is understood that the bank managers are not very much enthusiastic in extending the loans to the people under SJSRY scheme. The fiat to treat this loan as priority sector advances had no major impact. In any case, the bank managers cannot be expected to take a liberal interpretation of the laid down procedures for extending loans to poor on commercial basis. They do not consider the subsidy to the beneficiaries as sufficient incentives. The non-recovery portion of the loan i.e. the NPA (Non-Performing Asset) would be on the shoulders of the bank managers and will be recorded in the personal file of the managers. Therefore, the bank managers do not want to take the risk. They want the authority implementing the yojana to give one or other form of security for the loan. Banks are interested in sanctioning loan for the project DWCUA. This is only because that is a group project and the concern municipality gives assurance for loan repayment under the scheme.

It is seen in the districts of Uttar and Dakshin Dinajpur that the banks are giving emphasis on formation of DWCUA group and sanctioning loans for the DWCUA group. The Kaliyaganj municipality has formed maximum number of DWCUA group in West Bengal.

The banks are found to be eager to get the TCS groups to open savings bank account with their own branch because once the revolving fund is sanctioned for the groups the turnover of the group account will be better.

6.4 Perception Of Beneficiaries Of Quality Of Services of Banks

The discussions made in the earlier sections show those effective linkage systems between the beneficiaries, officials of banks and government agencies or specifically the CDS. Gaps in loan sanctioning and disbursement

systems have been found which includes multiple visits to banks and rejection of applications. It is therefore apparent that the beneficiaries' satisfaction level with the banks services may not be up to the desired level. If it is so, the communication and linkage developed with the banks may break down and the urban micro finance delivery system under the SJSRY scheme may be permanently disrupted. It is therefore necessary to empirically test what the beneficiaries' expectation about the quality of services from the banks and what are their perceptions about the actual service offered. For this purpose, the SERVQUAL Analysis has been used.

6.4.1 Assessment Of Quality Of Services Offered by Banks--- SERVQUAL Analysis

The SERVQUAL method has been used in many settings to assess the quality of service of banks. By measuring expectations, perceptions, and satisfaction level on the dimensions of Reliability, Assurance, Tangibles, Responsiveness and Empathy as well as overall satisfaction of the customer.

Commercial banks play a very important role in the economy of any country. Providing of better quality of services to the customers is very much vital for the banks. Defining and measuring quality in services might be difficult due to the intangible nature of the service offering. With stiffer competition among the domestic and foreign banks, there it was important for the commercial banks to improve the quality of service. SERVQUAL Analysis is one which measures the performance of the banks from customers' perspective. Many of the researchers on service quality have been carried out within the framework of widely accepted service quality model. SERVQUAL

model developed by extensive research by Parasuraman et al. (1985, 1988, and 1991). Since then many researchers have used this 22 items scale to study the service quality of the banks. A descriptive statistical analysis was used to evaluate the level of the service quality of the banks. This study measures the gap of customers' expectation and their perceptions. Besides, the study indicates whether the customers are satisfied with the services of the banks.

6.5 Methodology

The questionnaire design partially follows the SERVQUAL (Parasuraman, 1991) instrument (Reliability, Assurance, Tangibles, Empathy and Responsiveness) by using a 5-point Likert scale with "1" being "Strongly Disagree" and "5" being "Strongly Agree". For each dimension, all questions measured the customer expectations and perceptions of beneficiaries in the districts of Uttar and Dakshin Dinajpur. In addition, the perceived most preferable bank service, the important criteria and importance of choosing in 5 dimension service quality of bank, overall measures with satisfaction level and demographic information. In total, 458 questionnaires were administered to the leader of the groups.

For the analysis, the expectation score is subtracted from the perception score for each item in the 5 dimensions. The average SERVQUAL scores for the items pertaining to each of the 5 dimensions are totaled and then divided by the number of items making up the dimension. The scores obtained for the 5 dimensions are averaged of overall measure of service quality. The weighted score is the average SERVQUAL score multiplied by the importance weight for each dimension (total 100 points). The weights being determined by

the beneficiaries depending on the relative importance of the attributes. The lower the score, the lower is the perception level for the customers. This study aims to minimize and improve the perception gap or enhance the expectation level by educating internal or external customer in the recommendations.

For the purpose of measurement of service quality in the service sector, the beneficiaries' expectations of service as well as perceptions of service should be considered. Robinson (1999) concludes "It is apparent that there is little consensus of opinion and much disagreement about how to measure service quality". One service quality measurement model that has been extensively applied is the SERVQUAL model. SERVQUAL as the most often used approach for measuring service quality has been to compare customers' expectations before a service encounter and their perceptions of the actual service delivered (Gronroos, 1982; Lewis and Booms, 1983; Parasuraman et al. , 1985). The SERVQUAL instrument has been the predominant method used to measure consumers' perceptions of service quality. It has five generic dimensions or factors and are stated as follows (van Iwaarden et al. , 2003):

- (1) **Tangibility:** Physical facilities, equipment and appearance of personnel.
- (2) **Reliability:** Ability to perform the promised service dependably and accurately.
- (3) **Responsiveness:** Willingness to help customers and provide prompt service.

- (4) Assurance: Competence, courtesy, credibility and security).
Knowledge and courtesy of employees and their ability to inspire trust and confidence.
- (5) Empathy: Access, communication, understanding the customer).
Caring and Individualized attention that the firm provides to its customers.

In the SERVQUAL instrument, 22 statements measure the performance across these five dimensions, using a seven point likert scale measuring both customer expectations and perceptions (Gabbie and O'Neill, 1996). It is important to note that without adequate information on both the quality of services expected and perceptions of services received then feedback from beneficiaries survey can be highly misleading from both a policy and an operational perspective. In case of comparing the beneficiaries expectation and perception regarding the service qualities provided by the commercial banks, the application of SERVQUAL approach is more specified.

In below the SERVQUAL Analysis of the members of the groups in the district of Uttar and Dakshin Dinajpur is calculated.

6.5.1 Assessment by Beneficiaries

In the following table the SERVQUAL model has been used for measuring the quality of service of the commercial bank in the districts of Uttar and Dakshin Dinajpur. On the basis of the response of 458 members the data table had been constructed. In the first column five different attributes have been taken from different dimensions like Tangibility, Reliability,

Responsiveness, and Empathy. Under the attributes total 22 statements have been taken to cover the different aspects of the services of commercial banks.

In the second column the mean expected value of the members has been taken. It indicates the expectations of the members from the banks regarding different services. In the third column the mean perceived value of the members have been taken. It indicates the perception of the members regarding different services of the commercial bank. The standard deviations are given in the parenthesis. The difference between these two is the mean gap between the mean expected value and the mean perceived value. If the difference is positive then it indicates that the performances of the banks are better than perception of the members. If the gap is negative then it indicates that the performance of the banks is lower than expectation. To statistically test the assessment, the following hypotheses have been made.

Ho: There will be no difference between the qualities of service of the banks as expected by the beneficiaries and as perceived by the beneficiaries

H1: There will be difference between the qualities of service of the banks as expected by the beneficiaries and as perceived by the beneficiaries

The differences in means have been tested using the paired t test method. The results are given in the following table.

Table no: 6.5.1.a
Response Of the Beneficiaries

Attributes	E Mean	P Mean	Gap (P-E)	t value
Tangibility				
1. Use of modern banking equipments	3.01(.96)	2.92(.94)	-.09	1.45
2. Physical Appearance of the staff	3.05(1.01)	2.95(.96)	-.10	1.53
3. Physical activities of the staff	4.17(.83)	3.86(.92)	-.31	5.43**
4. Documentation papers and Process	3.76(1.98)	3.49(1.07)	-.17	1.62
Reliability				
5) Staff keep promise that they made	4.02(1.04)	3.21(.95)	-.81	12.46**
6) Staff provide accurate informations	3.83(.82)	3.34(.91)	-.49	8.59**
7) Work is done in time	4.24(.92)	3.29(1.04)	-.75	11.71**
8) Work is done accurately	3.85(.87)	3.57(.88)	-.28	4.91**
9) Staff are dependent	4.01(.82)	3.69(.86)	-.32	5.81**
Responsiveness				
10) Response to beneficiaries enquiries is prompt	4.12(1.01)	3.58(.82)	-.54	9.99**
11) Willingness to help beneficiaries	3.91(.99)	3.39(.96)	-.52	8.12**
12) Provision of services to beneficiaries is prompt	3.82(.91)	3.13(.92)	-.69	11.50**
13) Beneficiaries valued as important customer	3.12(.97)	2.76(1.05)	-.36	5.45**
Assurance				
14) Staffs are competent	4.12(.86)	3.86(.97)	-.26	4.33**
15) Beneficiaries feels secured regarding transactions	3.96(1.82)	3.81(1.15)	-.15	1.51
16) System grow confidence in beneficiaries	3.07(1.71)	2.93(1.05)	-.14	1.52
17) Staff can be trusted	3.56(.88)	3.31(.81)	-.25	4.54**
Empathy				
18) Staff can understand the beneficiaries need and problems	4.36(.79)	3.79(.74)	-.57	11.40**
19) Customer can communicate with staff	4.17(.97)	3.89(.79)	-.28	4.82**
20) Staff takes care of beneficiaries	3.12(1.00)	2.78(.83)	-.34	5.66**
21) Attention is given to individual beneficiaries	4.09(.82)	3.73(.88)	-.36	6.42**
22) Comfortable time frame of operation	4.03(1.96)	3.91(1.02)	-.12	1.16
Average	3.80	3.39		

*note: (** denotes significance at 1% level and. Standard deviation are in parenthesis, a negative gap indicates the service quality is less than expectation.)*

From the table it is shown that the gap in case of different statement under five attributes are negative. It indicates that the services of the commercial banks are below than the expectations of the members from the bank. The gap is ranging from (-0.12 to -0.81). The null hypothesis has been rejected in sixteen cases out of twenty two cases. The gap is minimum in case of the time frame of the operation of the bank and it is maximum in case of the staff not keeping promise regarding any kind of service.

The overall Mean expectation is 3.80 and the average perceived value is 3.39. The average gaps between the expectation and perception of the customer is 0.40

Out of the sixteen cases rejected, it is seen that all cases i.e. five cases have been rejected under the attribute Reliability. It indicates that regarding the Reliability the banks have totally failed to satisfy the beneficiaries' expectation. The same situation is also found in case of the attribute Responsiveness. Regarding this attribute all the four cases have been rejected and indicate that the banks have been failed in satisfying the beneficiaries' expectations. Regarding the attribute Empathy, the null hypothesis has been rejected in four cases out of five. It also indicates that the bankers actual activities in this attributes is much lower than the customer's expectation.

The analysis of the gap between the expectation of the customers about the services of the commercial bank and the customer's perception can also be discussed from the Weighted SERVQUAL Score. For the analysis, the expectation score is subtracted from the perception score for each item in the 5 dimensions. The average SERVQUAL scores for the items pertaining to each of the 5 dimensions are totaled and then divided by the number of items making up the dimension. The scores obtained for the 5 dimensions are

averaged of overall measure of service quality. The weighted score is the average SERVQUAL score multiplied by the importance weight for each dimension (total 100 points). The weight has been determined based on the beneficiaries' assessment. The beneficiaries were asked to assigned weight to the five attributes and they have assigned weight to different attributes according to importance to them. The lower the score, the lower is the perception level for the customers. This study aims to minimize and improve the perception gap or enhance the expectation level by educating internal or external customer in the recommendations.

These results showed that the Reliability dimension with a mean score of 23.65 was ranked the most important dimension, and has the highest standard deviation of 16.433, followed by the Responsiveness dimension at 22.97. The least important dimension was Empathy with a mean score of 14.50.

Table no: 6.5.1.b

Weighted SERVQUAL Scores Of Beneficiaries regarding Commercial Bank

SERVICE DIMENSION	Expected Value(E)	Perceived Value (P)	Gap (E-P)	IMPORTANCE WEIGHT	WEIGHTED SERVQUAL Score
Tangibility	3.54	3.18	-0.36	21.90	-7.88
Reliability	3.99	3.42	-0.57	23.65	-13.48
Responsiveness	3.74	3.21	-0.53	21.50	-11.40
Assurance	3.70	3.44	-0.26	18.45	4.78
Empathy	3.95	3.62	-0.33	14.50	4.78
OVERALL	18.92	16.87	-2.05	100	-42.32

Overall average weighted SERVQUAL score = - 0.4232

The findings indicate the Reliability dimension has the greatest service gap of -0.57 followed by the Responsiveness dimension at -0.53. The smallest service gap was the Assurance dimension at -0.26. The weighted SERVQUAL scores are computed and the overall weighted SERVQUAL score is -0.4232. This score was calculated by multiplying the SERVQUAL scores of the service dimensions by the weight given by respondents in questionnaire and dividing the sum by 22 (22 items in the questionnaire). The negative score indicates that commercial banks did not fulfill the customer's expectation.

6.5.2 Assessment by CDS Officials-----SERVQUAL Analysis

CDS officials have an important role to play in getting the loan approvals and disbursements made to the beneficiaries. They therefore have active interaction with the banks and understand the quality of services provided to the beneficiaries. If they realise that the service quality has to be improved, they can place their suggestions to the appropriate authorities

18 officials of the CDS in the district of Uttar and Dakshin Dinajpur have responded about their expectation and perception about the service quality of the commercial banks. To test their expectation and perception, a questionnaire similar to the beneficiaries were administered to them. To statistically test the assessment, the following hypotheses have been made.

Ho: There is no difference between the expectation and perception of the CDS officials regarding the services provided by the banks.

H1: There is difference between the expectation and perception of the CDS officials regarding the services provided by the banks.

The differences in means have been tested using the paired t test method. The results are given in the following table.

Table 6.5.2.a

Response Of the CDS Officials

Attributes	E Mean	P Mean	Gap (P-E)	t value
Tangibility				
1. Use of modern banking equipments	3.46(.81)	2.93(.87)	-.53	2.09**
2. Physical Appearance of the staff	3.91(.87)	3.41(.83)	-.50	1.76*
3. Physical activities of the staff	3.81(.96)	3.53(.92)	-.28	.89
4. Documentation papers and Process	3.42(.91)	2.87(.99)	-.55	1.74*
Reliability				
5. Staff keep Promise that they made	3.12(1.01)	2.43(.98)	-.69	2.09**
6) Staff provide accurate informations	3.01(.87)	2.34(1.01)	-.67	2.16**
7) Work is done in time	4.24(.92)	3.71(.88)	-.53	1.77*
8) Work is done accurately	3.81(.79)	3.57(.82)	-.24	.89
9) Staff are dependent	3.31(.92)	3.17(.91)	-.14	.46
Responsiveness				
10) Response to beneficiaries enquiries is prompt	3.87(.98)	3.28(.92)	-.59	1.86*
11) Willingness to help beneficiaries	3.07(.86)	2.39(1.05)	-.68	2.13**
12) Provision of services to beneficiaries is prompt	3.93(1.05)	3.13(1.02)	-.80	2.32**
13) Beneficiaries valued as important customer	3.11(.82)	2.76(.98)	-.35	1.16
Assurance				
14) Staffs are competent	4.21(.98)	3.66(.79)	-.55	1.85*
15) Beneficiaries feels secured regarding transactions	4.37(.97)	3.78(.86)	-.59	1.96**
16) System grow confidence in beneficiaries	3.31(.87)	2.81(.89)	-.50	1.72*
17) Staff can be trusted	3.59(.89)	3.11(.98)	-.48	1.54
Empathy				
18) Staff can understand the beneficiaries need and problems	4.21(1.02)	3.59(.92)	-.62	1.93*
19) Customer can communicate with staff	4.12(.99)	3.91(.92)	-.21	.67
20) Staff takes care of beneficiaries	3.11(.87)	2.68(1.01)	-.43	1.7*
21) Attention is given to individual beneficiaries	2.89(.78)	2.36(.87)	-.53	1.93*
22) Comfortable time frame of operation	3.37(1.15)	2.71(.99)	-.66	1.88*
Average	3.16	3.00		

*note: (** denotes significance level 1% and * denotes significance level 5%, denotes significance level 1%, standard deviation are in parenthesis, a negative gap indicates the service quality is less than expectation.)*

The difference between the expected value and the perceived value is the gap. The negative gap indicates the banks are not performing as per expectation and the positive gap indicates banks performance is very goods i.e. beyond expectation. If the t value is high it indicates a high gap between customer's expectation and perception of the customers.

The overall Mean expectation is 3.16 and the average perceived value is 3.00. The average gap between the expectation and perception of the customer is 0.34

The null hypothesis has been rejected in fifteen cases out of twenty two cases. Out of fifteen cases rejected, in case of Tangibility three, in case of Reliability three, in case of Responsiveness three, in case of Assurance three and in case of Empathy three cases were rejected. The bank should concentrate in improving the service qualities in the attributes Reliability, Responsiveness and Assurance.

The following statement can be made from the above table:

- 1) Regarding the attribute Tangibility, the one statement has been rejected according to hypotheses of beneficiaries' perception and three statements were rejected according to hypotheses of CDSs officials' perception. The beneficiaries' expectation and perception does not differ to a large extent regarding this attribute. But the CDSs officials' expectation is higher regarding this attribute. According to them the use of modern equipments and the physical appearance of the bankers

should be improved. The facilities of documentation and processes of papers have also to be improved.

- 2) The bank should concentrate in the attribute reliability. All five statements were rejected according to hypotheses of beneficiaries' perception and three statements were rejected according to hypotheses of CDSs officials' perception. The bank should operate in such a way that will increase the sense of reliability in the mind of the beneficiaries as well as CDSs officials. The staff should keep their promise regarding performing any work, the bankers should provide necessary informations to the users in time.
- 3) Regarding the attribute Responsiveness, the five statements have been rejected according to hypotheses of beneficiaries' perception and three statements were rejected according to hypotheses of CDSs officials' perception. The bank should try to improve the responsiveness to the customers. The beneficiaries should be considered important to the bankers. The bankers should satisfy the beneficiaries' enquiries prompt and should be ready to help the beneficiaries.
- 4) Regarding the attribute Assurance, the two statements have been rejected according to hypotheses of beneficiaries' perception and three statements were rejected according to hypotheses of CDSs officials' perception. So, the bank should concentrate on this attribute. Both the beneficiaries and the CDSs officials expect a much higher competency level of the bankers.

- 5) Regarding the attribute Empathy, the four statements have been rejected according to hypotheses of beneficiaries' perception and three statements were rejected according to hypotheses of CDSs officials' perception. The bank staff should try to understand the beneficiaries problems carefully and give more attention to them.

The analysis of the gap between the expectation of the customers about the services of the commercial bank and the customer's perception can also be discussed from the Weighted SERVQUAL Score as follows:

Table no: 6.5.2.b

Weighted SERVQUAL Scores Of CDS Officials regarding Commercial Bank

SERVICE DIMENSION	Expected Value(E)	Perceived Value (P)	Gap (E-P)	IMPORTANCE WEIGHT	WEIGHTED SERVQUAL Score
Tangibility	3.65	3.19	-0.46	21.37	-9.83
Reliability	3.49	3.04	-0.45	20.45	-9.20
Responsiveness	3.50	2.89	-0.61	23.33	-14.23
Assurance	3.87	3.34	-0.53	19.29	-10.22
Empathy	3.54	3.05	-0.49	15.56	-7.62
OVERALL	18.05	15.51	-2.54	100	-51.10

Overall average weighted SERVQUAL score= - 0.5110

The weighted SERVQUAL scores are computed and the overall weighted SERVQUAL score is -0.5110. This score was calculated by multiplying the SERVQUAL scores of the service dimensions by the weight given by respondents in questionnaire and dividing the sum by 22 (22 items in the questionnaire). The negative score indicate that commercial banks did not

fulfill the customer's expectation. Therefore some attempt should be made by the banks in improving their services. Certain suggestions are given below:

6.6 Conclusion and Suggestion

The present economic scenario and different financial sector reform policy forced the commercial banks to close many of their loss making activities, redefining their activities and make them competitive with other banks. Otherwise, they cannot sustain in the competitive business. In such a situation, a question has been raised whether commercial bank can afford loans to such government sponsored scheme in the near future. Here two alternative courses of actions can be considered.

The first one is to improve within the existing arrangement. It is a short- term arrangement. The second one is a long run arrangement.

Regarding the first one, the bank managers also expressed some apprehensions in extending loans to the clients under the scheme SJSRY as follows:

- i) The loan proposals are not prepared following meticulously prepared which bank needed in case of other customers.
- ii) The clients are defaulting their loan installments and there is no initiative or assurance from their sponsors about repayment of the loan.

To come out from the first problem, it is suggested that instead of forwarding a large number of applications for loans to the commercial bank, it should be forwarded to ULBs. The ULBs should be authorized to make commitment about the subsidy payment, if there is any delay in receiving the budgetary allocations. The bank managers should be invited in the screening

committee meeting. The bank managers should be satisfied about all of their asking and clarifications about the loan applications. There should be combined efforts by ULBs and bank personnel regarding field verifications.

Regarding the second apprehensions, the CDS has been suggested to give the assurance regarding the loan repayment. CDS is a registered body entitled for separate budgetary allocations and has a separate bank account of its own. The bank manager thinks that the guarantee given by the CDS is enough for extending loans to the clients under this scheme SJSRY. CDS can create the peer pressure through the beneficiaries on the clients and recover the loans easily. These alternatives have advantages also. Though the ULBs and CDS will make a thorough scrutiny of the loan applications, the bank cannot easily reject the loan applications without any valid reason.

The main problem is that the CDS will not give the assurance for recovery of loan installments. Even if they give the assurance, there is a chance that only the some specific known persons to the CDSs will be recommended for loan. Another controversial issue is that in case of a client who has been defaulted for genuine business reason, can CDS be authorized to make the repayment from its budget?

It also seen that during last few years, no initiative has been taken to develop an alternative source of finance, which can substitute the role of commercial banks in India in disbursing funds for urban micro finance programmes. In other countries, it has been found that many alternative agencies, which are taking part in extending loan to the poor like Grameen bank in Bangladesh, Bank Rakyat in Indonesia, Banco Solidario of Bolivia

etc. It is also argued that NGOs may also be encouraged for the purpose to enter this business of lending to the urban poor through giving some financial incentives. It is also reported that many NGOs are borrowing from Rashtriya Mahila Kosh and from public financial institution and lending them to the poor people at short time duration for earning profit. Another suggestion is that the eligible TCG groups should be allowed to loan to the non-members also. The advantages are that, there would be a very close relation between borrower and the lender and the chance of default will be reduced. Lot of paper works, which is needed for lending, will be reduced and it will reduce the cost of processing the loan. It is also argued that the TCGs and NGOs have not enough funds to enter into this type of lending operation and there is no institutional finance to TCs and NGOs that would help them to operate such operations. Moreover, since such alternative financial institutions would concentrate only on providing micro financial services in urban areas, the quality of services provided by them may be up to the expectation of the beneficiaries. A holistic and coordinated approach is needed to make commercial bank sanction and disbursement system smoother and beneficiary friendly and gradually develop specialized micro finance institutions for this purpose.

Chapter VII

IMPACT ASSESMENT

7.1 Introduction

The dictionary meaning of the term impact is the effect or influence. The term impact is used to denote the outcome or influence of the system. Every system is bringing in to reach its optimum result. Impact has been defined as the change that can be possibly associated with involvement in a microfinance programme. Several studies have been conducted all over the world in order to assess the impact of micro finance.

The impact of microfinance on poverty alleviation has recently gained an important position on the microfinance agenda. Donors, participationers and academicians have realised that the Micro Finance Institutions (MFIs) must concern themselves with more than their ability to reach institutional self sufficiency and concentrate more on the results. The impact can also be divided as economic impact and social impact of what have been delivered.

Considering the importance of impact which leads to socio-economic empowerment of beneficiaries, specially women, have focused on carrying out impact studies.

Dandapat and Bagchi (2010) argued that microfinance helped the beneficiaries to increase their income and created savings habit within them. It also helped the poor people to meet their basic needs like food, clothing and footwear.

Khandakar,S.(2001) argued that the micro finance participants do better than non-participants in per capital income, per capital expenditure, and household net

worth. In a different impact study Reminyi and Benjamin (2000) found that household income of families with access to credit is significantly higher than for comparable households without access to credit.

Todde and Gibson (1998) argued that compared with 18% nonmembers, 58% of the borrowers has crossed over the extreme poverty line.

Morduch and Husain (1998) has argued that the provision of micro credit has been found to strengthen crisis coping mechanism, diversify income earning sources, build assets and improve the status of women.

Rachel, Portewr and Harper (1999) have argued that Micro Finance clearly contributes to improvements in children's welfare through increased income and thus improved nutrition, housing, health and school attendance and reduction in harmful child labour.

Paul Mosley (2001) argued that the Bolivian achievement in micro finance has been impressive and Bangladesh and Indonesia are the only other countries in the world which can be reasonably claim to have reached to a similar level of creative, but not always vulnerability and not extreme poverty.

Chen and Snodgrass (2001) have identified that the Micro Finance Institutions that focus on savings more than credit tend to reach a smaller proportion of poorest, have a lower and slower impact on poverty deduction, and are therefore less conducive to reaching the millennium goals by the target dates.

Zaman (1999) argued that greater access to resources via micro credit enhanced a woman's control over her assets. The control which a woman has over her assets is measures by, amongst other things, her ability and right to sell assets on the basis of her own personal choice.

The chapter is based on the responses of the beneficiaries through questionnaires. The questionnaires were distributed among the leaders of groups and the filled up questionnaires were received from 458 beneficiaries. The general objectives of the chapter are to show the impact of the scheme SJSRY on the income, employment, and empowerment, participation of the members in different social programme and other aspects of the members. It attempts to:

- i) assess the impact of the SJSRY programme on the employment, income, asset ownership, loan access and other attributes which indicate economic empowerment.
- ii) find out the effect of the scheme SJSRY on social empowerment of beneficiaries via increase in prestige, decision making capacity and self confidence of beneficiaries.

7.2 Methodology and Findings On Impact Assessment

An impact study is generally done by using structured questionnaire, which is administered among the beneficiaries. The findings from the above technique is used to get the idea about the impact on grass root level and help to build better operating system under different micro finance schemes.

In this study, the response from the questionnaire has been used to construct the indices of economic and social benefits. The Babbie methodology (1986) has been used for the purpose. The semantic differential scale (range 1 to 7) with end points associated with bipolar labels that have semantic meaning. The end points are 1 and 7. The lower value indicates the lower level of economic benefit and the upper level indicate the higher level of economic benefit to the beneficiaries. Six attributes have been selected to construct the index .The attributes have been selected according to

the methodology used by Babbie (1986) for measurement of economic and social benefits of woman entrepreneurs. The methodology, using these attributes was used by Smith-Sreen (1995) The description of the attributes are given below:

7.2.1 Economic Benefits

The aspect economic benefits are one of the most important areas that should be looked upon. The main objectives of the scheme SJSRY is to offered economic benefits to the beneficiaries who belongs to the below poverty line. The six attributes of economic benefits have been discussed .The calculation will shows the actual and perceived economic benefits of the different aspects by the members of the group. The scores have been constructed by the response of the leader of 458 groups, who have been administered the questionnaire. The methodology of determining the scores of the following attributes have been discussed below:

i) Regularity Of Work

The first attribute regularity of work is a good indicator as it indicates that the beneficiaries are engaged in economic activities which ensure a source of income for them. The highest frequencies of work has been given a maximum score of 7 and the lowest frequencies of work or have no work has been given minimum score of 1. If the regularity of work was 2 days in the week, the score will be 2 and if the regularity is 3 days in the week, the score will be 3. So, the beneficiary who work 7 days work in the week will score maximum 7 and beneficiary who work 1 day or no work will score minimum score 1.The responses of the beneficiaries have been presented in the following table.

Table no: 7.2.1.a**Scores For Regularity Of Work by Beneficiaries**

Work per week(Days)	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
7 days	nil	7	128	7
6 days	5	6	34	6
5 days	8	5	47	5
4 days	12	4	127	4
3 days	18	3	108	3
2 days	182	2	71	2
No work or one day	233	1	53	1
Total	458		458	
Mean	1.68		3.47	

Source: Field Survey

ii) Average Income Of The Group

The income of the group is the most important attribute as an increase or decrease in income will show the positive or negative impact of the micro finance programmes on the group. Further, a group's annual income will be sustainable in the long run. Accordingly, the scale has been administered for level of income ranging from above Rs.50000 per annum to nil. The groups which have yearly income of above Rs.50000 score 7, the groups having yearly income Rs. 40001 to Rs. 50000 score 6, Income between Rs. 30001 to Rs. 40000 have score 5. The groups which have earned Rs. 20001 to Rs. 30000 per annum score 4 and income between Rs. 10001 to Rs. 20000 score 3. The groups which have yearly income up to Rs. 10000 scored 2 and the groups which have no income have scored the minimum score 1. The responses of the beneficiaries have been presented in the following table.

Table no: 7.2.1.b**Scores For Income Of The Group**

Average income per annum	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
Above Rs. 50000	nil	7	32	7
Rs.40001-Rs.50000	nil	6	31	6
Rs.30,001-Rs.40,000	4	5	51	5
Rs.20.001-Rs.30,000	58	4	96	4
Rs.10.001-Rs. 20,000	128	3	112	3
Up to Rs. 10,000	77	2	107	2
No income	91	1	29	1
Total	458		458	
Mean	2.36		3.55	

Source: Field Survey

iii) Access To Loan

Access to loan is a very important source of fund in case of the SJSRY scheme. The success or failure of the scheme depends on the availability of loan from banks and internal loans have a substantial group corpus, the members can access individual inter loans from this corpus. The members who have no access to loan during the year will score 1. The members who access loans at least six times during the year will score 7. The group which have access once in the year scored 2 and the members access to loan twice in the year scored 3. The members which have access to loan four times in a year during the year will scored 5. The members which have

access three times in a year will score 4. The responses of the beneficiaries have been presented in the following table.

Table no: 7.2.1.c
Scores For Access To Loan by The Beneficiaries

Access to loan per year	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
Six times and above	nil	7	12	7
Five Times	3	6	21	6
Four Times	9	5	52	5
Three Times	12	4	27	4
Two Times	28	3	156	3
One times	142	2	138	2
No access	264	1	52	1
Total	458		458	
Mean	1.62		3.00	

Source: Field Survey

iv) Asset Held by Group

This is one of the important attributes which indicates the economic viability of the group. The increase or decrease in the value of assets has impact of micro finance programmes on group. The group which held assets worth more than Rs. 100000 have scored the maximum point 7 and the group which have no assets have assigned score 1. The groups which have assets Rs. 80,001 to Rs. 1,00,000 assigned score 6 and groups have assets up to Rs. 10,000 scored 2. The groups which have assets from Rs.50,001 to Rs. 70,000 assigned score 5 and the groups have assets worth Rs. 10,001 to Rs. 30,000 scored 3. The groups assets worth Rs. 30,001 to Rs. 50,000 assigned score 4. The responses of the beneficiaries have been presented in the following table.

Table no: 7.2.1.d
Scores For Assets Held by Beneficiaries

Average income per annum	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
Above Rs.100000	nil	7	13	7
Rs.80001-Rs.100000	nil	6	22	6
Rs.50,001-Rs.80,000	2	5	38	5
Rs.30,001-Rs.50,000	11	4	89	4
Rs.10,001-Rs. 30,000	127	3	256	3
Up to Rs. 10,000	261	2	37	2
No income	57	1	3	1
Total	458		458	
Mean	2.21		3.52	

Source: Field Survey

v) Savings Per Member Per Group

Savings is a very important attribute. The amount of which indicates about the strength of the groups. The members who save Rs 100 or more per month scored maximum 7 and the members who have no savings have scored 1. The members who saved up to Rs. 10 per month score 2, the member who saved Rs. 76 to Rs 99 per month scored 6. The members who saved Rs. 11 to Rs. 30 per month have scored 3 and the members who have saved Rs. 51 to Rs. 75 per month scored 5. The members who save Rs. 31 to Rs. 50 per month scored 4. The responses of the beneficiaries have been presented in the following table.

Table no: 7.2.1.e
Scores For Savings Of The Beneficiaries

Average savings per month	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
Rs.100 and above	nil	7	18	7
Rs.76-Rs.99	3	6	32	6
Rs.51-Rs.75	31	5	96	5
Rs.31-Rs.50	57	4	87	4
Rs.11-Rs.30	128	3	169	3
Up to Rs. 10,000	239	2	56	2
No Savings	nil	1	nil	1
Total	458		458	
Mean	2.76		3.85	

Source: Field Survey

vi) Group Corpus

Group corpus is one of the important attributes which indicate the capital fund of the group. The amount of group corpus indicates the effect of micro finance programmes on the groups. The groups which have corpus amounting more than Rs 1,00,000 scored the maximum score 7 and the group which have no corpus will score 1. The groups having corpus up to Rs.10, 000 score 2 and the groups which have corpus 80001 to 100,000 score 6. The group corpus of Rs. 10001 to Rs. 30000 score 3 and the group corpus of Rs. 60001 to Rs. 80, 000 score 5. The group corpus of Rs. 30001 to Rs. 60,000 score 4. The responses of the beneficiaries have been presented in the following table.

Table no: 7.2.1.f

Scores For Group Corpus Of The Beneficiaries

Average Group Corpus	2004-05		2008-09	
	Number of beneficiaries	Score	Number of beneficiaries	Score
Above Rs.100000	nil	7	12	7
Rs.80001-Rs.100000	8	6	77	6
Rs.60,001-Rs.80,000	11	5	132	5
Rs.30.001-Rs.60,000	34	4	187	4
Rs.10.001-Rs. 30,000	187	3	32	3
Up to Rs. 10,000	218	2	18	2
No Corpus	nil	1	nil	1
Total	458		458	
Mean	2.70		4.55	

Source: Field Survey

The above results show that the mean score for the economic benefit indicators have undergone a positive change over a period of 4 years. This indicates that the micro finance intervention has resulted in accrue economic benefits to the members of the TCGs and DWCUA group members.

However it is necessary to statistically test whether there has been a change in the economic indicators over a time period. For that purpose the following hypotheses have been made.

Ho: There will be no change in economic indicators due to micro finance intervention

H1: There will be positive change in economic indicators due to micro finance intervention

The differences in means have been tested using the paired t test method. The results are given in the following table.

Table no: 7.2.1.g

Composite Scores Of Economic Benefits

Attributes	Score in 2005-06	Score in 2008-09	Difference	t value
Regularity of work	1.68(4.76)	3.47(7.54)	1.79	4.30**
Average income of group	2.36(4.48)	3.55(7.51)	1.19	2.92**
Access to loan	1.62(4.78)	3.00(7.73)	1.38	3.25**
Assets held by Group	2.21(4.54)	3.52(7.52)	1.31	3.18**
Savings per member p.m.	2.76(4.31)	3.85(7.38)	1.09	2.73**
Group Corpus	2.70(4.34)	4.55(7.10)	1.85	4.76**

*Note: (** denotes significance at 1% level. Standard deviations are in parenthesis).*

As in all cases null hypotheses have been rejected, so it means that the alternative hypotheses have been accepted and it is shown that the micro finance intervention has a significant impact on the economic position of the beneficiaries.

7.2.2 Social Benefits

The social benefits mean the benefits perceived by the group members at home and in the society after joining the group. The score have been calculated on the basis

of the questionnaire administered among the leader of the groups. The important attributes were the prestige of the beneficiaries, taking part in the decision making process and self confidence of the beneficiaries. The seven point Likert scale has been used to make the indices regarding different attributes of social benefits. The methodologies followed for assessment of social benefits are also in accordance with the methodology used by Babbie (1986) and Smith- Screen (1995).

7.2.2.1 Methodology

The Likert's seven point scaling method has been used for this purpose. If the score is high, it indicates that the beneficiaries enjoy higher level of social benefits and if the score is low, it indicates the lower level of social benefits. Seven point Likert scales have been used to measure the perception of the beneficiaries regarding this attribute which ranges from 1 to 7. The highest degree of prestige will score seven and the lowest level will score minimum score of 1. The following table has been constructed regarding the social attributes of the beneficiaries on the basis of the response of the leaders of the group.

(i) Prestige

Prestige at home and in society is one of the important attributes which indicate the degree of the social status of the beneficiaries. The following table has been constructed on the basis of the questionnaires administered among the leader of the 458 groups operated in the districts of Uttar and Dakhsin Dinajpur regarding the social prestige during two different periods of time.

Table no: 7.2.2.a

Scores For Prestige Of the Beneficiaries at Home

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
7	7	28	7
13	6	43	6
26	5	47	5
32	4	106	4
34	3	139	3
137	2	78	2
212	1	17	1
458		458	
Mean	2.10		3.72

Source: Field Survey

Table no: 7.2.2.b

Scores For Prestige Of The Beneficiaries in Society

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
3	7	19	7
18	6	28	6
28	5	43	5
37	4	68	4
41	3	52	3
83	2	79	2
248	1	169	1
458		458	
Mean	2.03		2.80

Source: Field Survey

(ii) Participation in Decision Making

This attribute is very important in measuring the degree of social status of the beneficiaries in the society and at home. If the degree is high, it indicates a higher status is enjoyed by the beneficiaries. On the other hand, the low degree indicates lower statuses at home and in the society. The following table shows the scores regarding this attribute during two period of time.

Table no: 7.2.2.c

**Scores For Participation in Decision Making
Process by the Beneficiaries at Home**

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
7	7	26	7
6	6	31	6
38	5	51	5
51	4	67	4
52	3	102	3
81	2	59	2
223	1	122	1
458		458	
Mean	2.22		3.14

Source: Field Survey

Table no: 7.2.2.d

**Scores For Participation in Decision Making
Process by the Beneficiaries in Society**

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
2	7	19	7
7	6	34	6
19	5	67	5
26	4	109	4
31	3	142	3
108	2	66	2
265	1	21	1
458		458	
Mean	1.81		3.68

Source: Field Survey

(iii) Self Reliance and Self Confidence

This attribute is very important in measuring the degree of social status of the beneficiaries in the working place and at home. If the degree is high, it indicates that the beneficiaries can take their own decisions and implement it. On the other hand, the low degree indicates the beneficiaries are dependent on other for decision making. The following table shows the scores regarding this attribute during two period of time.

Table no: 7.2.2.e
Scores For Self Reliance and Confidence Of the Beneficiaries at Home

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
2	7	22	7
12	6	38	6
34	5	42	5
48	4	84	4
41	3	92	3
67	2	39	2
254	1	141	1
458		458	
Mean	2.09		3.11

Source: Field Survey

Table no:7.2.2.f
Scores For Self Reliance and Confidence Of the Beneficiaries at Working Place

2004-05		2008-09	
Number of beneficiaries	Score	Number of beneficiaries	Score
4	7	29	7
18	6	33	6
22	5	37	5
31	4	98	4
69	3	182	3
113	2	48	2
201	1	31	1
458		458	
Mean	2.19		3.60

Source: Field Survey

To statistically test the proposition that micro finance intervention has positively influenced the social status of the beneficiaries, the following hypotheses have been made.

Ho: There will be no change in social indicators due to micro finance intervention

H1: There will be positive change in social indicators due to micro finance intervention

The differences in means have been tested using the paired t test method. The results are given in the following table.

Table no: 7.2.2.g

Composite Scores Of Social Benefits

Attributes	Score in 2005-06	Score in 2008-09	Difference	t value
Prestige at Home	2.10(2.31)	3.72(4.20)	1.62	4.41**
Prestige in Society	2.03(4.24)	2.80(7.04)	0.77	2.01**
Participation in decision making Process at Home	2.22(4.17)	3.14(6.9)	0.92	2.44*
Participation in decision making Process In Society	1.81(4.33)	3.68(6.68)	0.87	5.04**
Self Confidence At Home	2.09(4.21)	3.11(6.91)	1.02	2.70**
Self Confidence At working Place	2.19 (2.25)	3.60 (4.27)	1.41	3.83**

. Note: (** denotes significance at 1% level and Standard deviation is in parenthesis.).

As in all cases null hypotheses have been rejected, so it means that the alternative hypotheses have been accepted and statistically proved that the micro finance scheme has a positive change in the social status of the beneficiaries.

7.3 Conclusion:

The effectiveness of any micro finance programme depends on the impact on the beneficiaries in terms of upliftment of different attributes. In this chapter different parameters of the socio economic aspects have been carefully assessed and their impacts on the socio economic position of the beneficiaries have been measured. The use of Babbie's method for calculating scores covers a host of economic and social variables and gives a transparent and objective indicator of impact. The scores calculated are very important in this content because there are many popular believes that the intervention of SJSRY Programme has positive impact on the socio economic position of the beneficiaries. The findings of the impact prove that their believes are not baseless. It has been seen that due to introduction of the scheme SJSRY, the economic indicators like regularity of work, access to loan, assets held by beneficiaries, group corpus and monthly savings of the beneficiaries have positively changed the economic position of the beneficiaries. The same positive change have been found in case of social indicators like prestige of the beneficiaries at home and in society, decision making at home and in society and self confidence of the beneficiaries at home and in working place. As a whole introduction of the scheme has changed the socio economic status of the beneficiaries in the districts of Uttar and Dakhsin Dinajpur and helped in empowerment of beneficiaries.

Chapter VIII

CONCLUSIONS AND POLICY IMPLICATIONS

Micro finance movements have made their presence felt in nearly all areas in India and the world. Though the penetration and outreach of micro finance programmes are more pronounced in rural areas, the programme targeted at the urban poor have also made headway in different parts of India. Research on micro finance delivery and impact has been mainly focusing on rural areas. However, urban micro finance deserves to be critically analysed to bring out the systems and problems so as to help in formulating better policies for effective implementation of the scheme.

This study was conducted to find out the outreach and operational aspects, bank linkage systems and impact of SJSRY in the districts of Uttar and Dakshin Dinajpur. Though a few studies on different aspects on SJSRY were conducted earlier in India, this study has concentrated in the districts of Uttar and Dakhsin Dinajpur. The study has covered different aspects of the scheme SJSRY so as to critically review the systems and problems and the way for rational policy recommendations for the future. The findings of the study are expected to be useful to the Government, bank managers, CDS officials, NGOs and other interested persons who are responsible for the successful implementation of the scheme SJSRY. The study has been carried out at the grassroots level and primary data has been collected through questionnaires, personal interviews, and discussions conducted at group's meeting .Analysis of primary and secondary data and the study of the system, procedures,

linkage with banks, disbursement of funds and utilization, group activities and impact on beneficiaries have revealed several interesting facts. The main findings are reported below:

8.1 The Main Findings

- Though the scheme SJSRY was introduced in the year 1997 in India, the operation of the scheme in the districts of Uttar and Dakshin Dinajpur was started much later in the year 2000 onwards. Analysis of the trend in TCGs in the districts of Uttar and Dakshin Dinajpur has revealed that the number of TCGs have grown at a steady rate during the last decade. In the district of Uttar Dinajpur, the Cumulative Average Growth Rate (CAGR) of the TCGs is 49.59%. Among the municipalities in the district of Uttar Dinajpur, most of the TCGs have been formed in Raiganj and Kaliaganj municipalities. In Dakshin Dinajpur district, the formation of TCGs in Balurghat municipality is higher than Gangarampur municipality. It has been observed that the overall growth of TCGs in the district of Uttar Dinajpur is higher than Dakshin Dinajpur district.

- Steady growth of DWCUA groups has been found in both the Uttar and Dakshin Dinajpur districts. The CAGR in Uttar Dinajpur district is 114.71% and in Dakshin Dinajpur district is 106.99%, which is much more than the CAGR of formation of DWCUA groups in West Bengal. In Uttar Dinajpur district, most of the DWCUA groups have been formed in the municipality of Raiganj and Kaliaganj. In the district of Dakshin Dinajpur, the formation of DWCUA groups in Balurghat municipality is more than Gangarampur municipality.

- Though there has been a substantial growth in number of TCGs and DWCUA groups in both the districts, the pattern of growth has not been uniform in relation to the demographic or geographical areas. While there has been a concentration of groups in Raiganj and Kaliaganj municipalities, the groups in the municipalities of Dalkola and Islampur have been sparsely distributed.

- It was necessary to examine whether the groups formed received the necessary revolving fund. The examination of data over the years revealed that in the districts 50% to 80% of the groups received revolving fund. In Uttar Dinajpur district, 53.71% of the groups have received Revolving Fund and in Dakshin Dinajpur 77.43% groups received Revolving Fund as on 2008-09. Though it is encouraging, yet it has to be perceived that the success of the micro finance schemes depend on timely provision of funds and therefore the rate of disbursement needs to be stepped up. However problems have been noticed in the process of disbursement of Revolving Fund and loans and these need to be corrected.

- It has been seen that in respect of disbursement of Revolving Fund, a growth has been observed in the year 2005 to 2007 in the district of Uttar Dinajpur district. But from 2007 onwards, the growth rate has been declined. In the district of Dakshin Dinajpur, the growth rate of disbursement of Revolving Fund was fluctuating.

It has also observed that the average amount of Revolving Fund per group ranges from Rs. 12,000 to Rs. 19, 000 in these districts. This is encouraging but the trend of average Revolving Fund per group has declined over last three years.

It has been found that a large portion of Revolving Fund is utilized by the members of the group. The percentage of utilization of Revolving fund ranges from 80% to 98% in these districts. The percentage is very encouraging. It indicates most of the groups have the ability to use the Revolving Fund. It has also observed that the maximum limit of Revolving Fund is not enough to fulfill the need of the beneficiaries.

- The DWCUA and TCG bank linkage is very important for the successful operation of the scheme. It has been observed that DWCUA bank linkage in the districts of Uttar Dinajpur and Dakshin Dinajpur is fluctuating. The ratio has steadily grown up up to the year 2007-2008, but in the year 2008-09, the trend of bank linkage of DWCUA has been declined. In case of TCG and bank linkage in the district of Uttar Dinajpur, it was increasing up to the year 2007-08, but in the year 2008-09, it has also declined. In the district of Dakshin Dinajpur, a steady growth of bank linkage in case of DWCUA and TCG both has been found during last 4 years. The percentage of DWCUA bank linkage ranges from 50% to 80%.

- Regular conduct of meeting is one of the important conditions for successful operation of the scheme. It has been seen that in 84.93% cases, at least one meeting is held per month where the decision is taken by all the members regarding group activities. In 72.93% cases, all the members attend the meeting and in 21.39% cases more than 75% members present in the meeting. The situation is satisfactory. This is a healthy sign as regular conduction of meeting and good attendance is factors which contribute to cohesiveness and make groups sustainable.

- It has been seen that in most of the cases, the group keeps cash books, Resolution books, and other ledgers which is necessary for smooth operation of the groups.

- It has been found that the monthly contribution of the beneficiaries ranges from Rs. 10 to Rs. 50 and above. In 48.47% cases the members contribute Rs. 10 per month and in 14.41% cases Rs. 20 per month. This mechanism has created savings habit among the members of the group.

- The group members have been found to take loans from the group corpus and use the money for different purposes. It has been observed that in 53.96% cases, the beneficiaries used the amount of loan for their own business purposes. It has been also observed that the maximum amount of loan has been used for extending the existing business of the beneficiaries. The beneficiaries take loan from the group corpus through out the year. The demand of the loan is increasing day by day. In many cases the fund available is less than the demand of loan. It has been found that the maximum amount of loan, which was given to the members, ranges from Rs.5000 to Rs. 15000 per member per year. It is to be mentioned that the inter loaning was only restricted within the members of the group. The outsiders were not allowed to get loan from the group.

- The rate of interest charged in case of inter loaning is 2% per month. In many cases it has been found that the interests earned by the group by inter loaning operation among the members distributed among the members at the end of the year. The members paid the loan installments on monthly basis (maximum 10 installments). It has been seen that in 83.96% cases the beneficiaries paid the loan in time.

- The inter loaning facilities has reduced the habit of taking loan from private sources or moneylender. It has been seen that in 81.05% cases the beneficiaries take loan from banks and only in 14.42% cases the beneficiaries take loan from moneylenders.

- Loans from banks and inter loans have helped in removing the credit constraint of the beneficiaries and a large number of them are engaged in micro entrepreneurial activities like grocery, goater, piggery, soft toys making etc. Though these micro entrepreneurial activities cannot guarantee large incomes, yet it is a contributor to their livelihood.

- It was found that the members are transacting with the bank more successfully than before. The scheme has increased the confidence of the group members regarding activities of the business. It also helped the members of the group to learn to deal with bank transactions. More than 90% beneficiaries can operate bank transactions in these districts

- The beneficiaries argued that the bank takes long time for processing the application, sanctioned lesser amount of loan and also rejects many applications for loans. The bank managers argued that these irregularities do not occur due to their fault. During the study, it has been found that the banks were not able to fulfill the expectations of the beneficiaries and the CDS officials regarding their services in respect of different attributes. This has been shown by using SERVQUAL Analysis.

- It has been observed that the members of the group were very poor and they have to work elsewhere for their livelihood. In spite of that, time was not any

constraint to the members of the group. It indicates that the members have time to spend for the group activities.

- It has been seen that due to introduction of the scheme SJSRY, regularity of work, access to loan, assets held by beneficiaries, group corpus and monthly savings of the beneficiaries have positively changed the economic position of the beneficiaries. The same positive change has been found in case of social indicators like prestige of the beneficiaries at home and in society, decision making at home and in society and self confidence of the beneficiaries at home and in working place. As a whole introduction of the scheme has changed the socio economic status of the beneficiaries in the districts of Uttar and Dakshin Dinajpur.

During the course of the study some relevant hypotheses have been formulated. The set of hypothesis which have been statistically tested draw from the main presumption of the study as to whether urban micro finance delivery system in the districts of Uttar and Dakshin Dinajpur have been effective in outreach, delivery systems, service provision and impact. The following are the hypotheses tested.

I) To examine whether the groups formed depend on population, area and number of CDS. For this purpose it was hypothesized that:

Ho: The numbers of groups formed do not depend on area, population and CDS

H1: The numbers of groups formed depend on area, population and CDS

In this case the null hypothesis was accepted.

II) To examine whether the commercial banks have fulfilled the beneficiaries' expectations regarding quality of services. For this purpose it was hypothesized that:

Ho: There will be no difference between the qualities of service of the banks as expected by the beneficiaries and as perceived by the beneficiaries

H1: There will be difference between the qualities of service of the banks as expected by the beneficiaries and as perceived by the beneficiaries

In this case the null hypothesis was rejected.

III) To examine whether the commercial banks have fulfilled the CDS officials' expectations regarding quality of services. For this purpose it was hypothesized that:

Ho: There is no difference between the expectation and perception of the CDS officials regarding the services provided by the banks.

H1: There is difference between the expectation and perception of the CDS officials regarding the services provided by the banks.

In this case the null hypothesis was rejected.

IV) To show whether the scheme SJSRY has changed the economic status of the beneficiaries. For this purpose it was hypothesized that:

Ho: There will be no change in economic indicators due to micro finance intervention

H1: There will be positive change in economic indicators due to micro finance intervention

In this case the null hypothesis was rejected

V) To show whether the scheme SJSRY has changed the social status of the beneficiaries. For this purpose it was hypothesized that:

Ho: There will be no change in social indicators due to micro finance intervention

H1: There will be positive change in social indicators due to micro finance intervention

In this case the null hypothesis was rejected

8.2 Suggestions

- The scheme SJSRY was introduced in December, 1997. But it was seen that no real effort was given by the Central Government as well as State Government in the initial years to serve the urban poor people. From the year 2000 onwards real efforts were given and the scheme has began to roll. Due to the lack of initiatives in the beginning years, people have been deprived from getting the benefits of the scheme in the initial years. Though this loss of these years cannot be made up regarding the quantitative targets, yet this loss can be some what made up if the groups formed in the later stages are matured properly and are made sustainable.

- Urban poverty is manifested in all municipal areas of the districts of Uttar and Dakshin Dinajpur and should have been targeted for formation of beneficiary groups uniformly. However concentration of groups without having regard to the demographics and geographic areas speak of improper planning. There is an immediate need to recast the planning procedures and target setting for different

wards in municipalities to ensure uniform distribution. Unless this is done, the benefits of micro finance will not percolate uniformly to the urban poor in the districts.

- Disbursements of Revolving Fund to groups have been growing at a steady rate. However, when the statistics that are revealed in this study show that on an average 60% to 65% of the groups have received Revolving Fund, it clearly suggests that more efforts should be taken up by the municipalities, CDSs and banks to release the funds to more groups on time. Since Revolving Fund is the cold money which gets added to the warm money of the groups to form the group corpus, the groups which do not receive the Revolving Fund on time may die out due to lack of credit. Hence the procedures for release of Revolving Fund should be made simple and time bound.

- The average amount of Revolving Fund per group has shown a steady growth till the year 2007 and there after it started declining. Though the numbers of formation of groups have been increased and more numbers of groups have received Revolving Fund, the disbursement of amount of Revolving Fund should be increased for successful operation of the group.

- At present Revolving Fund is allotted @ Rs. 2000 per member subject to maximum of Rs.25, 000 per group. A proposal has come from the Government to increase the amount of Revolving Fund in West Bengal. The proposal should be immediately implemented as early as possible to arrange more funds for the beneficiaries.

- Utilization of Revolving Fund in the district of Uttar and Dakshin Dinajpur ranges from 70% to 90%. Apparently the overall utilization rate is satisfactory. But the

percentage of utilization has not shown uniformity in the municipalities. The uniformity in utilization is necessary for fulfilling the objectives of the scheme SJSRY. However, the Revolving Fund can only be used for business purposes. A proper monitoring system be implemented to watch the utilization of Revolving Fund.

- The bank has to play an important role for the success of the scheme SJSRY. The beneficiaries faced the hindrances due to longer time required for processing the loan, granting lesser amount of loan than the application, rejection of loan applications by banks. It has also been found that the banks have yet to fulfill the expectations of the beneficiaries and the CDS officials regarding their services to the beneficiaries in respect of different attributes. So, the banks should come out to solve these problems and extend their helping hands to make the scheme a success. The SJSRY guidelines should be specific about the amount of loan to be sanctioned at different stages.

- Awareness programmes should be organized by the banks so that the linkage operations can be smooth and the bankers can guide the beneficiaries in a better way. The banking under SJSRY programme is a “win-win” situation. The beneficiaries benefited from banks through loan without collateral and the bank also benefited by excellent recovery rate and opening accounts in the name of the groups instead of the individual account.

- Though the group members have joined the group under the scheme SJSRY, but many of them are not well aware about the objectives of the scheme. The appreciation of the members about the scheme should be increased through continuous awareness building, capacity building and monitoring programmes.

- In most of the cases, it has been found that the interest rate in case of inter loaning is much higher than the bank interest rate. Usually it is 2% to 3% per month which translates to 24% to 36% per annum. On the first glance the interest rates seems to be too high and put a burden on the beneficiaries. However, the interests earned from the members are added to the group corpus. Again in many cases, the interest earned by the groups by inter loaning operations has been distributed among the members of the group. So, the real interest becomes much lower than the prescribed rate. This practice should be followed by all the groups to encourage the beneficiaries to take more loans for their business as well as to increase their income from interest as group member.

- In most of the cases the beneficiaries have to repay the inter loaning installments in about 10 installments. The duration of repayment is short .If the number of installments can be increased, it would reduce the pressure of repayment to the beneficiaries.

- In some cases the banks are situated far from the beneficiaries. In this case, reaching at the bank is very expensive and time consuming for the beneficiaries. The beneficiaries cannot reach at the bank in time. And transacts business within banking hours. It would be very helpful for the members if the mobile bank facilities could be extended in these areas or banks could set up disbursement and collection campus in the wards which are at a considerable distance from the banks.

- The conduction of regular meeting and active participation of the members are very important for success of the scheme. The rate of conduction of meeting and the attendance of the members are satisfactory in these districts. A group remains

cohesive and can spell out productive ideas only if all members take active part in decision making process. The group leader and CDS officials should take up active roles and make the members of the group aware about the benefits of collective decision making.

- Most of the beneficiaries contribute monthly Rs. 10 each as own contribution. At the initial stage of the group, when savings habit has been growing up among the members, contribution of Rs.10 per month is satisfactory. But with the maturity of the group, the monthly contribution per member should be increased if the members take up economic activities and earned enhanced income. The higher savings would lead to a higher group corpus and thereby increase the investment base for micro enterprises.

- The target of Micro Finance Programme delivered under SJSRY aims at self employment in micro enterprises owned and operated by the beneficiaries. The growth in the number of groups in the areas under the study is laudable. However care has to be taken in judging the success of the programme not only from quantitative aspects but also from their economic viability and sustainability. So, the target must not be based on only quantity of the groups formed or the quantum of credit disbursed or the amount of subsidy released but also the number of matured quality group.

- Change in economic and social indicators indicate socio economic empowerment for the women beneficiaries. The SJSRY Programme has to be continuously monitored for its policy and operational aspects so that the programmes keeps up with the requirements of the changing environment and the micro financing system for the micro enterprises contribute to their sustainability. Only a sustainable

urban micro finance system can contribute to long term socio economic empowerment of beneficiaries.

8.3 Epilogue

It is said that when motives are pure, misfortunes are less. The Indian economic history has been replete with schemes for poverty alleviation being introduced with a lot of fanfare and withdrawn within a short span of time. It is expected that such will not be the fate of SJSRY as the motives and operational policies with which it has been framed are radically different from earlier schemes. The principle that multiple credit injections follow thrift, is bound to inculcate an element of fiscal discipline in the microfinance beneficiaries. Further, pursuing economic activities in a group, rather than as an individual not only enhances the capabilities of the members to operate on larger scales, but also builds up synergies that prop their socio economic status. The study has attempted to delve into various operational and policy aspects of the scheme and come out with comprehensive suggestions and recommendations with a belief that if they are seriously considered and implemented by the appropriate agencies it may contribute to designing a more effective micro finance delivery mechanism through SJSRY.

However, the field of urban micro finance being diverse in nature requires enquiries into many other aspects. Therefore, there exists the scope for future research not only into impact in the next five or ten years, but also into sustainability of the beneficiary groups. It is imperative that when beneficiary groups remain in existence and build up their capabilities, the benefits of socio-economic empowerment can automatically flow in. Again to remain sustainable, the groups need to find markets

for their produced goods and sell them at prices which can give reasonable profits. Therefore the issues of sustainability, which includes physical as well as financial sustainability, attrition from groups and reasons there of, problems in marketing etc. can be explored by future researchers. Finally, only recommendations, rules, regulations and guidelines cannot serve the purpose. It is also a matter of deep feeling and emotion for the poor and downtrodden and also a mission where sincerity, dedication and tireless efforts can really be fruits .It is a sincere belief that the right combination of regulations and devoted efforts of concerned officials can make SJSRY the largest successful urban micro finance programme operating in India and in the world.

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How the sample size was arrived at and why it is adequate

The sample size for the purpose of the study was determined by taking into consideration a number of qualitative and quantitative factors. The calculation of an appropriate sample size relies on a subjective choice of certain factors and sometimes estimates. The important qualitative factors that were taken into consideration were the nature of the research, the nature and number of variables, the nature of the analysis, sample sizes used in other studies, resource constraints and attrition of respondents. Since the study involved descriptive surveys taking a large number of variables, it was necessary to take a large sample. Moreover, it was considered if the sampling size would be large, the sampling variation or standard error would be small. However, the cost of collection of data for large sample and the accessibility to the groups and availability of group leaders were also considered during the pilot survey. After receiving assurances from the CDS and municipality officials that they would help in identifying and accessing the groups, it was decided to go in for a large sample.

On the quantitative side the size of the sample was based on the confidence interval approach. For this purpose the level of precision, i.e., the maximum possible difference D between the sample mean of group income and population mean was taken as \pm Rs 5. The level of confidence was specified at 95% for which the associated z value was 1.96. The standard deviation of the income of groups of the population was estimated on the basis of a pilot study ¹ and calculated to be 68 and rounded off to 70. The sample size using the formula for standard error using the formula $n = (\sigma^2 z^2) / D^2$ was found out to be 752. Since the sample size exceeded 10% of the population in 2005-06 the finite population corrector ($nN / n+N - 1$) was used to arrive at a sample size of 452. However, any sample size calculation is based on the total number of subjects who are needed in the final study. In practice, eligible subjects will not always be available for response, especially in case of longitudinal designed studies and it will be necessary to approach more subjects than are needed in

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the first instance. In addition, even in the very best designed and conducted studies it is unusual to finish with a dataset in which complete data are available in a usable format for every subject. Subjects may fail or refuse to give valid responses to particular questions, physical measurements may suffer from technical problems, and in studies involving follow up there will always be some degree of attrition. To take care of this problem the incidence rate and completion rate was taken into consideration for determining the initial sample. Incidence rate refers to the rate of occurrence or the percentage of persons eligible to participate in the study In this case since all group leaders/ members of the TCS and DWCUA groups were eligible, the incidence rate was taken to be 100% or 1. The completion rate denotes the percentage of qualified respondents who complete the survey. In this research it was expected that the completion rate of 90% since assurances had been received from CDS and municipal officers. This meant that the initial sample size should be 1.11 times the final sample size. The initial sample size was therefore 452 multiplied by 1.11 which equals 500. For the purpose of identifying the groups, the names and addresses were collected from the respective CDS and municipalities and a random number generated from computer was assigned to each groups. The 500 groups were then chosen randomly from each CDS and municipality. The questionnaires were administered to the group leaders/members usually when they assembled in CDS meetings and also in the localities in which the group members resided. Due to some problems in responses 18 questionnaires had to be rejected and the number of valid responses was initially 482. Since the study involved use of longitudinal design for study of impact a part of the questionnaire had to be administered to the respondent in 2008-09 again. In this survey 24 groups could not be traced and had to be eliminated from the sample. The sample was therefore finally taken as 458 for the study.

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1. "The standard deviation of the population might be estimated by conducting a pilot study. Alternatively it might be estimated on the basis of the researchers judgement" Malhotra N. in Marketing Research- An Applied Orientation , Pearson Education , Fourth edition _ 2005, pp346-347



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