

CHAPTER 2

REVIEW OF LITERATURE

2.1 Introduction

Microfinance is a globally accepted concept which has the ability to economically uplift and gradually help in the overall development of the rural society of any nation. SBLP and MFI model has made the concept of microfinance factual in India. The rural economy is the backbone of India as the majority of the population lives in the villages. Availability of formal finance to the rural folk can not only make villagers prosper economically but also empower them gradually. Though these two models have been in operation for more than two and a half decades, it has witnessed ups and downs in its progress. The prime motive of the policy makers should make Microfinance available in every nook and corner of the nation to empower the rural poor and work in a manner which will help both the programme and the groups to sustain in the long run.

This chapter reviews the theoretical and empirical literature on microfinance, mostly emphasizing on the SBLP. Section 2.2 deals with the empirical background of microfinance in India that particularly focuses on the performance of SBLP in India and its regions. Section 2.3 reviews the literature related to the theoretical background of empowerment and sustainable development. Section 2.4 deals with an empirical and analytical literature review of empowerment and sustainability aspects of microfinance. Finally, section 2.5 concludes the chapter and discusses the gap in the existing literature.

2.2. Literature on SBLP

Many studies worldwide have addressed the role of microfinance and researchers stressed on the beneficial economic and social impacts of microfinance (Hossain, 1988). Microfinance has made tremendous strides in India over the years and it has become a household name in view of the multi-pronged benefits from microfinance services to the poor (Reddy & Malik, 2011). SBLP, the holistic microfinance programme of India has reached to the needy and poor Indians by the vast Indian banking network by liberalizing the norms of lending, so as to make them bankable (Annapurna, 2017). But the crisis in Indian microfinance which started in south India at the beginning of the decade has done immense damage to the industry. However, it has sustained itself on the basis of its reputation and trust (Haldar & Stiglitz, 2013).

Many studies have compared the two modes of delivery of microfinance in India viz. SBLP mode and MFI mode and most studies have advocated in favour of SBLP as a better mode of microfinance delivery in a country like India.

Paul and John P (2011) explores the two delivery models of micro-financing and has considered SBLP model of microfinance to be more superior to the MFI model if implemented efficiently even though both the models of microfinance delivery have their own merits and demerits. On a similar note, Mehta P. (2015) discusses the performance and growth of SBLP and MFI in her study with the help of SHG credit linked and SHG loan outstanding. The study favoured SBLP as a more successful mode in reaching a bigger chunk of the population as compared to that of MFIs. On the other hand, Narwal, Pathneja and Yadav (2015) measured the determinants of performance of Indian financial sector based on the performance variables of the banking sector and MFI in India for a period of six years. The size and spread to total assets which were taken as

explanatory variables have some positive effect on banks but they have a negative impact on MFIs.

SBLP has a positive growth from the very beginning on the basis of saving mobilization, loan disbursement, outstanding SHG loan amount and NPA rate against SHG loan (Barman & Adhikari, 2016). However, the main drawbacks of SBLP movement are, it has not progressed at the same pace in all six Indian regions and there is also a variation of growth and coverage between different states of the same region (Manohar, 2015; Singh & Kumar, 2016; Annapurna, 2017). The reach out to the southern region is significantly high while it is significantly low in the NER. There are numerous reasons and one of the important factors is the bank network. Pokhriyal & Ghildiyal, (2011) finds that a major portion of the growth in the banking network is shared by the southern region. On the other hand, the spread of SHG in both north and NER is poor. Reddy & Malik, (2011) also added social backwardness and less NGO activity as the other two reasons besides banking penetration. Singh & Kumar, (2016) further talk about some other prime reasons for the region-wise disparity such as lack of proper communication, financial literacy, geographical positions as well as the efficiency of banking agencies.

Choudhery & Pegu (2015) and Roy (2013) measure the progress of the microfinance sector in NER with the help of three parameters namely savings mobilization, loan disbursement and SHG loan outstanding. However, to have a comprehensive picture on the progress and performance of SBLP, the idea of the growth of NPA on SHG loan is of crucial importance. Barman & Adhikari (2016), Roy (2012), Saha (2015) and Sharma (2011) include NPA as the fourth parameter to evaluate the performance of SBLP in NER. Roy (2012) highlights the huge disparity in microfinance activities among North Eastern states of India with that of the national scenario. Sharma (2011) reveals that most of the NPAs are concentrated in Assam but the scale of NPA is very large for Mizoram

followed by Nagaland. In contrast to this Barman & Adhikari (2015) observes that recovery performance of all the NE states is similar to a considerable extent and burden of having per SHG NPA is by and large parallel across the states.

Amongst northeastern states of India, Assam has been performing better than the other states in SBLP promotion. Sarania (2015) conducted Wilcoxon signed ranks test to find out the significance of the difference, which showed that a majority of the respondent's income, employment days and amount of savings increases in the post-SHG situation as compared to the pre-SHG situation in Assam. Das & Baruah (2013) examined the effectiveness of SHG in socio-economic empowerment in Assam and result revealed a positive change in the living standard of the people with an increase in income in the study area post joining SHG.

However, the major factor of aspect is that in Assam, the high rate of low-quality group formation has led to a low rate of SHG saving linkage, credit linkage and loan outstanding. On the other hand, the NPA rate of SHG loan is much higher than the national average, which threatens the long-term sustainability of this programme (Das, 2013). For a group's sustainability, SHG needs to undertake entrepreneurial activities to generate income (Bora & Talukdar, 2012). Bortamuly and Khuhly (2013) investigated the constraints faced by the SHGs of Assam while taking up income-generating activities. The study found that the complex procedure of getting SHG loans hinders fund mobilization. The financial sustainability of SHG depends mainly on the repayment pattern of the loan, by the members and non-members (Sharma, 2000). Repayment will be high when the income generation of members through proper utilization of funds will be high. Bora & Talukdar (2012) analyzed the functioning pattern and sustainability of SHGs of Assam and result shows that the adaptation of more or less same activity by SHGs in the study area, indicating competitive market which results in marginal profit

within the geographically confined locality. Again Das (2012) observed that in Assam a fair number of SHGs are defunct in nature (for sample development block), and are in records only. Most of the SHGs which are formed in the block are prearranged mainly to get financial benefits and subsidies. On a similar note, Sharma (2011) found that in Assam, the delinquency rates reported at the branch level (for the samples) are 18%. The actual figure increased to 47% at the field level. Delinquency of an SHG is strongly related to its quality. Das (2012) and Das & Bhowal (2013), evaluated the quality of SHG in Assam with the help of quality parameters. Das (2012) further pointed out in his study that some groups break down immediately after receiving revolving funds and start a new group with a new set of leaders to get another dose of fund or subsidy.

So far as the agency wise performance in promotion of SBLP in six Indian regions is concerned, different studies came out with different findings. Considering both public and private sector commercial banks, Savyanavar & Trivedi, (2016) finds that the cost of providing microfinance in a rural area is more for the private sector than public sector banks. In the same way, Manju & Shanmugam, (2013) and Nikita, (2014) advocated about the vital role played by a commercial bank in providing credit facility to SHG members through SBLP in India. Conflictingly Singh & Kaur, (2016) highlighted about better performance of cooperative banks than commercial banks and RRB in terms of savings, loans disbursement and loans outstanding of women SHGs and further opines that RRBs performance is better than cooperative banks and commercial banks in terms of the level of NPA. Singh & Kumar, (2016) on the other hand, has a completely different view about bank wise performances which points out RRB as the poorest performer in promoting SBLP and Commercial Banks and Cooperative Banks have the maximum amount of credit linking and a maximum number of saving linking of SHGs

under them. Annapurna, (2017) is also of the same view that RRB exhibited a downward trend in tapping SHG savings as well as in loan disbursements.

For successful implementation of SBLP, mutual benefit of bank and SHG is most essential (Annapurna, 2017). Das (2013) is of the view that the sustainability of this programme is worrisome due to the high rate of NPA against SHG loans. Many reasons contribute to this high rate of NPA of SHG loans. One of the reasons is a high level of the outstanding loan amount which leads to high NPA (Nikita, 2014). Goyal et al, (2017) also of the same view that increases in outstanding loan amount each year over the previous year is a serious matter of concern. Channelization of SHG loans for the productive purpose would increase the income of groups which will improve their repayment capacity and that will also be helpful in narrowing down the gap between loan outstanding and loan disbursed (Singh & Kaur, 2016).

According to the study conducted by Roy (2013), Commercial Bank contributes almost half of the SHG savings in Assam, whereas the performances of RRB and Cooperative Bank have been comparatively poor. Contradictorily Bhuyan, (2008) and Sharma (2011), highlight better performances of RRB in Assam, in SBLP promotion. Additionally, Sharma (2011), points out RRB's active role in credit linking SHGs of Assam, as well as in NER, which is higher than all India rate of credit linking by the RRBs.

2.3 Theoretical Perspectives

2.3.1. Empowerment

The exclusion of the poor people in social, cultural, economic, and political contexts can be attributed to their lack of say and power over various aspects of life. Empowerment means different things to different people and has been defined differently from time to time. However, the origin of the term empowerment is not very old and most of the

dictionaries only shows a pre-twentieth century definition of the verb empower meaning 'to empower' and 'to give power to'. The issue of 'women empowerment' is now a global phenomenon. Since the inception of the United Nations Organisation, the issue of women's development has attracted the attention of scholars from all over the world. Economic Empowerment is the need of the hour. Employment enables women and girls to become bread earners and also contributing members of households with a strong sense of economic independence. Thus, it can be concluded that economic empowerment acts as a powerful tool against poverty and economic empowerment will lead to other forms of empowerment in the long run (Biswas, 2010). A Community Empowerment Model (CEM) which was developed for Niger Delta of Nigeria (2015) highlighted that the collective empowerment is the ability of the community to ensure that their strategic needs which include better health, education services, etc. are met by the government and that their rights are adopted by oil companies. It emphasizes a collective empowerment process which is unlikely to take place unless individuals of the community are empowered.

According to the definition given by the World Bank, empowerment is "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes". Sushama Sahay (1998) defines "women empowerment as an active, multi-dimensional process which enables women to realize their full identity and powers in all the spheres of life". Yet, Arundhati Chattopadhyaya (2005), defines empowerment as a multi-dimensional concept and refers to the expansion of freedom of choice and action in all spheres be it social, economic, and political to shape one's life. Similarly, Varghese, M. and Joseph, J. (2012) also defined empowerment as a multi-dimensional concept since it covers the elements of financial independence, social awareness and political consciousness of an individual. These

elements can be classified as economic empowerment, social empowerment and political empowerment. In 2017, Bill and Melinda Gates Foundation defined empowerment as the “expansion of choice and strengthening of voice through the transformation of power relations so women and girls have more control over their lives and futures” which divided empowerment into three types Choice, Voice, and Power.

World Bank Group advocates that empowerment has different meanings in different socio-cultural and political contexts. The various terms for empowerment include self-strength, control, self-power, self-reliance, own choice, the life of dignity in accordance with one’s values, capable of fighting for one’s rights, independence, own decision-making power, being free, awakening and capability. World Bank conceptualized a new definition of women’s economic empowerment which is now widely used in several disciplines particularly to characterize the states and social processes of individuals and communities. Amongst the empowerment domains, economic empowerment is a recognized subset and is linked to others forms of empowerment like the political and social empowerment, which are also recognized and part of the development process consisting of individuals, communities of social groupings and also of states. Thus, according to the World Bank, the different dimensions of empowerment are Economic, Social, Political and Psychological Empowerment. Quizlet divided empowerment into five groups namely economic, political, cultural, societal and national empowerment. Economic empowerment describes how people work to create wealth while political empowerment describes all the things people do to organise ourselves and also to make decisions. Again, cultural empowerment is daily things such as food, language, clothing, spiritual beliefs, and ideas. Contrary to this societal empowerment describes everything people do when they live, work and play together. National empowerment is the power

of a nation to make decisions for it. United Nations Population Fund (UNFPA) in 1994 advocated about empowerment and autonomy of women and highlighted the fact that improvement of women's political, social, economic and health status is an important end in itself. The UNFPA also advocated in support of educational empowerment of women as education is one of the most important means along with the knowledge, skills and self-confidence which are necessary for the participation of women in the development process. K. C. Mandal (2013) categorized empowerment into five main divisions viz. social, educational, economic, political and psychological. Kakkar and Lakshmi (2017) studied various dimensions of women empowerment and divided it into four dimensions viz. Economic, social, political and health dimensions. Economic Dimension is all about the level of control and access that women have over productive resources, so as to achieve some kind of financial autonomy. Social Dimension, on the other hand, is related to the dynamics of women's social structure relations and social position. Again, Political Dimension is about handing on power to the deprived, powerless and subjugated people who have never been a part of the decision making process and execution of programmes and policies of society, family and government organisations. Health has an impact on economic development as it is an indicator of a population's fertility, well being, worker productivity, savings and labour market participation.

Further in 2017, a Three-Dimensional Model of Women's Empowerment was developed by N. Hansen, S. Otten, and R. Lensink. The model proposes that women's empowerment can take place on three distinct dimensions viz. the micro level- which refers to an individuals' personal beliefs and actions, where personal empowerment can be observed; the meso level- which refers to beliefs and actions in relation to relevant

others, where relational empowerment can be observed and finally at the macro level- which refers to outcomes in the larger societal context where the societal empowerment can be observed. On a similar note Dutta and Bhakta (2017) also related empowerment at three different levels viz. empowerment on the individual, group, and societal/community-level and finally the interaction between all the three on the basis of four basic dimensions of empowerment viz. historical, sociological, economic and political. At the individual level, it refers to women's abilities to have control over their lives, their perceptions about their own value and abilities, their abilities to identify a goal and work towards the achievement of that goal. At the group level, it refers to the collective action and sense of agency that women experience together, in a group. The societal level refers to the permissiveness of the political and social climate, the societal norms and the public discourse on what is possible and impossible for women and how women should behave etc.

2.3.2 Sustainable Development

Empowerment is a gradual process which leads to the development of an individual, society and the nation as a whole. In recent time all leading organisations emphasize not only development but in the process of sustainable development. The most well-known and accepted definition of sustainable development was proposed by the United Nations in the Brundtland Commission (WCED, 1987, p. 37): "Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs (...). Thus the goals of economic and social development must be defined in terms of sustainability in all countries - developed or developing (...)." According to the United Nations, 2005, sustainability involves the reconciliation of three important dimensions: social, economic and environmental. For

achieving sustainable development the three dimensions of sustainability should be harmonized. They are interrelated and therefore should not be considered independently (Sage, 1999; Waas et al., 2010). The development towards sustainability requires an integrated approach, simultaneously focusing on human, environmental and economic wellbeing. Human wellbeing and environmental well being, in particular, are interconnected as the former without the latter are a dead end. Further, environmental wellbeing without human wellbeing makes no sense.

Numerous indices of sustainable development have been developed to evaluate the development of nations in various fields. But the Human Development Index developed by the United Nations Development Programme is the most popular index amongst all. Yale and Columbia University developed another index for sustainable development in 2005 called the Environmental Sustainability Index (ESI). Later the ESI was converted to Environmental Performance Index. Besides there are some other popular sustainable development indices like; Index for Sustainable Economic Welfare (ISEW), Ecological Footprint, Wellbeing Index, Welfare Index, City Development Index, Living Planet Index, Environmental Vulnerability Index, Genuine Savings Index, Environmentally Adjusted Domestic Product, City Development Index, Sustainable Society Index (SSI) etc.

The Dow Jones Sustainability Index (DJSI) is also one of these indices that analyses companies from the entire world and all industries for their sustainable performance (Silvana Pintão, 2014). For companies, sustainability is defined as: “Sustainability is a company’s capacity to prosper in a hypercompetitive and changing global business environment. Companies that anticipate and manage current and future economic, environmental and social opportunities and risks by focusing on quality, innovation and

productivity will emerge as leaders that are more likely to create a competitive advantage and long-term stakeholder value.”(Robeco SAM & S&P Dow Jones, 2013, p. 7). As such a sustainability-oriented company is one that develops over time by taking into consideration the economic, social and environmental dimensions of its processes and performance. According to this theory, “the social responsibility of business is to increase its profits” (Friedman, 1962). For generating sustainable wealth, the objective of a company should not be confined only towards the production of economic value but rather towards the addition to economic, ecological and social value (Elkington, 1997 in Ricart et al., 2005). Besides, Non-Governmental Organisations (NGOs) can also play an elemental role in promoting corporate sustainability, as these organisations can create pressure on companies to be more socially responsible and increase concerns with the environment in which they operate (Nik Ahmad et al., 2003; Haniffa & Cooke, 2005).

Skare and Golja (2012) developed another index on comparative analysis of financial performances of 45 CSR corporations listed on the Dow Jones Sustainability World Index (DJSWI) 2009/2010 and 45 non CSR corporations (meaning not being listed on DJSWI), covering the period 2006–2008 to evaluate the stock performance of the world's leading companies in terms of economic, environmental and social criteria. Companies participating in the Corporate Sustainability Assessment (CSA) receive a total sustainability score between 0–100 and are ranked against other companies in their industry. Only the top 10% of companies from each industry are included in the DJSI based on their sustainability score. Thus to be included or to remain in the index, companies are required to continually intensify their sustainability initiatives.

Some sustainability indices consider all three dimensions of sustainable development, while others measure either the socio-economic, socio-environmental or just economic and environmental dimensions (Vladimir et al, 2016).

2.4 The empirical and analytical perspective

2.4.1. A Microfinance and Empowerment in International Context

Microfinance help people to become economically empowered and gradually one form of empowerment will lead to other forms of empowerments. But the quality of microfinance service and motive of beneficiaries behind availing microfinance depends on the level of empowerment. Two microfinance providers in Ethiopia were compared and Haile et al. (2012) found out that some microfinance programmes are more successful than others. The study shows that microfinance programmes may empower women in three of the four studied dimensions of empowerment. The study also shows that microfinance programmes may perpetuate inequalities as well as reconfirm a gender-specific division of labour. In a different study Soroushmehr, et al. (2012) tried to understand the empowerment process as articulated by the rural women from Hamedan in Iran between two groups of women in SHGs and non SHG group. The results of the study indicated that women who are in SHGs have high mobility, legal knowledge and decision making autonomy, access and control of the household budget. But there is no significant difference between both the groups with respect to domestic violence indicator due to widespread domestic violence and suppression by male members in the family. Also, a comparison of the key socio-economic variables indicated that there are significant differences among groups, on the basis of years of membership in SHGs.

Quality of SHG and years of group membership affect the level of empowerment. To analyse how access to microcredit would affect intra-household decision-making and welfare Ngo and Wahhaj (2011) developed a model of household production, bargaining and credit. The study, in particular, tried to identify conditions under which female household members were most likely to benefit and it was found that in some instances, women borrower's welfare may decline. Also, the results of the study by Weber and Ahmad (2014) suggested that empowerment increases with the number of loan cycles and it cannot be expected that a one-term micro loan can have an effect on a complex social construct as empowerment in Pakistan. Empowerment is also directly related to the control over uses of the loan fund. Some women are subjected to harassment and abuse due to their indebtedness and inability to repay loans. Those women were worse off who had little control over the use of loan funds in Ghana under a NGO-managed microcredit programme (Ganlea, et al, 2015). As such, they were not better off as a result of receiving credit.

2.4.1. B Microfinance and Empowerment in Indian Context

In India microfinance has a major role in empowering the rural poor and low-income group. In a study, Ringkvist's (2013) tried to analyse the women members of a microfinance programme were more empowered than the non-members or not. The study also tried to find the factors that were important for women's empowerment. An index based approach was used to create a measurement of empowerment that consisted of six questions related to a women's household decision making power. Ringquist's study indicated that women who were members of the microfinance programme were more empowered than the non-members. Further, it was also found that being the head

of household and age had a positive effect on empowerment. However, eventually, the age effect on empowerment was found to be diminishing in the long run.

Though empowerment is a multi-dimensional concept most Indian studies have connected microfinance to one or two forms of empowerment. Rai and Ravi (2009) tried to measure empowerment only from the health aspects using health insurance utilization as an indicator of empowerment. It showed how health insurance, gender, and microfinance interact. They confirmed that there was no gender difference in the claimed behaviour of male and female borrowers. However, the wives of male borrowers are significantly less likely to utilize health insurance than husbands of female borrowers. On the other hand, Aruna and Jyothirmayi (2011) attempted to explore the role of microfinance as a financial intermediary in Hyderabad for enhancing women empowerment considering only the economic aspect. The analysis indicated that microfinance activities and SHG participation had many positive impacts on aspects like income, assets, occupation, savings, and access to loans, bank connectivity, knowledge, self-worthiness and decision-making level of the participants. Availability of microfinance loan and its productive utilization had an intense role and impact on women. On a similar note, Mahendra and Naidu (2015) tried to construct the Women Empowerment Index (WEI) based on selected indicators in terms of only economic empowerment to determine the level empowerment of women SHG among three districts of Andhra Pradesh. It was found that male has significantly higher financial literacy compared to females. The study also found that high-income group has significantly higher financial literacy than the low-income group. On the other hand, Swain and Wallentin (2014) examined the variation in women empowerment with respect to the location and type of group linkage of the respondent with the help of household survey

data from five states in India. The results of the study reveal that in the southern states of India, women empowerment take place through economic factors. But for the other states it was found that for women empowerment, autonomy in women's decision-making and network, communication and political participation are also significant contributors.

Some of the empowerment related microfinance studies put more emphasis on socio-economic empowerment of beneficiaries in India. Sivachithappa (2013) focused on the role of microfinance and its impact on socio-economic development of beneficiaries from SHG and NGO in Mandya district. The findings of the study reveal that Women Empowerment Programmes (WEP) made an outstanding impact on the women beneficiaries of Mandya District to undertake economic activities. Lakshmi and Vadivalagan (2015) also found out that SHGs had a greater impact on both economic and social aspects of the women beneficiaries. They used Garret ranking technique to find the reasons of respondents for joining the group and tried to address women empowerment through SHG's in Dharmapuri district of Tamilnadu. On a similar note Thamilpavai and Vasanthapriya, M. (2017) addressed women empowerment through SHGs in the same district of Tamil Nadu. The study also advocated about group members obtaining both economic and social empowerment post joining SHG.

On the other hand, Laha and Kuri (2014) analysed the state of the spread of microfinance outreach across the states of India and attempted to examine the association between microfinance outreach and women empowerment in India. The inter-state variations in the outreach of microfinance and the extent of women empowerment have been measured by constructing two comprehensive indices, viz. the Index of Microfinance Outreach (IMO) and the Index of Women Empowerment (IWE). The study considered

only three dimensions viz. economic, financial and social empowerment to construct women empowerment index and to derive comprehensive IMO and IWE. Apart from states like New Delhi and other union territories, that had already developed a financial network, the association between the outreach of microfinance and the empowerment of women was found to be weak. However, in other states, they found a strong correlation between the two.

Women's empowerment is a multifaceted concept which extends to the psychological, economic, social, cultural, political and institutional spheres of women's lives. Very few studies have covered all the aspects of empowerment. Vijayanthi (2002) tried to explain the process of women empowerment to find out the levels of awareness creation, decision making, self and group empowerment among women from SHG formed under Comprehensive Community Development Programme (CCDP) implemented in five slum areas of Chennai. It was observed that the participation of voiceless women in CCDP made them empowered. Devi (2009) on the other hand analysed the socio-economic status of women beneficiaries and analyzed the factors that influenced the women empowerment. The study used factor analysis method to identify predominant factors of educational, economic, social, political and psychological empowerments. The analysis concluded that out of thirty variables, only seven variables viz. community, marital status, family size, occupation, nature of the house, family income and position did not have much influence in the women empowerment. But the other variables like age, education, type of family, family income, mass media, number of years in SHG, number of trainings attended, literacy skill, self management, thrift and savings, purchasing power, managing family expenses, gender equality, health and nutrients, awareness on environment, social responsibility, rights and powers of women, interest on

political issues, self confidence, skill up gradation, team spirit, decision making, high self esteem and self reliance, influenced the determination of women empowerment amongst the members of SHG.

On a contradictory study, Mudaliar and Mathur (2015) found that microfinance has not always empowered all women but some women do experience some degree of empowerment as a result of microfinance. They tried to analyse the relationship between microfinance and women empowerment and the challenges in empowering women in India.

2.4.1. C Microfinance and Empowerment in Assam Context

Das and Bhowal (2013) found the main elements of empowerment to construct an empowerment model in development blocks of Nagaon districts of Assam. Out of forty (40) elements of empowerment, thirty-four (34) elements relating to empowerment are found useful in constructing the model whose mean value is positive. The assessment of the opinion of the direct stakeholders of SHG with regards to the issue, whether SHG is an empowerment model or not has given a positive result.

A significant number of rural women of Assam have become empowered after getting microfinance services from formal and semi-formal financial institutions. Gogoi and Sharma (2013) assessed the performance of SHG in terms of employment generation and poverty alleviation and found that employment opportunities have increased due to SHG formation also the performance of all women SHG is better than all men SHG in almost all programmes. However, the aim of short-term gains of beneficiaries was major hurdles in the progress of the SHG movement in the study area. On a similar note, Das and Boruah (2005) studied the role of microfinance and SHG for the socio-economic

development of poor people in Lakhimpur and Dhemaji districts of Assam. They found that after joining SHGs the poor people, particularly women have increased their income and also improved their standard of living through various income-generating activities. It was also seen that SHGs have been playing an important role in social-economic development. Borah (2014) evaluated the performance of selected women SHGs in Barhampur Development Block of Nagaon district. The study concluded that rural credit helps members of women SHGs to start a new business.

The performance of SHG in Rani Block of Kamrup District, Assam was analysed by Das and Baishya (2015) to know the social and economic condition and the saving habits of the women SHG members in the area. Microfinance through SHGs helped the women members of Rani Block to improve the economic conditions of the women and has also brought mental satisfaction to their family members. Sarania (2015) also revealed that majority of the respondent's income, employment days and amount of savings increased after joining the SHGs in Baksa district of Assam. However, Barman and Bhattacharjya (2015) observed that even after the increase in income, self-confidence and mobility, still women have social restrictions and they require permission to go outside villages. The study assessed the socio-economic profile of women member to evaluate the impact of SHGs on households and found that there has been a positive change in the respondent's socio economic condition after joining SHG. Thus SHGs have been playing a crucial role in the empowerment of rural women in the study area.

2.4.2. A. Sustainability

The term sustainability of a microfinance programme refers to the financial and operational performance of the particular programme which is measured by loan repayment frequencies and repayment incentive. According to Jeyaseelan (2007), a SHG,

when fully managed by its members indefinitely and is able to meet all the costs of its operations along with accessibility to various resources for their members on its own from the formal institutions, then it can be said to have reached the sustainability. NCAER (2008) looked at the organisational sustainability of SHGs by observing the drop-out rates of the members and the reasons for such dropouts and also the financial sustainability of the SHGs on the repayment patterns of SHGs.

The study by Park and Ren (2001) concludes that NGO programme and other CASS (Chinese Academy of social science) experiments in Henan and Hebei have reached operational sustainability (i.e., they are covering operating costs inclusive of subsidies) and also were either approaching or achieved financial self-sufficiency with good financial and operational performance. Microfinance programmes were successful in reaching the poor. On the other hand, another study on the sustainability of MFI in Namibia says that MFI's are not yet financially sustainable. Adongo and Stork (2005) after considering factors influencing the financial sustainability for selected MFIs in Namibia found that group lending and financial sustainability are negatively related and lower per capita income has no relation with financial sustainability. Those factors which affect the financial sustainability of MFIs were analysed over the period 2002-2010 using a balanced panel data set of 126 observations from 14 MFIs from mix market by Kindie (2012) in Ethiopia. It was found that microfinance breadth of outreach, depth of outreach, dependency ratio and cost per borrower had a significant impact on financial sustainability. But the capital structure and staff productivity had no impact on the financial sustainability of MFIs in Ethiopia. Tehulu (2013) also evaluated the financial sustainability of MFI in East Africa to find out important determinants of financial sustainability of MFI. Out of seven determinants, it was found that two variables viz.

loans intensity and size affected positively, while two variables viz. management inefficiency and portfolio at risk affected negatively and the remaining two viz. breadth of outreach and deposit mobilization did not affect the sustainability of MFI. When grants were used under the microfinance system, it creates a negative impact on MFIs' performances and sustainability (Sekabira, 2013). It was evident from a Ugandan study for assessing the sustainability of MFI based on their capital structure. MFIs must reduce dependence on debts and grants and resort to accumulating share capital for long-term financial sustainability.

The tradeoffs between sustainability, profitability and outreach on 47 Microfinance institutions for four years from 2008 to 2011 in East Africa has been analysed by Kipsha and Zhang (2013). Welfarists approach was used and it was found that negative tradeoffs were present between profitability and outreach to the poor. However, the study did not reveal the presence of any tradeoffs between financial sustainability and outreach measures. Again under the institutionalist view, the study found that the outreach to the poor had a positive relationship with both sustainability and profitability measures.

2.4.2. B Sustainability in Indian Context

SHG federations have potential in making SHGs financially and organisationally sustainable. Nair (2005) tried to explore the sustainability of these two institutions and recommended strategies to strengthen them. After estimating both operational and financial self-sufficiency, it was found that the SHG federations provided several services to their SHGs member which help the SHGs gain economies of scale, obtain value-added services, reduce transaction cost, and enhance empowerment, thereby contribute to the organisational sustainability of the SHGs. From the financial analysis conducted for two federations in the study, it was found that both the SHGs and the SHG

federations can be financially viable even when all costs, including those subsidized by the promoter agency, were accounted for. Amongst the major constraints in developing sustainable SHG federations, the limited capacity of most promoter agencies, the inadequate knowledge base on SHG federations and lack of suitable legal frameworks were some of them. The study also found that SHG federation or other service provider organisations such as the Resource Centers promoted by MYRADA (Mysore Resettlement and Development Agency), not providing financial services, can also be sustainable if they provide services which were able to add value to the SHGs and the service costs were recovered in the form of service charges. According to Salomo, Rao and Kumar (2012) potential of SHG institutions were not realized and as such sustainability of SHG and federation remained uncertain. They tried to enhance the understanding of federations, their role and functions within the SHG movement along with their performance and sustainability.

Quality of SHG is a very essential precondition for the sustainability of the group. Some studies are concentrated on evaluating the quality and performances of SHG in India. The status of the quality and sustainability of SHG in Rajasthan was analysed by reports by ARAVALI (Association for Rural Advancement through Voluntary Action and Local Involvement) in 2008 which were measured through various institutional and financial parameters like conduction of regular meetings, evolution of group norms by members, rotation of leadership, recording minutes of meetings held, proper maintenance of records, regular savings by members, rotation of savings as inter-loan among members, status of bank linkages and status of repayment etc. The study concludes that unless communities owned institutions are sufficiently strengthened, they will always be shadowed by the promoter who might not identify their needs. As such the interest,

quality and sustainability of SHG's will not be achieved. Meshram (2014) examined the SHGs implementation, operational efficiency and overall performance in the district of Aurangabad on the basis of qualitative attributes viz. repayments performance, utilization of common fund, group dynamics and robustness, business focus, interest of clients in participation in decision making, attendance of group members in group meetings, zeal in taking leadership responsibilities and increase in delinquency in savings, client dropouts, etc. The study found that the quality of groups is quite low in the selected Development Blocks as compared to other blocks or states. A comparative study of quality and sustainability of SHGs promoted by DRDA and Mahila Arthik Vikas Mahamandal (MAVM) in Nashik and Jalgaon district was conducted by Dhake and Narkhede (2016). The study instituted that very few groups had satisfying grade-II criteria out of a total number of groups formed and the quality of SHG was very poor in case of both DRDA and MAVIM. MAVIM had a limited working area, although both DRDA and MAVIM were playing important role in microfinance development. DRDA acts as a supporting and facilitation organisation which plays an effective role as a catalyst in the development process. However, the study of Reddy and Reddy (2012) that analyse the quality and sustainability of SHGs promoted by various SHPIs confirmed that SHGs over a period of time did build a good amount of assets. The financial performance of SHGs over a course of time brought a lot of changes at the group level and added to the high-quality institutional sustainability of SHGs promoted by various SHPIs.

There are some factors which have a negative effect on the sustainability of SHG. Praveen and Suresh (2015) undertook a district-level analysis of factors affecting the performance and sustainability of the SHGs in the Palakkad district of Kerala. The study

concluded that the percentage of members below the Poverty Line, the percentage of members who availed loans and had outstanding loan per member positively and significantly affected the sustainability of the SHGs. It enabled women of the region to take prompt socio-economic decisions, earn better from limited resources in hand by aggregating them and has inculcated the banking habit in them along with self-confidence in them. Government subsidy is another factor that influences the performance of SHG. Pati (2009) looked into the issue of sustainability of SHGs considering whether subsidy had an impact on the operational and financial sustainability of SHGs or not. Two specific ratios viz. operational self-sufficiency ratio (OSSR) and financial self-sufficiency ratio (FSSR) are used to evaluate the sustainability of SHGs. The study showed the negative impact of the subsidy on self-sufficiency indicators, i.e., OSSR and FSSR and urged the government to phase out the subsidy component from SGSY and NRLM loans. The study also recommended the need to improve the operating expenses to total income (OETI) ratio at the SHG level which can be done by curtailing some of the unnecessary operating expenditures. There was a direct relationship between the duration of membership and the sustainability of SHG (Sujatha and Somu, 2013). They conducted a study to assess the level of sustainability of SHGs and how close were they from being sustainable and found self-interested people and their financial difficulties were the major factors that influence the sustainability of SHG. Suprabha K. R. (2014) aimed at exploring various determinants of empowerment and rate of sustainability of SHG's in Karnataka. The study tries to construct a consolidated empowerment index of SHGs based on the level of the institutional and financial performance of the SHGs. The study suggested that alteration in SHGs is very much

essential for a long-term perspective, otherwise, the sustainability of SHG is likely to be jeopardized.

Principal Component Analysis (PCA) and overall composite performance index were constructed by Feroze and Chauhan (2010) to assess the overall performance of dairy SHGs in Haryana. Besides, the study used the cumulative square root frequency method on the constructed indices to categorise the SHGs into three groups, viz., poor, average and good for each indicator. The maximum percentage of the sampled SHGs found to be of average performance based on the overall composite performance index. Repayment performances of the SHGs for both internal as well as external loans were quite impressive for those SHGs which received external loans and were in harmony with NABARD guidelines.

2.4.2.C Sustainability in Assam Context

The increasing number of SHG each year has caused a serious challenge to sustain this movement by maintaining the quality of SHGs. The quality assessment of SHGs is now being considered as an important issue (Das, 2013). In a study by Das and Bhowal (2013) which examined the opinion of the direct stakeholders whether promoters or donors or financial institutions or group itself to determine the quality indicators of SHG. It was observed that there are differences among direct stakeholders regarding perception on whose perspective parameters to be considered for assessing the quality of SHG.

To make an appraisal of the sustainability of the dairy-based SHGs in Assam, Rahman (2011) assessed the financial and organisational sustainability of the selected dairy-based SHGs. Further, the study tries to assess and compare the sustainability of dairy farms of SHG members and that of non-members. By taking three dimensions of sustainable

development viz. economic, social and environmental a composite SDFI was constructed to measure the extent of sustainability of dairy farms. The financial sustainability analysis revealed that the group's loan repayment performance was low and the credit-deposit ratio was also not high (much less than NABARD recommendation of 4:1). Further, the organisational sustainability parameters viz. bookkeeping, attendance rate in the meeting, the frequency of meeting was not satisfactory and needed attention. But it was observed that dairy farms of SHG members were economically, socially and environmentally sustainable than the dairy farms of non-members.

Similarly, Bora and Talukdar (2012) conducted a study with women SHGs of Sivasagar district of Assam to understand the functioning pattern and sustainability of the SHGs. The SHGs mobilized their resources through various income generating and entrepreneurial activities like weaving and embroidery, tailoring, preparation of sweets and snacks, pickles and juice, handicraft, poultry and piggery. As all the SHGs more or less adopted the same activities which resulted in marginal profit within a particular geographical locality, the market turned competitive. Das (2012) also advocated that the quality of SHGs in three development blocks of Nagaon Districts of Assam during 2010-11 is quite low and a good number of SHGs were defunct in nature and were just in records. Most of the SHGs formed in the block were organised primarily to get financial benefits and subsidies. On the other hand due to a negative attitude and the inability of the SHGs to generate resources to undertake incomes generating activities resulted in the poor mobilization of resources of SHGs in Sonitpur district of Assam (Bortamuly and Khuhly, 2013).

Sustainability of SHG formed under SBLP in Assam is questionable as almost all studies have advocated negatively about the presence of better performing SHG's in this state.

As the quality assessment of SHGs is now being considered as a key concern, Das (2013) made an effort to make a comparative analysis of the two selected quality assessment tools of SHG by NABARD & MYRADA which helps in the grading of selected SHGs for quality assessment in the Nagaon district of Assam. Another organisation Sa-Dhan which works for the microfinance programme of India has also developed indicators for performance measurement of SHG's. Measuring the performance of SHG and grading groups based on quality will help to know about the level of sustainability of groups in the long run.

2.5. Concluding observation and Gaps in Existing Literature

The above studies are indicative of the fact that SBLP is the key strategy adopted in India by NABARD to spread microfinance to rural areas through banking agencies. Many researchers advocated in favour of the role of SBLP among the two models of microfinance in strengthening the rural economy of India (Paul & John P, 2011; Mehta P, 2015). Most of the studies discussed unequal growth of the programme in the six regions of the country and almost all studies supported about better performance of the southern region in SBLP promotion (Paul and John P,2011; Palak Mehta,2015; Narwal, Pathneja and Yadav,2015). Some studies highlighted the poor performance of NER among all the six regions (Reddy & Malik, 2011). Among all eight states, Assam is in the forefront while Arunachal Pradesh is lagging behind in promoting SBLP (Barman and Adhikari, 2016; Roy 2013; Choudhury and Pegu, 2015). Burgeoning rate of NPA over the years has put the sustainability of the programme at stake (Das, 2013; Nikita,

2014). NABARD has been evaluating the performance of SBLP on the basis of saving mobilization, loan disbursement, outstanding loan amount and NPA rate against SHG loan since the inception of the programme. However, as far as the knowledge of researcher goes none of the studies covered all banking institutions which deal with microfinance and all the four major parameters to measure the national as well as the regional progress of the programme. Moreover, no study has emphasised the competency of banking institutions in Assam in promoting SBLP by analysing these four parameters. These studies are partial in giving an actual picture of the progress of SBLP and performance of banking agencies in India and its regions.

Along with economic empowerment, microfinance has helped its beneficiaries to get empowered in other fronts too such as socially, educationally as well as politically. But most studies in the Indian context have connected microfinance to one or two forms of empowerment (Rai and Ravi, 2009; Mahendra and Naidu, 2015). Most of the studies have advocated in favour of microfinance leading to women empowerment internationally as well as in India, but microfinance has not always empowered all women beneficiaries (Mudaliar and Mathur, 2015). No such study has been conducted in Assam to analyse the effect of SBLP on overall empowerment aspects of women beneficiaries in an analytical manner. Finally, previous studies are primarily concerned with the sustainability of MFI (Adongo and Stork, 2005; Adongo and Stork, 2005; Sekabira, 2013; Tehulu, 2013). Very limited studies have put up the issue of SHG sustainability under SBLP (Feroze and Chauhan, 2010; Rahman, 2011) and no analytical evaluation has been made to find the status of sustainability indicators and the factors determining the sustainability of SHG formed under SBLP in Assam.

Based on the above discussion this study is a humble attempt to fill up the research gap. Accordingly, the study tries to focus on the progress of the SBLP mode of microfinance in India and its regions and in the state of Assam and banks performance in promoting the programme. The study also tries to find out SBLP's role in empowering rural women of Assam. It further attempts to assess the sustainability of SHG formed under SBLP in Assam and significant contributors to group sustainability.