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RURAL FINANCIAL INSTITUTIONS & SELF-HELP GROUPS: A STUDY OF PAURI BLOCK, GARHWAL (UTTARAKHAND).

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Section-I

It is irony of economic history that India, which was a pioneer in evolving its own brand of institutional framework for rural credit system in a moribund state. This holds true for all the three wings of the rural credit delivery system – rural branches of commercial banks, co-operatives credit institutions and regional rural banks (RRBs) (Mujumdar, 1994,1995, 1997, 1998a, 1998b, 1998c).

The overview of various studies has made it possible to get a more accurate view on rural credit systems in general and SHGs in particular. As both institutions are highly praised for their positive contributions in combating poverty, we have tried to verify this success through an investigation of their economic and social impact on their members and on society.

Doubts have been varied regarding the financial viability and development objectives of rural financial institutions (RFIs) and there have been proposals to restructure these institutions to address these concerns. What is perhaps more disturbing is that this deterioration in the status of the rural credit system is not by default but by design. The near total neglect of rural credit by policy-makers during the period 1991-96 is largely attributable to the adverse environment created by the financial sector reforms – reforms which were patterned on the Washington or Basle models, both of which obviously had little to offer in the area of rural credit. Reforms thus crowed out rural credit from the agenda of modernisation of the financial sector. Banking reforms do not only mean ATMs, Computerization, Treasury Operations, Credit cards, NRI branches and perhaps dealing derivatives. They also involve lending to the productive sectors, priority sectors and small borrowers. 'Developing viable credit institutions and providing credit to the rural poor within the parameters of the broad objectives of poverty alleviation is a well-established developing policy' (Mujumdar 1996-97)

What triggered the deterioration was perhaps one of the main recommendations of the committee on financial system: November 1991: directed credit was bad for the health of the banking system and hence the target of credit for priority sector should be scaled down drastically from 40 percent of net bank credit to 10 percent. Fortunately this recommendation was not accepted and in fact the Reserve Bank of India (RBI) demonstrated that even arithmetic on which the recommendation was based was flawed. In practice, however, public sector banks defaulted merrily on the priority sector target of 40 percent of net bank credit and also on the sub-target of credit to agriculture of 18 percent and RBI winked at these defaults. The share of priority sector advances declined from nearly 41 percent in 1990-91 to 37 percent in 1995-96. This clearly reflected a change in the mindset of both the RBI and the bankers (Mujumdar 1998a). It is to the credit of the united government that it stipulated in the June 1996 budgets, the target of doubling the size of rural credit in the subsequent five years. This revival of government interest in rural credit restored the share of priority sectors in total bank credit to 41.8 percent in March 1998. However, the sub-target of advances to agriculture continued to remain unattained, the actual level being at 15.7 percent. This is the state of rural credit at a time when the banking system is facing the problem of mountain of accumulated liquidity (Mujumdar 1998b).

In the area of medium and long-term credit to the rural sector, the operations of the National Bank for Agriculture and Rural Development (NABARD) were crippled because of the withdrawal since 1992-93 of the concessional assistance given by the RBI through its Long-Term Operations (LTO) fund. On the basis of these funds NABARD refinanced, at concessional rates of interest, a number of agricultural and rural development projects. The ostensible reason for withdrawal of LTO funds was the elimination of interest subsidies. The funds so saved were diverted to bridge the government of India's budget deficit – an instance of the financial sector reforms diverting resources away from productive sectors to support government consumption. With this misguided monetary and Credit Policy and the emergence of a new banking culture (Mujumdar 1995) nurture by reforms, which enticed even public sector bankers to concentrate on the three Cs – Consumer Credit, Corporate elite and Capital market related activities, the creation of an adversarial environment for rural credit was complete.

As if this was not enough, RRBs complain that there is not enough scope for lending to target groups, and hence an obliging RBI has permitted RRBs to invest in non-target avenues like share and debentures of Corporates, and units of mutual funds and bonds of Public sector undertakings, thus promoting a reverse flow of fund, from rural to urban sector.

Rural Financial Institutions (RFI)

Regarding the financial performance, reveals that financial deepening through deposit mobilisation in rural areas has dramatically increased. Highly successful deposit collection is not confined to the NCBs (Public Sector Commercial Banks) and RRBs but also PACs which are most ill-equipped to perform this function. (Desai, 1996)

This remarkable deposit mobilisation has resulted from RFIs decentralised network. It is also an outcome of increased incomes of rural sector, since the advent of the green revolution. This success in financial deepening is also revealed by credit deposit ratio.

The dramatic performances in financial deepening also suggest that the mass rather than class banking has inculcated banking habits. This is no mean achievement for the rural areas. To conclude, RFIs performance in developmental objective of encouraging banking habits, promoting private investments and higher and more effective agricultural growth with equity in the rural sector is quite commendable. And it reinforce that the structural changes of the types recommended is unwarranted on this ground, too.

RFIs strengths lie in their interest rates for rural credit, and the six organisational principles for institutional development. These are (1) Multi-agency approach, (2) Forms of organisation, (3) Vertically integrated structure, (4) Density of field offices, (5) Reach of clientele, and (6) Multiple and diversified services.

Following the recommendations of the working group on rural banks (Chairman: M. Narasimham; RBI 1975), regional rural banks (RRBs) were set up. Thus, by the end of 1977, there emerged three separate institutions for providing rural credit, which is often described as the 'Multi-agency approach'.

Following the recommendations of the Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development, the National Bank for Agriculture and Rural Development (NABARD) was set up in 1982 to provide credit for the promotion of among others things, agriculture, NABARD took over the entire undertaking of ARDC and refinancing functions of the RBI in relation to state co-operate and RRBs. 'Since it inception, the NABARD has played a central role in providing financial assistance, facilitating institutional development and encouraging promotional efforts in the area of rural credit. NABARD also administers the Rural Infrastructure Development Fund (RIDF), which was set up in 1995-96, the corpus of RIDF is contributed by scheduled Commercial Banks to the extent of their short fall in agriculture lending under the priority sector targets. NABARD has been playing a catalytic role in micro-credit through the conduct of self-help groups (SHGs) (Rakesh Mohan 2006)'.

Self - Help Groups

In the past, multiplicity of development programme in the rural area failed to focus on the core issue of poverty alleviation through creation of sustainable income generating opportunities. On the recommendations of the Hashim Committee, Swarnajanti Gramin Swarozgar Yojana (SGSY) was launched by the Government of India on 1st April 1999 throughout the nation by merging six major schemes (IRDP, TRYSEM, SITRA, DWCRA, GKY and MWS) running at that time. This programme focuses on group approach by organizing the poor into self-help groups (SHG) through social mobilization. This is a single self-employment programme for rural poor aimed at establishment of large number of micro-enterprises. SHG is a group of rural people of 10 to 12 persons who volunteered to organize themselves into a group for eradicating poverty of the members. Not more than one from each family can be member of a self-help group and no person should be a member more than of a group. SGSY revolves exclusively on rural people living below poverty line (BPL).

As in nearly 60 million rural households in India, women may be the main or only earners in the family & because 35 % of the rural households of the rural poor are headed by women. The guidelines stipulate that at least 50% of Swarozgaris will be SCS/STS, 40% will be women and 3 % will be disabled.

This is a holistic programme covering all aspects of self-employment such as organization of poor into self-help groups, training, credit, technology, infrastructure and marketing. The SGSY's approach to organise the poor stems from the conviction that there is tremendous potential within the rural poor to help themselves and that potential can be harnessed by organizing them. It is presumed that social mobilizations would enable the poor build their own organization (SHGs) in which they would participate directly and take decisions on all issues concerning poverty alleviation emphasis on small saving, thrift and inter-loaning will give a sense of ownership of the group, help developing financial management skill. The inter-loaning from accumulated fund will meet the emergent personal or family contingency. When after imbibing collectivity and achieving group strength, the bank credit is made available. There will be every possibility that the credit will not go astray in the same way as evident in earlier instances. Moreover, the credit will be according to the maturity and absorptive capacity of each group. Credit Subsidy ratio under the SGSY is 3:1 but the subsidy is back-ended. The scheme is funded by the Union Government and the concerned States on 75:25 basis.

Groups will take up economic activity not according to own indiscriminate choice, they would rather concentrate only on key activity so identified key activities will be selected keeping in view the requirement of target-groups and available infrastructure regarding production, training, services, market etc. Those selected key activities will also be taken up in cluster so that meaningful backward and forward linkage and economics of large-scale production can be ensured. Such clusters will also facilitate the objective of providing basic orientation, skill development and customised training along with technologies inputs.

Each group will receive Revolving Fund (RF) when it will pass first gradation after 6 month. In Practice, Revolving fund is nothing but a simple subsidy to each and every group passing first gradation. When the groups undertaken economic activity, it will get subsidy to the tune of 50 percent of the submitted project cost subject is Rs. 10000 per person and Rs. 1.25 lakh which ever is less.

After first grading, the group gets the subsidy and the bank credit amounting is around four times the group corpus. The subsidy is supposed to argument the group corpus, raise the per capita loan size, inculcate credit-discipline among members, stabilize the group and help the group in striving towards the ultimate objective of micro enterprise.

Thus, every group has to pass through four stages, pre group formation, group formation, saving and thrift operation, group stabilization, growth and expansion, bank linkage and economic activity. An SHG functions through its regular meetings, where members perform transactional activities and discuss over different related issues. By and large, group repayment responsibilities provide for better repayment rates and other benefits than old programmes in which the rural poor were individually responsible for repayment organized working of the women through SHGs has increased the income of the families involved. Most of them are now is able to repay their old debts & started asset building.

The policy expectation is to ensure that the group-members or Swarozgaris (self-employed) come out of poverty clutches through incremental income of around Rs. 2000 (net of loan repayment) per month within 2-3 years of group formation.

Rural Financial Institution and Self-Help Groups (SHGs)

The studies have been conducted by many scholars- Some impotant countributers are Putnam (1993), Mujumdar (1994, 1995, 1997, 1998a, 1998b, 1998c), Hulme (1996), Ackerley (1997) and Hashmi (1997), Kumaran (1997), Khandelker (1998), Morduch (1999), Copestake (2001), Rankin (2002), Anand (2003), Matin (2003), Sooryamoorthy (2005). Some of the findings are given in this study.

Basically, any solution to revive the moribund rural credit delivery system must first tackle the roots of the twin problems facing the system, namely, high transaction cost and poor repayment performance (Mujumdar 1999). It is here the rejuvenate the system are called for, linking of self-help groups (SHGs) and non-government organisation (NGOs) is one such innovative modality which seems to merit serious consideration. Such linkages have helped reduce transaction costs and also have ensured decidedly better repayment performance. National Bank for Agriculture and Rural Development (NABARD) 'Linkage Programme of Self-Help Groups with Banks' has proved to be a successful model, though on a modest scale: by the end of March 1998, 14,000 SHG have linked with banks, with bank credit of the order of Rs. 24 Crore, and NABARD refinance of Rs. 23 Crore. India, a reference annual (2006) reveals that the year 2004-05 was the Sixth year of Implementation of the schemes. A total number of 6, 81,680 Swarozgaris received bank credit amounting to Rs 559.96 crore (and Government subsidy amounting to Rs 241.58 crore) under the Swarna Jayanti Gram Swarozgar Yojana (SGSY) during the year 2004-05 (upto 31 December 2004) of the Sawarojagaris assisted, 1, 98,225 (29.08 percent were scheduled castes and scheduled tribes (SC/ST) 2, 28,072 (33.46 percent)) were women and 8326 (1.22 percent) were physically handicapped. 'The repayment of the loans (Sheokand 1998), both at the SHG and bank levels has been almost 100 percent'. There are other models which could be adapted to Indian condition like the Bangladesh Gramin Bank model, or the Bangladesh Rural Advancement Committee (BRAC) model (Khandkar and Khalily, 1996).

Manimekalai and Rajeswari (2000), examined the empowerment of women through SHG_S in rural micro enterprises in Tiruchirapalli district of Tamil Nadu. 'They found majority of the women to be married and engaged in petty business, with the rest distributed across, processing, production and service units. Most of them had primary education, while a few engaged in production units and services, and majority of them in petty business were illiterates. The dominant problem reported by them was shortage of capital, because the sample groups received loans only under SHGs through its bank. Further, the service units performed better and helped to repay the loan on time, whereas the production units not only failed to generate its own capital but also affected loan repayment'.

'The Governor of the RBI had set up a one-member high level committee on Agricultural credit through Commercial Bank with R. V. Gupta (April 1998). Suitable micro-credit products for short periods should be designed and SHGs should be given preference (Renata, 2001)'.

Based on both primary and secondary data, Datta and Raman (2001), studied SHGs under Rastriya Seva Samithi (RASS) at Tirupatii in Andhra Pradesh. The Primary data were collected from a random sample of 30 SHGs from eight clusters during December 2000 to January 2001. 'He concluded that the success of SHGs in terms of high repayment was mostly related to social cohesion found among the member's, springing not only from their diverse background of knowledge base, skills, occupations and income levels, but also the successful completion of loan repayment'.

Narayanaswamy, *et al.* (2003), studied the networking SHGs and Cooperatives and found that the linking of SHGs with co-operatives would enable the SHGs to take up micro credit driven micro enterprises. 'The co-operation at village level is in a better position to help them. The linkage between co-operatives and SHGs are likely to pose certain threats to both. The SHGs may have to lose some of the core values such as informality, transparency, and participatory management. They may be dominated by vested interests. The co-operatives may face the problem of duplication of lending. Lending to groups may result in concentration of risks'.

Satish (2004), in his study 'Rural Finance' observed that 'farm credit institutions accumulated losses due to loan defaults, and applied inadequate credit technologies, while excessive inflation eroded their capital bases. Concluding that Government involvement in the managed and implementation of rural financial system had proved expensive and efficient'.

Shylendra (2004), assess the self- help groups (SHG)-Bank linkage programme focusing on its approach and strategy and arrive at possible ways to take it forward 'The main aim of the programme being implemented since 1992 is to tap the potential or the SHG concept to bring banking services to the door steps of poor. Study found that the prospects for the poor to obtain their due share in the formal finance appear relatively better under the SHG –Bank linkage programme. Not only targeting of the poor is much better but the programme also seems to have enabled the poor to have sustained access to formal finance. Besides the inherent strengths of SHGs for financial intermediation especially in ensuring higher loan recoveries, the proactive involvement of apex agencies like NABARD and also that of NGOs is the major contributory factor in the positive results being seen under the programme. But the programme still has a very long way to go if it has to become the core strategy of the banking sector'.

Nirmala, *et al.* (2004), examined the determinants of earnings of rural women under SHG scheme in the Pondicherry. They found many of whom do not possess any prior experience in the production activity. Therefore, they recommended that they should also be provided with institutional support, like training, marketing and information of available latest technology.

Narayanswamy and Bhaskar (2005), assessed the extent of financial assistance provided to SHGs under centrally sponsored SGSY scheme. They concluded that the economic assistance provided to SHGs under the SGSY scheme reached deserving groups, having membership from socially and economically weak and downtrodden. The groups have been successful in all counts. The NGOs and federations found to have played a very good role in bringing up the groups to the present level. But judging their role from the point of promoting the groups into micro-enterprises leaves much to be desired. The members of and groups are risk-averse and therefore, micro-enterprises mostly progress along the traditional occupation lives which do not bring adequate returns.

Patrick and Huybrechts (2005), in his study 'The Impact of Micro-credit on the Poor in Bangladesh examined Grameen Bank in Bangladesh enjoys international fame, and its model had been replicated in countries all over the world. Likewise, the Bangladesh Rural Advancement Committee (BRAC) was showing success as one of the largest NGOs in the world. Both had generated an international wave of interest and had been the main source of inspiration for the micro-credit Movement, which was launched in 1997. He concluded that global movement to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005'.

Sooryamoorthy (2005), this study based on a study of 60 SHGs intiated by a prominent NGO in Kerala, India. 'The study showed that the loans did not fully benefited the women members as they had availed loans almost equally for others as well. Women members taken loans mostly for their husbands and for their parents, brothers, sisters, friends and neighbors. Close resemblances were clearly evident in the pattern of the loan-use, by the members themselves or by others. The ultimate uses, whether they were members or their kin and others, had spent the loans for more or less the same purposes including domestic and household needs'.

The union budget, 1998-99 stipulates the target of two lakh SHGs covering 40 lakh families, under the schemes, over the five years. The difficulty with this approach is that it looks at the problem merely in terms of covering families under Micro-Credit Schemes and at a snail's pace at that, *while the real problem is how to integrate SHGs and* NGOs with the existing rural credit delivery system so that the system as a whole becomes viable. There is no reason why SHGs and NGOs could not be linked to RRBs or even cooperative Credit institutions, wherever feasible. Looked at from this prospective, it makes little sense to wait for autonomous growth of SHGs or NGOs. A scheme for actively promoting such participatory institutions on a massive scale, nation-wide, needs to be worked out. On the analogy of state-sponsored co-operative evolved in the latter half of the 1950s, one could think in terms of state government or NABARD – sponsored SHGs or NGOs, which could be appropriately linked to credit institutions, be they commercial banks, RRBs or co-operatives. Only such a mass movement could bring about the desired structural transformation in the rural credit delivery system to become both viable and vibrant. It is necessary to build on our existing strength. 'Linking banks and co-operative credit institution with SHGs or NGOs offers a workable solution' (Mujumdar 1999), additional factor accounting for the rise of these groups. Following gradual withdrawal of subsidies on food and other essential items and the privatisation of certain aspects of social services seem to have affected the family budget of many women and the self-help groups are seen as a means to mitigate the burden. NGOs had also been instrumental in the formation of self-help group.

1. Many of the recent groups have been promoted by institutions that either lack the required skills and local knowledge or ones that are driven by short-term monetary incentives.

2. Many Groups have comes together on an ad hoc basis, only because they want a loan.

3. Inadequate attention to group quality could threaten the longer term credibility and viability of the entire programme.

4. Quality is expensive, and particularly so in SHG formation.

5. SHGs – Bank Linkage model of micro finance dwarf in size the other type of micro finance in India.

The active support of the National Agricultural Bank for Rural Development was one important factor that played a key role in the formation of these groups in the early period. Added to this was the initiative taken by the women members of Block and villages panchayats. The introduction of the Swamajayanti Gram Swarozgar Yojana (SGSY) that a group approaches to rural development will be the thrust during the Ninth Plan have all added fillip to the genesis of self-help groups.

Profile of the Pauri Block

Pauri Block is located in Garhwal District. Pauri is one of the 15 development block in Garhwal, having ten Gram Panchayats Garhwal district has an area of *145* square kilometers and population *31356* as per 2001 census. The sex ratio is *911*, which is almost equal to the average figure of *920* for the Garhwal district. The Block has a high concentration of scheduled caste population, which is *12.5%* percent to the total population. Sizeable population of the sample is general class. There are large number of retail trader, landless labourers, dairy workers and vegetable cultivators and vendors. The literacy rate of male is *82.5* and that of females is *71 %* percent. Total numbers of SHGs including NGOs in Pauri Block on July 2006 is 113, out of 82 groups are in 1st grading and 52 groups in IInd grading. There were 1350 members in 110 SH groups. Total number of SHGs in district are 1804 (out of 1141 are in first grade and 711 in second grade).

The Methodology:

This is an evaluation study to assess the effect of RFI on SHGs and their numbers. The analysis is with the support of secondary data from DRDA, District Garhwal and other document. Data for evaluation have been directly collected from the questionnaire, focus group discussions and observation.

There has been a high degree of unevenness in the distribution of self-help groups in Gram Panchayat. In each panchayat an average 10 SHGs exists in each panchayat with the least being 6 and the highest being 15. This is due to the size of panchayat and geography. Unlike in other part of the country when non-governmental organisations (NGOs) have been in forefront of SHG formation in Pauri Block district Garhwal (Uttrakhand), the intervening role of gram panchayat, has been the major factor accounting for the rise of these groups on an extensive scale. In the Pauri Block, all the SHGs have been formed in the wake of the 'village development officers'.

The proliferation of these groups has led to high degree of amorphousness and heterogeneity. There are BPL groups, APL groups and mixed groups. Under SGSY, self-help groups coming under BPL will be focused. This means those BPL groups involved in mixed groups will have to part company with their APL fellow members leading to the dissolution of many existing self-help groups.

It has been found that the need for credit and small savings served as the major motivating factor for SHGs formation apart from the facilitating environment offered by village development officers and NGOs. NGOs took the initiative informing 21.5 percent of SHGs. More than 78% percent of those who gave an introduction about SHGs were also village development officers and panchayat members.

Details of Activities of SHGs*

Activities	No. of SHGs	Percentage
Agriculture and allied	47	42.7
Business	36	32.7
Service	27	24.6
Total	110	100.0

Source: District Rural Development Agency, Pauri Garhwal.

Most of the reasons cited for the formation of the self-help groups are related to survival needs of Swarozgaris. The Panchayat has been the major motivating factor in the formation of these self-help groups. Members of self-groups are drawing from economically lower strata with majority of them coming from occupation areas such as agriculture labour, tailoring, rearing cows and goats and sheep, vegetables venders, mat wearing, embroidery, cane basket, hosiery handlooms, hand tools.

Table - 1

Physical progress of Self-Help Groups						
Month July, 2006						
Sr. No	Name of Institution	Selection of SHGs				
		Level of Previous years	Progress of Present year			
			Target	This Month July	Continuous	Total SHGs
1	2	3	4	5	6	7
	Block and NGOs (including)					
1	Kot	123	10	0	0	123
2	Kalgikahal	109	10	1	3	112
3	Pauri	100	10	2	3	103
4	Paubo	120	10	4	10	130
5	Thalisain	116	10	0	4	120
6	Bironkhal	127	10	1	2	129
7	Dwarikhal	152	10	2	2	154
8	Doogadda	206	10	0	1	207
9	Jaiharikhal	98	10	0	1	99
10	Ekeshwar	76	10	0	1	77
11	Rikhnikhal	95	10	0	3	98
12	Yamkeshwar	146	10	3	11	157
13	Naniranda	103	10	0	0	103
14	Pokhara	94	10	0	0	94
15	Khirsu	92	10	1	6	98
	Total	**1757**	**150**	**14**	**47**	**1804**

Source: District Rural Development Agency, Pauri Garhwal.

More than 42.7 % percent of SHGs also involve in other income-generating activities apart from savings. The number of persons who participates in such activities are spread over 110 SHGs.

1350 persons spread over 110 SHGs engage in micro enterprises (Of this 09 groups have been provided loans by the banks to the tune of Rs. 8, 37,700). Four of the SHGs got their loans (Rs. 4, 17,100) from State Bank of India, three from the Co-operative Bank (2, 15,300) and the other two from the Alaknanda Grameen Bank (Rs. 2, 05,300). These nine SHGs provide employment to 76 of its members on a full time basis and 40 on a seasonal basis. The total investment of the 110 SHGs is Rs. 23.44 lakh. The activities in which they are engaged are Dairying, Goat and Sheep, provision store, taxi house, vegetable cultivation hosiery. 20.12 percent of groups have reported that the micro enterprises carried out by them are successful 25.98 percent are not sure weather they are successful or not, since they are only just entered in to the micro enterprises.

Of the total of 1350 persons in the SHGs, 68.26 percent below the poverty line. Of the total 9 percent are women, 10.94 per are unmarried. The age wise composition of the members is given in Table. It may be seen that nearly 67 percent of the members are drawn from the age group of 30-40. This age group is perhaps the most productive period in the economic sector.

Table- 2 Classification of SHGs Age-wise

Category	Number	Percentage
Less than 20	35	2.60
20-30	405	30.00
30-40	789	58.44
40-50	100	7.40
50-60	11	0.81
Above 60	10	0.72
Total	135.0	100

Source: Survey Data

It is found that the overall level of education of most of the members is below, which makes the need for training them all the more evident. The fact that 8.29 percent of them are still illiterate and 10.59 percent are only literate up to 5th standard.

Table- 3 : Educational levels SHGs Members

Category	Number	Percentage
Illiterate	112	8.29
Primary School	143	10.59
Upper Primary	477 (477)	35.33
High School	513	38.00
Higher Secondary	72	5.33
(Degree) Graduation	18	1.33
Post graduation	15	1.11
Total	1350	100

Source: Survey Data

Group Meeting:

All the groups meet at a previously decided place and time. Most of meetings (79.5 percent) are held on Sundays. 21.5 percent of the meetings are held on other days. The meeting starts with a welcome speech, report of the secretary, discussion based on the report and activities of the week, other common issue presentation and discussion on that, receipt of savings, disbursal of loans; vote of thanks. There is a tendency to exclude those who fail to participate consecutively in a number of meetings. Participation rate is high.

Savings, Credit and Bank Linkages

In 80.5 percent of SHGs, the weekly contribution is 10 Rupees. SHG s with weekly subscription of Rs. 5 and Rs. 25 are 12.5. The other collect 20 rupees each. The total savings so far is 2, 43,400 as on March 2006. Average level of saving of an SHG is Rs. 2212 and that of one member is Rs. 184. Each member is given pass book showing details of their savings upto March 2006, a sum of Rs. 1, 54,515 has been loaned out by the SHGs, making an average of Rs. 1405 or Rs. 117 per Capita. Until the above data 99 percent of the total members have availed themselves of loans:

Bank Linkages: 110 out the total have bank accounts in the name of two persons, the treasurer and either the secretary or president, as the case may be. There is five scheduled bank co-operative bank and three regional rural banks in the area. More than 50 percent of the accounts are operated through scheduled commercial banks. The rest are operated through the co-operatives banks and regional rural banks. The total amount in the bank accounts as on 31 March 2006 was 1, 26,110 in the saving bank account, which fetches them an interest rate of between 2.5 to 3.5 per cent. The banks have graded only 47 SHGs.

Repayment: There has been 95 per cent repayment of loans in all SHGs. Even in those SHGs having a four-year understanding, instances of default in loan repayment has not taken place. The reason for this is that every SHG, at the end of the year the member divide the savings and interests among themselves equally. If anyone of the member has over dues, the amount will be deducted from their share.

Conclusion: The self-help groups in Pauri block not only provide a means of survival for poor, but also serve as nascent institutions for building up of specific social capital, which can serve a long-term sustainability function in poverty reduction. Although it is true that some section of the poorest of poor find it difficult to participate in SHGs. Evolving and working the self-help groups have also yielded complementary spin offs. Shylendra (2004), have found that the prospect for the poor to obtain their due share in the form of finance appear relatively better under a SHG - Bank linkage programme.

The assessment of economic impact revealed that PCBs, co-operative and RRBs definitely succeed in reducing their members vulnerability and, by consequences; succeed at preventing them from falling even further into poverty. Nonetheless, we cannot deny that, as yet, most of the poorest people in Pauri block (District Garhwal, Uttrakhand) have not been able to take part in SHGs. Narayanaswamy, Manivel and Bhaskar (2003), showed the impact of networking SHGs and Cooperatives would be enable the SHG to take up micro-credit driven micro-enterprises. Patrick Develtere and A. Huybrechts (2005), study found that Bangladesh Rural Advancement Committee was showing success as one of the largest NGOs in the world.

The assessment of the social impact led us to examine studies on the situation of poor women in the patriarchal society of district Garhwal. RFIs & SHGs have a positive influence on their female members. Women's are honest in repayment of loans and most of the women are not defaulter. Especially in regard to women's status, their increased involvement in family decisions, expanding knowledge, awareness and an improved situation for children where the most important realisations. Female members of PSBs, Co-operative and RRBs actually had control over their loans. Lack of training found in SHGs during study. Sooryamoorthy (2005), the study showed that loans did not fully benefited the women members as they had availed loan almost equally for others as well.

Suggestions

1. Many of the recent groups have been permited by institutions that either lack the required skills.

2. Many groups have comes together on an ad hoc basis, only because they want a loan.

3. Inadequate attention to group quality.

4. Quality is expansive, in SHG formation.

5. SHG – Bank Linkage model of micro finance big in size the other type of micro finance in India.

6. Number of SHGs formed. Those BPL family cannot interest in SHGs must be motivated to form groups.

7. Number of Scheduled cast SHGs included is few in numbers.

8. Active and economic viable SHGs entertained for IInd grading (SHG-Bank Linkage).

9. Part of training is weak, it can be revamped by essential training.

10. The intervention of the state in rural institutions has to be minimal and indirect.

11. Closer association of banks in selection of beneficiaries, pre credit activities as well as post credit monitoring including loan recovery.

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