



Impact of Microfinance Linkage Banking in India on the Millennium Development Goals (MDG)

Summary of Major Results from Existing Studies



National Bank for Agricultural and Rural Development (NABARD)



Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH

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Wolfgang Hannover

May 2005



National Bank for Agricultural and Rural
Development (NABARD)



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Foreword (GTZ)

For over a decade, German Technical Cooperation (GTZ) has been promoting the concept of Linkage Banking in South and South East Asian countries. The experience of Linkage Banking in India has proved that entire sectors of the population such as women, small-scale farmers outside the cash-crop farming circles, small-scale craftsmen, and small business owners are an enormous potential which was not served by the banking sector in the past. Now, Linkage Banking makes it possible for many of them to get access to financial services from the banking system in India.

Linkage Banking in India has evolved significantly as a people's movement over the last five years, increasing outreach as also addressing the problems of poverty, unemployment, local resource mobilisation and access to financial services for small-scale enterprises. Referring to UN figures on the State of Microcredit Summit Campaign Report 2004, by end of 2003, 2,931 institutions reported reaching 80.8 million clients. Of these, more than 20 percent are served under the national Linkage Banking Programme in India.

In partnering with NABARD, an apex institution in the field of agricultural and rural development banking in India, German Development Cooperation assists an innovative and productive partner in implementing Linkage Banking in India. This large and efficient microfinance programme, with an enormous outreach through the well-developed banking network, has proved to be the major access for the rural poor to formal financial services, thereby making a significant contribution towards achieving the Millennium Development Goals (MDGs) in India.

Our major principles in delivering services are to build on existing initiatives rather than importing models from elsewhere, at the same time facilitating the effective exchange of knowledge through global networks we are part of. Those who have worked with GTZ before are well aware that an important pre-requisite for us to embark on new initiatives is that there is strong ownership.

GTZ feels privileged to be NABARD's partner in supporting the National Linkage Banking Programme. We are impressed by the strong ownership NABARD has taken in leading the Linkage Banking to the largest microfinance programme worldwide.

Dr. Rolf Suelzer
GTZ Country Director India

Marie-Luise Haberberger
GTZ Rural Finance India Programme Director

Foreword (NABARD)

The SHG Banks Linkage Programme facilitated by National Bank for Agriculture and Rural Development (NABARD) has significantly contributed to strengthening a sustainable financial infrastructure for the informal sector and for people who did not have access to formal financial services before. The experience in India shows that banks, including commercial banks, can serve the poor on a commercially viable basis through cost-covering savings and credit services. Self-Help Groups have an advantage in reaching out to the poor because of proximity, trust, commitment, flexibility and knowledge about each other. NABARD was able to build the SHG Bank Linkage Programme through an existing network of banks and NGOs.

The SHG Bank Linkage Programme, as on 31 March 2004, has reached about 1.1 million Self-Help Groups with more than 16 million members. Over 35,000 branches of 560 banks are implementing the programme nationwide together with more than 3,000 Self-Help Promoting Institutions (including NGOs and development agencies).

The GTZ supported study on the impact of SHG Bank Linkage Programme in India on the Millennium Development Goals, appropriately timed with the UN Year of Microcredit in 2005, contributes to the UN Millennium Development Goal of reducing the proportion of people living in poverty by half by 2015. Studies on the impact of the microfinance programme in India indicate considerable socio-economic benefits for households and individuals. They benefit from the improved access to financial services, helping maintain, intensify and diversify their economic activities, with positive effects on income and employment generation and also raising the capacities of the beneficiaries to increase their household expenditure for basic needs. About 90 per cent SHGs are exclusively for women and their participation contributes substantially to human capacity building and empowers women to become more self-confident, self-sustaining and competent.

NABARD acknowledges and appreciates the partnership of the German Development Cooperation and is looking forward to continue and accelerate our professional ties further in the cause of rural development. The NABARD-GTZ cooperation in the new Rural Finance Programme should contribute to innovations in financial systems which lead to improved and sustainable access of financial services for those who are yet to be served by the banking system.

Y.S.P. Thorat
Managing Director
NABARD

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Abbreviations and Acronyms

ADB	Asian Development Bank
APRACA	Asia and Pacific Regional Agricultural Credit Association
BMZ	Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry for Economic Cooperation and Development)
CGAP	Consultative Group to Assist the Poorest
DAC	Development Assistance Committee of the OECD
DFID	Department for International Development (United Kingdom)
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
GOI	Government of India
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, German Technical Cooperation)
HH	Household
HIPC	Highly Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
LBP	Linkage Banking Programme
MCID	Micro-Credit Innovations Department of NABARD
MDG	Millennium Development Goal
MFI	Microfinance Institution
MIS	Management Information System
MYRADA	Earlier known as Mysore Resettlement and Development Agency
NABARD	National Bank for Agriculture and Rural Development
NGO	Non-Government Organisation
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PD	Person Day
RBI	Reserve Bank of India
RRB	Regional Rural Bank
Rs	Rupee (Indian Currency Unit)
SHG	Self-Help Group
SHPI	Self-Help Promotion Institution
UNDP	United Nation Development Program

Fiscal Year: 1 April to 31 March	Indicative Average Exchange Rates		
	Year	Rupees to 1 US\$	US\$ to 100 Rupees
Indian Financial Units 1 lakh = 100,000 Rupees 1 crore = 10 million Rupees	1999	43.3	2.31
	2000	45.7	2.19
	2001	47.7	2.10
	2002	48.4	2.07
	2003	46.0	2.17
	12/2004	44.0	2.27

Executive Summary

Through a number of impact analyses it has been proved at the international level that microfinance programmes contribute to the achievement of several impact aspects of the Millennium Development Goals (MDG). The microfinance Linkage Banking Programme (LBP) in India was launched by the National Bank for Agricultural and Rural Development (NABARD) at a national level in 1996. It links Self-Help Groups (SHG) with financial institutions with the aim of providing about one third of the rural poor with improved access to financial services by 2008. Despite the existence of a relatively deep and diversified infrastructure of financial institutions the majority of the rural population in India, especially poorer households and women, do not have an appropriate access to financial services offered through the formal banking sector. This contributes to a low utilisation of the potential for income and employment generating activities with negative consequences for economic growth and the reduction of poverty, which is especially high in rural areas with about 27% of the population (= nearly 200 million people). Most Indian banks used to be of the opinion that there was a serious obstacle to linking the poor to the formal banking system, mainly due to the high costs involved in managing small credit amounts without the usual collateral.

The strategy of the LBP of (i) building new and/or strengthening existing SHGs and (ii) encouraging the members of the groups to save on a regular basis and to conduct financial transactions among each other with interest, has been extraordinarily successful and has resulted in the largest microfinance programme worldwide. The rapidly expanding programme is meanwhile covering over one million SHGs (115,000 groups in March 2000) and reached out to about 16 million rural households by March 2004. More than 35,000 branches of 560 different banks are implementing the programme together with more than 3,000 Self-Help Promoting Institutions (SHPI) in a nationwide approach. The LBP is supported by German Technical Cooperation through the 'Rural Financial System Development Programme'. The focus is on strengthening the quality and viability of financial services under SHG Linkage Banking as well as

capacity building through which contributions are made to structural changes in the LBP.

In the framework of an assessment study on the impact of the LBP on the MDGs commissioned by the Rural Finance System Development Programme in cooperation with NABARD, the major results of already existing impact studies with relevance for the MDGs were to be summarized as a first step. The review of available reports on the LBP revealed that in the context of this study three impact studies are relevant for summarization providing useful information on impact aspects of several MDGs. Two studies carried out by the Department of Economic Analysis and Research of NABARD in the years 2000 and 2002 investigated mainly the impact of the LBP on incomes, poverty reduction and several aspects of living conditions of SHG member households. The third impact study carried out by the NGO MYRADA in 2002 had its major emphasis on the empowerment of women members of SHGs. Overall 865 members of nearly 300 SHGs located in thirteen states participated in the three studies.

The results of the impact studies indicate that considerable socio-economic benefits are accruing from the fast growing LBP to small-scale farmers, rural micro entrepreneurs and landless labourers. The improved access of SHG members to sustainable microfinance services as well as the group approach and related human capacity building processes contribute with cross cutting outcomes in several direct and indirect ways to most impact aspects of MDGs 1 to 6. In groups effectively linked to banks at least one basic saving and lending product is generally being offered to SHG members. Most SHG members substantially increase their saving rates. In borrowing patterns a shift can be observed over time from consumption loans to loans for income generating purposes. Increased savings and capital formation improve the self-financing capacities and even out the household's cash flow. Generally higher risk absorption capacities and decreased vulnerability can be assumed. The access to formal financial services also contribute to a strongly reduced dependency on informal money lenders with positive effects on the reduction of capital costs.

The improved access to financial services benefit households and individuals in maintaining, intensifying and diversifying their economic activities, also in the non-agricultural sector, with positive effects on income and employment generation. According to the overall study results average net income increases of more than Rs. 6,000 or by about 32% to nearly Rs. 25,000 are realised per household. With the income increases substantial contributions are made to poverty alleviation. The share of households living below the poverty line is reduced from about 50% in the pre-SHG situation to about 31% in the post-SHG situation. Thus, nearly 20% of all sample SHG members are able to raise their income levels above the poverty line (MDG 1).

The financial services and their impact on incomes also raise the capacities of the beneficiaries of the programme to increase their household expenditure for basic needs such as better nutrition (MDG 1) as well as for education (MDG 2) and health (MDGs 4 to 6).

With about 90%, a very high share of microfinance clients of the LBP are women. Participation in Linkage Banking SHGs contribute substantially to human capacity building and empowers women to become more self-confident and competent; they are also likely to participate more in family decision-making. It also promotes communication as well as cooperation among group members and improves the capacities for problem solving. The involvement of women in political bodies remains, however, even on village level still on a low level (MDG 3).

In terms of various assessed parameters linkage models involving non-government organisations (NGO) as SHPI often perform better than the model 'SHGs formed and financed by banks'.

The extent and quality of training seems to partly explain the differential impact across linkage models. Sustainability of the Linkage Banking approach is well established in many SHGs and can be verified through the better performances of older groups than those of the more recently formed groups in the different impact aspects investigated in the studies. There are clear indications that with increasing age of the SHGs the performances in respect of poverty reduction are further improving.

The major recommendations resulting from the impact studies include:

- (1) More efforts need to be geared towards institution building including the strengthening of group functioning in existing SHGs as well as the promotion of federal structures of SHGs.
- (2) There is a need for the development of more effective management information systems to promote the further consolidation of sustainable financial service delivery through well performing SHGs.
- (3) The future strategy should also focus more on training and capacity building of SHG members as it would improve the productivity of financial service delivery.
- (4) For reducing apparent regional imbalances in Linkage Banking more emphasis should be put in future strategies on widening the outreach of the programme in the Central and Eastern Regions of the country. To increase the effectiveness such outreach strategies may have to include different delivery models.
- (5) SHGs' role in development could be further enhanced through an increased involvement in development programmes in the area.

Chapter 1: Introduction

Through a number of impact analyses it has meanwhile been proved at the international level that microfinance programmes contribute with cross cutting outcomes directly and in numerous ways to the achievement of the MDGs. This includes verifiable impacts on the economic situation mainly of poorer households and related effects on poverty reduction, education, health as well as the social status of women.

The eight Millennium Development Goals (MDG):

- MDG 1:** Eradicate extreme poverty and hunger
- MDG 2:** Achieve universal primary education
- MDG 3:** Promote gender equality and empower women
- MDG 4:** Reduce child mortality
- MDG 5:** Improve maternal health
- MDG 6:** Combat HIV/AIDS, malaria, and other diseases
- MDG 7:** Ensure environmental sustainability
- MDG 8:** Develop a global partnership for development

UN, Washington, 2001

The microfinance LBP in India was launched by NABARD¹ at national level in 1996 to link SHGs with financial institutions to provide poor people in rural areas with improved access to banking services. The rapidly expanding microfinance programme is meanwhile the largest in the world. The LBP is supported by German Technical Cooperation through the 'Rural Financial System Development Program' with focus on strengthening the quality and viability of financial services under SHG Linkage Banking. In partnering with NABARD, with its role as an agricultural central bank, German Development Cooperation assists a competitive and productive partner in implementing a large and efficient programme. The programme can have an enormous outreach through the well-developed public banking network in terms of providing financial services to the rural poor, thereby making a significant contribution towards achieving the MDGs in India. In this partnership the German side can achieve considerable leverage with a relatively small contribution.

This report presents the results of phase 1 of an impact study to assess the contributions of the NABARD LBP towards achieving the MDGs. The overall objectives of the study include:

- analysis of the impact of the LBP on the MDGs;
- elaboration of conclusions and recommendations for the further strengthening of the Linkage Banking approach and rural finance policy development;
- provision of recommendations for the strategic orientation of an effective sectoral programme 'Rural Finance System Development' supported by German Development Cooperation with emphasis on:
 - new programme components for the future;
 - networking with important actors in the Indian finance sector and with international co operation partners;
 - networking with other projects within the framework of the priority area in Indian - German Development Cooperation 'WIRAM' (Economic Reform and Development of the Market Economy).

In the context of the study attention is to be given to the sustainability of the financial services provided through SHGs as a pre-condition for the continuation of surveyed benefits on the level of programme beneficiaries. The impact assessment is to focus on measurable impact

aspects of MDGs 1 to 6 with emphasis on the contributions of the LBP to poverty alleviation as included in MDG 1. The MDGs 7 and 8 are not to be included in the study. Environmental impact (MDG 7) is generally not to be expected from microfinance services as promoted under Linkage Banking. MDG 8 - global partnership for development - is about the means and support to be provided by developed countries to achieve the first seven goals and is therefore also not included in the impact assessment.

The study is conducted in two phases:

Phase 1: conduct of a desk study with emphasis on summarizing available results from already existing impact studies on the NABARD LBP with relevance for an impact assessment of the programme on the MDGs in India.

Phase 2: in phase 2 further impact assessment and complementary study activities will be carried out as may be necessary to reach the objectives of the study. The detailed design of study activities will be prepared by the Rural Finance System Development Programme in close co-operation with NABARD after the results of phase 1 are available.

In the context of Phase 1 the available literature² was screened and the already existing impact studies on the NABARD LBP were identified and reviewed for their relevance. Besides background information on the current status of achieving the MDGs in India and the progress of the LBP this report summarizes the tangible results of the already existing impact studies of the NABARD LBP with relevance to achieving the MDGs in India.³

¹ NABARD is the national level apex bank catering for the financial needs and related policies and planning of the rural sector.

² Compare literature and reports reviewed in Annex 1.

³ The report was prepared by Mr. Wolfgang Hannover on behalf of the 'Rural Finance System Development Programme'.

Chapter 2: Background Information

India is a federal republic with the Union being divided into 29 union states and six union territories. The country extends over an area of 3.29 million km². Population is estimated to have reached meanwhile nearly 1.1 billion people. The annual population growth rate has been on the decline to about 1.7%. About 70% of the population live in rural areas, where most households continue to depend mainly on agriculture for their livelihood. India is characterised by a large diversity of natural, socio-economic and socio-cultural conditions and an extremely complex development path. On the one side marked underdevelopment and widespread poverty exists and, on the other side, the country is known for its tremendous growth rates and competitive development trends in several modern sectors of the economy. Starting from a low level the country has managed to significantly improve the socio-economic situation of many people in recent decades. Structural reforms were intensified during the 1990s and have contributed to the stabilisation of several macro economic indicators⁴, economic diversification and an average economic growth rate during the last years of above 5% at constant prices. The agricultural sector grew on average by about 2% per year. Per capita incomes in this low income country reached US\$ 562 in 2003.

Since the launch of the MDGs at the Millennium Summit in New York in September 2000, the MDGs have become a widely accepted yardstick of development efforts by governments, donors and NGOs. The MDGs are a set of numerical and time-bound targets related to key achievements in human development to be reached by 2015, from their levels in 1990. They include halving income-poverty and hunger, achieving universal primary education and gender equality, reducing infant and child mortality by three-quarters, and reversing the spread of HIV/AIDS and other communicable diseases.⁵

Almost all the countries in the world, including India, have committed themselves to attaining the targets embodied in the Millennium Declaration by 2015. India is home to nearly a sixth of the world's population. Any progress made in this country in achieving the MDGs will take a large part of humanity closer to reaching them.

Latest available estimates on the status of the MDGs in the country indicate that progress in achieving the MDGs is mixed (compare a summary in Table 1) and a lot remains to be done. India's improved economic growth since 1991 has helped to reduce extreme poverty. Estimates of the World Bank on the international poverty line indicate a decline of poverty from 42.1% in 1990 to 34.7% in 2001 (= 356 million people). Actual estimates on the national poverty line based on national household surveys are available only every five years. The last survey was in 1999/00. The next survey is scheduled for 2004/05. As per statistics available from the National Sample Survey Organisation on consumer expenditure the number of people estimated to live below the national poverty line has declined from 55% in 1973/74 to 36% in the early 1990s to 26% in 1999/00. With 27.1% the poverty rate was higher in rural areas in 1999/00 than in urban areas (23.6%). Though the poverty ratio declined, the absolute number of poor remained around 320 million for a fairly long period. Only the latest survey has shown a significant decline in this number to about 260 million out of a total population at that time of 997 million.

Table 1:

Progress towards the achievement of the Millennium Development Goals in selected key areas of MDGs 1 to 6

Goals and targets	Indicators	Country status ¹
MDG 1: Eradicate extreme poverty and hunger:		
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than US\$1 a day.	1. a) Proportion (%) of population below US\$1 a day or the international poverty line. b) Proportion (%) of population below the national poverty line.	1. a) Declined from 42.1% in 1990 to 34.7% in 2001; b) Declined from 36% in 1993/94 to 26.1% in 1999/00.
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	2. Prevalence of underweight in children (% of children under 5). 3. Proportion (%) of population below minimum level of dietary energy consumption.	2. Declined from 54.8% in 1990 to 46.7% in 2001. 3. Declined from 25% in 1990 to 21% in 2001.
MDG 2: Achieve universal primary education:		
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	4. Net primary education enrolment ratio (% of relevant age group). 5. Proportion (%) of cohort reaching grade 5. 6. Youth literacy rate (% of 15- to 24-years-old).	4. Increased from 71% in 1993 to 83% in 2002. 5. 59% in 2001. 6. Increased from 64% in 1990 to 74% in 2002.
MDG 3: Promote gender equality and empower women:		
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education no later than 2015.	7. Ratio (%) of girls to boys in primary, secondary and tertiary education. 8. Ratio of young literate females to males (% ages 15 to 24). 9. Share (%) of women employed in the non-agricultural sector. 10. Proportion (%) of seats held by women in national parliament.	7. During the years 1990 to 2000 the ratio increased in primary education from 76% to 83%, in secondary education from 60% to 71% and in tertiary education from 54% to 68%. 8. Increased from 74% in 1990 to 83% in 2002. 9. Increased from 12.7% in 1990 to 17.5% in 2002. 10. Increased from 5% in 1990 to 9% in 2002.
MDG 4: Reduce child mortality:		
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-5 mortality rate	11. Under-5 mortality rate (per 1,000). 12. Infant mortality rate (per 1,000 live births) 13. Immunization against measles (% of children under 12 months).	11. Declined from 123 in 1990 to 90 in 2002. 12. Declined from 84 in 1990 to 65 in 2002. 13. Increased from 56% in 1990 to 67% in 2002.

Goals and targets	Indicators	Country status ¹
MDG 5: Improve maternal health:		
Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.	14. Maternal mortality rate (estimate per 100,000 live births).	14. Declined from 570 in 1990 to 540 in 2000.
	15. Births attended by skilled health staff (% of total)	15. Increased from 34% in 1993 to 43% in 2001.
MDG 6: Combat HIV/AIDS, malaria, and other diseases:		
Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	16. HIV prevalence among pregnant women aged 15 to 24 (%).	16. 0.7% in 2001.
	17. Contraceptive prevalence rate (% of women ages 15 to 49).	17. Increased from 45% in 1990 to 52% in 2001.
Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases		

¹ Figures are rounded.

Source: Annex 3

Regarding progress related to other aspects of the MDGs the available data indicate that net enrolment rates in primary schools have increased from 71% in 1993 to about 83% in 2002. The burden of disease, to which HIV/AIDS has now been added, remains high for many people. Though there has been a relatively strong reduction in infant and child mortality rates, they still remain with 6.5% and 9% respectively at high levels. The prevalence of underweight of children under five declined only from about 5.5% in 1990 to 4.7% in 2001. Maternal mortality rates have not changed much since 1990 and remain, with 540 per 100,000 live births, at very high levels. Also other aspects of gender bias continue to be of concern. Although there were some improvements in the ratios of girls to boys attending primary, secondary and tertiary education, there are still considerable disparities especially in higher education. Similarly the gaps between male and female literacy remains a cause for concern.

According to the very large socio-economic variations in the country there are wide disparities in poverty, education, health outcomes and reduction in gender bias across different sections of the population and across different regions, states and within states. On the side of poverty some 193 million or a high share of 74% of the poor were estimated to live in rural areas in 1999/00. The levels of poverty are highest in states located in the north-eastern, eastern and western regions of the

country.⁶ Regarding population groups, most of the people living in poverty are small farmers. The poorest households are often tenants and farm labourers.

India's future progress in achieving the MDGs critically depends on the country's ability to accelerate economic growth, maintain macro economic stability and provide appropriate social services to the population. The government's anticipated growth rate of the economy in the current five year plan of 8% has been reached during 2003/04 for the first time. Together with the relatively strong growth rate during the current year this is expected to impact positively on a significant reduction of poverty rates and related indicators of the MDGs. To achieve high growth rates on a sustainable basis further substantial progress is needed in structural reforms, fiscal consolidation and improved governance.

India's formal financial sector comprises mainly of commercial banks, regional rural banks (RRB), as well as a large number of cooperative banks and societies. With the availability of a large network of about 160,000 rural retail banking outlets the formal banking system has basically an enormous potential to provide financial services also in nearly all rural areas of the country. Despite the existence of this relatively deep and diversified infrastructure of financial institutions the majority of the rural population, especially poorer households and

women, do not have an appropriate access to financial services offered through the formal banking sector. Most Indian banks used to be of the opinion that there was a serious obstacle to linking the poor to the formal banking system, mainly due to the high costs involved in managing small credit amounts without the usual collateral. According to the results of a recent rural finance access survey conducted in 2003 with the support of the World Bank nearly 60% of rural households do not have a bank account, and only 21% have access to credit from a formal source. Especially households living below the poverty line often rely on informal sources (money lenders, traders, etc.), in particular on the side of consumption credit needs, at high interest rates. Opportunities for depositing their small savings and access to loans for emergencies and micro-investments are among the most urgent needs of many rural households. The negative effects of the unsatisfactory access to appropriate financial services are a low integration of the poorer rural population into economic circuits. The potential for income and employment generating economic activities is not sufficiently utilized with negative consequences for economic growth and poverty reduction.

The microfinance LBP in India aims at providing poor people in rural areas with improved access to banking services. About one third of the rural poor are to be reached in a cost effective and sustainable manner through one million SHGs by 2008. After extended consultations with the Asia and Pacific Regional Agricultural Credit Association (APRACA) and other member countries as well as FAO and GTZ in the mid-80's a task force was set up in India. Led by NABARD, it initiated studies to investigate the need and potential for improved financial services to the rural poor through SHGs linked to banks. It became clear that the most important banking needs of the poor were for savings and insurance services as well as for consumption and production credit. Encouraged by the results of the studies NABARD launched pilot activities in 1992 to link about 500 SHGs with various types of financial institutions.

The basic strategy of the LBP involves forming/strengthening with the assistance of SHPIs small, cohesive and participative groups of the poor of up to about 20 members, encouraging them to pool their small savings regularly and using these to make small interest bearing loans to members. For well-

performing groups showing the necessary financial discipline⁷ on the borrowed capital, bank credit becomes available to the group to increase its financial resources for lending to its members. The SHGs can lend to their members for any purpose including meeting various emergency and consumption needs as well as working and investment capital requirements for income generating activities. In the established system collaterals are substituted by step by step approaches in loan sizes, mutual trust and peer pressure in the groups. SHGs are formed on a voluntary basis. The initial process of group formation/strengthening entails in most cases six months to one year. The management of SHGs are vested with persons elected from amongst the group members providing the basis for democratic and self-governed organisations.

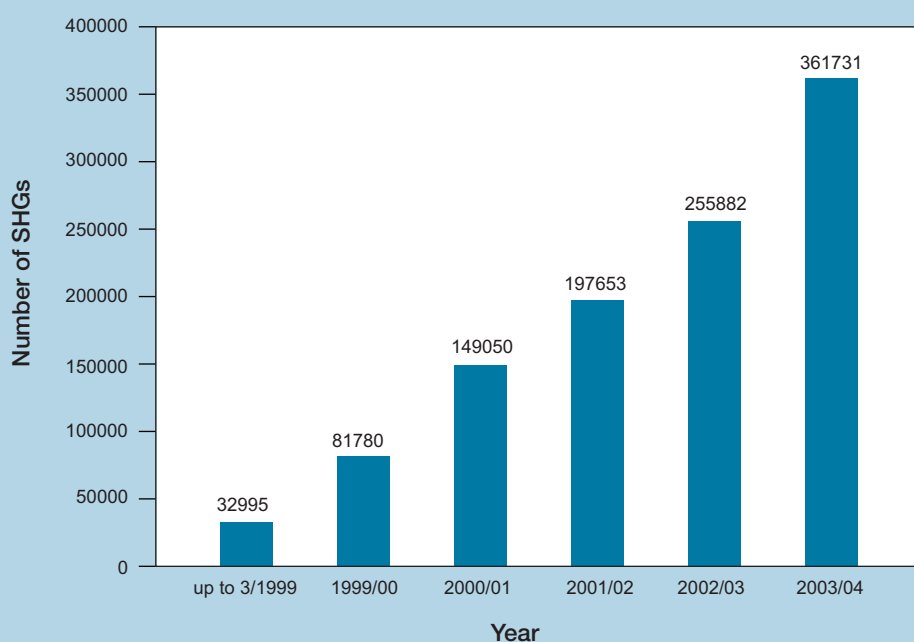
The Linkage Banking concept and strategy is meanwhile a complex system involving different microfinance approaches and promotional concepts through a variety of formal and informal organisations. As a necessary pre-condition for widespread outreach and effective institution-building favourable framework conditions in support of the programme were developed. Of high importance is the policy support by the Reserve Bank of India (RBI) which was systematically involved in concept and guideline development right from the beginning. The Government of India (GOI) bestowed national priority to the LBP through its recognition in the 1999 Union Budget and many state governments have meanwhile intensified their support to the programme. The national poverty reduction strategy, as also expressed in the Tenth Five Year Plan for the period 2002 to 2007, fits with its emphasis on a strategy of combining economic growth with equitable growth and social development very well with the objectives of the microfinance programme. The need for further acceleration of rural finance development is also highlighted as one of the key strategies in the National Common Minimum Programme of the new Union Government elected in early 2004.

Under the LBP, NABARD provides refinance to banks for loans given under the programme to rural poor who are members of savings and credit SHGs linked to the banks. It organises also large-scale awareness and capacity building programmes for the banks and SHPIs as well as for SHGs involved in the

programme. Furthermore, on a selective basis grant assistance is provided for financing the cost of nurturing and linking of SHGs with the rural banking sector and revolving funds are provided to selected informal SHPIs and microfinance institutions for on-lending to SHGs. About 35,000 branches of 560 different banks were by the end of March 2004 implementing the programme together with more than 3,000 NGOs and partner agencies⁸ involved in Self-Help Promotion in the nation-wide approach. On the side of the participating banks most important until now were commercial banks with 50%, followed by RRBs with 38% and co-operative banks with 12% of all SHGs linked. The share of co-operatives in Linkage Banking has recently been on the increase. Of the three basic promotional linkage models the model 'SHGs formed by NGOs and formal agencies, but directly financed by banks' was most important with about 72% of all linkages by March 2004. This was followed with 20% by 'SHGs formed and financed by banks'. The model 'SHGs financed by banks using NGOs and other agencies as financial intermediaries' declined in overall importance to 8% during the last years from about 16% in March 2000.

After a period of implementation of about eight years since the beginning of the main programme in 1996, the LBP has been able to increase the outreach of banking in rural India very substantially. The ambitious development targets set for the year 2008 are likely to be reached to a large extent. The strategy of (i) building SHGs and/or using already existing SHGs and (ii) encouraging these SHGs to save on a regular basis and to conduct financial transactions among each other with interest, has been extraordinarily successful and has resulted in the largest microfinance programme worldwide. The rapidly expanding programme is meanwhile covering over one million SHGs⁹ and reaches out to more than 16 million rural households¹⁰ with a population of about 83 million (Figure 1). The total bank loans disbursed amounted to Rs. 39 billion or US\$ 886 million by March 2004.¹¹ Total refinance drawn by banks from NABARD have reached Rs. 21 billion. The average loan per SHG amounted to Rs. 36,179 and per member to about Rs. 2,412 or US\$ 55. On-time repayment rates from SHG members were estimated at more than 95%. The Linkage Banking concept via SHGs with its financial discipline, group solidarity and embodied peer pressure attracts and empowers mainly women. About 90% of all groups formed so far are women groups.

Figure 1:
Number of SHGs linked to banks per year in the LBP during the last five years



Source: Annex 4.

The outreach of the LBP is especially significant in the states of the Southern Region, where about 63% of all SHG bank linkages took place up to March 2004.¹² A comparison of the number of SHGs linked to the number of persons living in rural areas of different states of the country shows large differences in the level of outreach of the programme. Whereas on national average about 1.5 SHGs had been linked to banks per 1,000 persons living in rural areas, the ratio for the Southern Region was three times higher at 4.5. Very low ratios prevail especially in states/regions where poverty rates are on relatively high levels. In order to reduce the apparent regional imbalances in Linkage Banking NABARD has devised region specific strategies and interventions, with special focus on backward areas with high poverty rates and poor institutional infrastructure.

The impact chain of the LBP can be summarized as follows:

- in the framework of the Linkage Banking concept and strategy NABARD provides a package of technical assistance as well as refinance capital to SHPIs and banks. This changes the behaviours, services and financial products of participating banks and supporting SHPIs;
- the involved banks and SHPIs subsequently provide financial and supporting services to SHGs, facilitating the development of sustainable financial intermediaries;
- the SHGs provide financial services to their members, e.g. in the form of savings facilities and credit delivery on the basis of the Linkage Banking approach;
- the improved access of SHG members to microfinance services as well as the group

approach and related human capacity building and empowerment processes contribute with cross cutting outcomes or net effects in several direct and indirect ways to impact elements of MDGs 1 to 6. These include improvements in the economic situation mainly of poorer households and related effects on poverty reduction, education, health as well as the social status of women.

For assessing the impact of the LBP for each relevant MDG, impact hypotheses with indicators/proxy indicators were formulated. These are presented in Annex 7 and are applied in Chapter 3.2 when summarizing the results of already existing impact studies.

The LBP is assisted by German Technical Cooperation through the component 'Linking Savings and Credit Self-Help Groups with Banks' of the 'Rural Financial System Development Programme'. The emphasis of supported activities are on further improving the quality and viability and subsequently sustainability of financial services under SHG Linkage Banking. For this purpose support is especially provided in a focused way in the identification, pilot testing and review of financial innovations relevant for Linkage Banking and rural finance. Once such innovations are firmly established or sufficiently tested, NABARD supports the dissemination or replication through the participating organisations. Key areas in which activities are currently carried out include the development of effective management information systems in Linkage Banking, financial product improvements, capacity building of stakeholders and the provision of policy advice for further upgrading the institutional and regulatory framework conditions.

⁴ For example the inflation rate was on average less than 5% during the last years.

⁵ Compare a list of goals, targets and monitoring indicators in Annex 2. In Annex 3 summarized definitions as well as the latest available country status on various indicators of MDGs 1 to 6 are provided.

⁶ Population figures and the share of people living in poverty are provided by states and union territories in Annex 5. A map of India with states is provided in Annex 6.

⁷ For each credit action the SHG is subjected to a rating by the bank.

⁸ The SHPIs include NGOs, umbrella organisations of SHGs, other community based organisations like farmers' clubs (Vikas Volunteer Vahini) as well as various government organisations with their field workers.

⁹ In comparison, by end of March 2000 only 115,000 SHGs had been linked.

¹⁰ The target is to reach at least 20 million households by March 2008.

¹¹ A conversion rate of US\$ 1 to Rs. 44 was used as prevailing in December 2004.

¹² Compare statistics on the outreach and regional distribution of the LBP in Annex 5.

Chapter 3: Summary on the impact of the Linkage Banking Programme on the MDGs

3.1 Design aspects of the studies summarized in this report

The review of available reports on the NABARD LBP revealed that in the context of this study the following three impact studies are relevant for summarization:

1. **Puhazhendi, V., Satyasai, K.J.S.** 2000. *Microfinance for Rural People: An Impact Evaluation.*
2. **Puhazhendi, V., Badatya, K.** 2002. *Self-Help Group Bank Linkage Programme for Rural Poor in India: An Impact Assessment.*
3. **MYRADA,** 2002. *Impact of Self Help Groups (Group Processes) on the Social/Empowerment Status of Women Members in Southern India.*

All three studies were commissioned by the Micro-Credit Innovations Department of NABARD. The first two studies (called below Study 1 and Study 2 respectively) were carried out by the Department of Economic Analysis and Research of NABARD in the years 2000 and 2002 respectively. Both studies investigated various impact aspects of the LBP which are also of relevance for several impact aspects of MDGs. The third study carried by the NGO MYRADA in the year 2002 had its major emphasis on the impact of the programme on the empowerment of women members of SHGs; the results of this Study (called below Study 3) are mainly relevant for MDG 3.

Studies 1 and 2 had both the objective to measure the impact of microfinance through the LBP on the living conditions of SHG member households including:¹³

- the changes in savings and borrowing patterns;
- an assessment of the impact on economic conditions with specific emphasis on changes in household assets, levels of income, employment and poverty;
- an assessment of changes in social conditions.

The first impact study covered 560 SHG members from 223 SHGs in eleven states of five regions.¹⁴ The second study covered 115 SHG members from 60 SHGs of three states in eastern India.¹⁵ The high

importance of women in the membership structure of SHGs involved in Linkage Banking was taken into account in the study design. Nearly all study participants in both surveys were women.

In both studies the impact was measured as the difference in magnitude of a given parameter between the pre-SHG linkage and post-SHG linkage situation of members of SHGs and their households. Specific control groups were not included in the study design. All financial parameters for pre and post-SHG member situations were measured in reference year prices. The year of reference for the post-linkage situation was 1998/99 for the first survey and 2001/02 for the second survey.

On the level of SHG members or programme beneficiaries data collection was mainly carried out through a retrospective one time sample survey with a pre-structured questionnaire. In addition, in Study 1 focused discussions were conducted with leaders as well as up to two members of involved SHGs. Furthermore, discussions were carried out with the representatives of concerned NGOs as well as banks. In Study 2 the collected quantitative survey data was cross checked through discussions with field workers of participating NGOs and banks.

Sampling was done in both surveys by multistage random sampling method. States and districts participating in the surveys were selected purposively. In Survey 1 the selection was mainly based on maximum numbers of SHGs already linked to banks by March 1998 to ensure an adequate sample. In the second survey only states in the eastern area of the country with very high rates of poverty (average more than 40%) were included. To delineate different factors that influence the impact of microfinance on SHG members sample households were furthermore post-stratified into different categories according to:

- **the age of SHGs:**
Survey 1: two years and less (15% of total sample) and three years and above (85%);
Survey 2: two years and less (42%) and three years and above (58%);

- the different linkage models:

Survey 1: bank facilitated groups (36% of total sample); NGO facilitated groups (35%) and groups where NGOs acted also as financial intermediaries (29%);

Survey 2: bank facilitated groups (37%); NGO facilitated groups (63%). Groups for which NGOs acted also as financial intermediaries were not included in the second survey.

The objective of the third survey implemented by the NGO MYRADA was to establish whether and to what extent membership in SHGs supported under the LBP and the involvement of members in various group activities had an impact on the social status and empowerment of women group members. This impact study covered 190 SHG members from 12 SHGs in four states of the Southern Region.¹⁶ The impact was mainly measured by comparing the differences between the situation of SHG members and their households before and after joining a SHG. Furthermore, comparisons were carried out between members of groups which were three years old with the situation of members of groups which were less than one year old. A control group was not included in the study design. On the level of SHG members the major data collection tool was a retrospective one-time sample survey by pre-structured questionnaire. Furthermore, focused individual as well as group discussions and evaluations were carried out with the members of SHGs, including husbands of SHG members as well as leaders of concerned SHGs and representatives of NGOs and banks. The year of reference for the post-linkage situation was 2001/02.

3.2 General study results and some socio-economic characteristics of study participants

Results of Study 1 and Study 2: according to the survey results of Study 1 and Study 2 on average SHGs had about 15 members.¹⁷ The major criterion for forming a SHG in the context of Linkage Banking was homogeneity in the standard of living followed by the proximity of residences and similar interests in group activities. Regular meetings at fixed intervals in a common place is one of the core activities of SHGs involved in Linkage Banking. During the meetings the groups undertake financial transactions. Furthermore, the meetings are used to

discuss common problems and other issues that might have to be sorted through the intervention of the group or its members. In both studies the responses of survey participants indicated an active conduct of activities in nearly all groups. Very common was arranging meetings on a regular monthly basis or even at closer intervals. An irregular conduct of meetings was reported by only 10% of all survey respondents. Compulsory attendance in the meetings is one of the pre-requisites for effective participation of members. The results of both studies show that more than 90% of SHG members attended at least 70% of all meetings.¹⁸

The survey participants of Study 1 were also asked to express their opinions on the utility of SHGs. It was found that about 90% of interviewed members saw SHGs as a source of credit and also as a link between them and banks to get loans. A high interest was especially expressed in the access to consumption loans as well as to production loans. Other group functions seen as important by more than about 60% of all interviewed respondents included:

- elevation of the social status of members;
- improving the capital formation in the household;
- the solving of social and community problems;
- acting as intermediary/link to other agencies of the Government.

The LBP aims at reaching the socially and economically weaker sections of the rural society. The distribution of sample households according to social groups revealed that in the areas of Study 1 about 70% and in those of Study 2 even 86% of the survey participants belonged to disadvantaged lower classes¹⁹. Whereas in the areas of Study 1 about 50%²⁰ of all interviewed members of SHGs had received at least some formal education, this rate was much lower with only 14% in the areas of Study 2 reflecting the lower standard of development in these areas.

The majority of participants in both studies were farmers. A high share of them were farming on relatively small areas of land. The second most important group in both studies were agricultural labourers. According to the survey results the economic activities in study area 1 were more diversified and less dependent on farming than in study area 2. In the areas of Study 1 a relatively high share of 35% of survey participants depended,

regarding their major economic activities, on both farm and non-farm (mixed) activities and only 18% depended only on farming activities. About 14% derived their livelihood exclusively from agricultural labour. A quarter of all interviewed SHG members carried out non-farm activities as their major economic activity. The major difference in the pattern of economic activities in study area 2 was, with 42%, the much higher dependence of survey participants on farming activities alone, and a lower share of 13% who derived their livelihood from mixed economic activities.

Results of Study 3: a high share of the interviewed members of SHGs were married women.²¹ About half of them were literate and had attended primary or secondary schools. The survey participants were asked about the reasons for joining a SHG involved in Linkage Banking. Nearly all interviewed group members mentioned as the most important aspect to save money regularly. About 70% mentioned to take part in internal lending as an important group activity. Only about one third of all study participants thought that creating a source of regular income for the members would be an important part of the activities of a SHG.

3.3 Impacts on study participants and their households

3.3.1 Impacts on access and use of financial services, asset accumulation, income and poverty alleviation (MDG 1)

For MDG 1 – Eradicate extreme poverty and hunger – the following hypotheses were formulated on various potential impact aspects:

- improved access to microfinance services results in income increases in SHG households which indirectly contributes to an improvement of living conditions, nutrition situation as well as to a reduction of poverty in the SHG households;
- improved access to microfinance services contributes to the stabilisation of the household cash-flows, and families of SHG members are better equipped to handle crises and risks;
- the instrument of SHGs enables the LBP to have an exceptionally broad outreach. As access for SHG members to financial services at micro level are frequently replicated, the LBP is meanwhile also conducive for the building of self-initiated and self-organised socially involved forums at micro level. In other words, the LBP has grown into a movement.

The following analysis is based on the major results of the already existing studies on the impact of the LBP. Members of SHGs participating in the LBP intensify and diversify, through the improved access to financial services, their income generating activities with substantial impacts on income, employment and poverty reduction. The following analysis shows that these impacts are relevant for the achievement of several impact aspects of MDG 1 as formulated in the above hypotheses and related indicators/proxy indicators:

Indicators/proxy indicators related to MDG 1	Assessments according to existing impact study results of the LBP
Increased diversification in demand-oriented financial products on offer to SHG member households;	The indicator is likely to be achieved to a considerable extent: in all SHGs established under the LBP and effectively linked to banks at least one basic saving and lending product is generally being offered to SHG members. The diversification in financial product development has already been started;
Increase in financial, productive and physical capital;	The indicator is likely to be achieved: a very high share of sample SHG members have changed their saving habits and substantially increased their saving rates to accumulate financial capital. The access to microcredit enables many households to invest in productive assets to intensify and diversify their income generating activities. Increased savings and capital formation improve the self-financing capacities. They even out the household's cash flow and generally contribute to higher socio-economic risk absorption capacities and decreased vulnerability, especially of poor people;

Indicators/proxy indicators related to MDG 1	Assessments according to existing impact study results of the LBP
Decreased dependence on moneylenders;	The indicator is likely to be achieved: the access to financial services clearly leads to a reduced dependency on informal money lenders. This has positive effects on the lowering of interest rates and thus the reduction of capital costs;
Increase of income and diversification of income sources;	The indicator is likely to be achieved: an increasing share of the beneficiaries of the LBP diversify their income sources especially on the side of non-agricultural activities. The use of the microfinance services contribute substantially to an increase in income. Poor households may use their additional income to further intensify and diversify economic activities, for savings as also for increased expenditure on better nutrition, medical care, access to schooling, housing and clothing;
Reduction in incidence of poverty;	The indicator is likely to be achieved: with the widespread access of poor households to sustainable financial services, significant contributions to poverty reduction are realised. According to the overall average results of Studies 1 and 2 the share of households living below the poverty line was reduced from about 50% in the pre-SHG situation to about 31% in the post-SHG situation. Thus, nearly 20% of all sample SHG members were able to raise their income levels above the poverty line. There are clear indications that with increasing age of the SHGs the performances also in respect of poverty reduction are further improving;
Improvement in nutrition including diversification of food items;	The indicator can only be assessed partially since the necessary information was not fully collected in the impact studies. According to survey data in the post-SHG situation programme beneficiaries spend more of the available financial resources on nutrition;
Increased take up - by women - of causes of poverty (dowry system, alcohol abuse, wasting money on smoking, prostitution, etc.) in the families of SHG members;	The indicator can only be assessed partially since the necessary information was not fully collected in the impact studies. The data available indicate that in the post-SHG situation a high share of SHG members are protesting in their families against social evils such as alcohol abuse and gambling;
Increase in the number of self-organised micro forums at the micro level which is expected to be in particular significant in villages, districts and clusters where many SHGs are linked to formal financial services.	The indicator cannot be assessed since the necessary information was not collected in the impact studies.

According to the results of Studies 1 and 2 membership in SHGs linked to banks contributed to increased saving rates of members.²² Members had a saving account with their SHG and nearly all developed a habit of frequent saving of small amounts mostly in the range of Rs. 5 to Rs. 150 per month per member. The average annual savings per SHG member interviewed in Study 1 increased by more than three-fold from Rs. 460 in the pre-SHG situation to Rs. 1,444 in the post-SHG situation (Figure 2). The results of Study 2 indicate a

doubling of annual savings from Rs. 952 to Rs. 1,863. The average increment in savings were similar in both studies, with Rs. 984 and Rs. 911 respectively. The increments in savings increased with the age of the SHGs. The inequality in saving patterns according to income groups was reduced and was much more broad-based in the post-SHG situations.

Figure 2:

Changes in the average savings/year per sample SHG member household according to SHG age

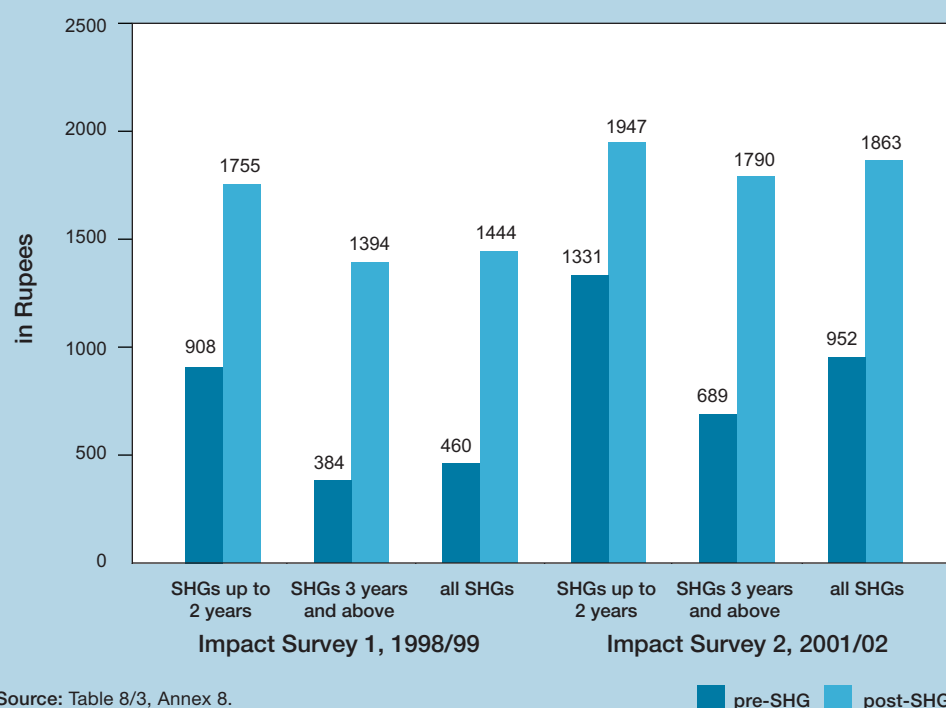


Table 2:

Information on borrowing patterns of sample SHG members

Major results of Study 1: differences between the pre-SHG and post-SHG situation	Major results of Study 2: differences between the pre-SHG and post-SHG situation
The average loan per SHG member increased by Rs. 4,059 or 95% from Rs. 4,282 to Rs. 8,341. Incremental average borrowings increased substantially with the age of the SHGs;	The average loan per SHG member increased by Rs. 2,821 or 123% from Rs. 2,301 to Rs. 5,122. Incremental average borrowings increased substantially with the age of the SHGs;
The average share of borrowed funds reported to be used for production purposes increased from 72% to 85%; the share of loans used for consumption purposes came down from 28% to 15%;	The average share of borrowed funds reported to be used for production purposes increased from 56% to 72%; the share of loans used for consumption purposes came down from 44% to 28%;
The share of loans borrowed from money lenders with high interest rates was significantly reduced from 42% of total loan amounts to 3%;	The share of loans borrowed from money lenders with high interest rates was significantly reduced from 66% of total loan amounts to 15%;
Overall loan repayments by members of SHGs improved from 84% to 94%.	Overall loan repayments by members of SHGs improved from 87% to 95%.

Source: Table 8/3 of Annex 8.

According to the results of Study 1 the average loan borrowed per sample SHG member increased by Rs. 4,059 or 95% from Rs. 4,282 in the pre-SHG situation to Rs. 8,341 in the post-SHG situation (Table 2 and Figure 3). The reported increase in Study 2 was Rs. 2,821 or 123% from Rs. 2,301 to Rs. 5,122. With the increasing age of the SHGs the incremental borrowing between the pre-SHG situation and the post-SHG situation showed an upward trend in both studies. Instead of consumption purposes, a higher share of the loans was generally used in the post-SHG situation for income generating activities. Most loans were provided for a period of less than 12 months. The share of loans borrowed from money lenders with high interest rates was significantly reduced and came down in the post-SHG situation to low levels. This had positive effects on the reduction of interest rates and capital costs. Overall, loan repayments improved by about 10 percentage points to about 95% in the post-SHG situation.

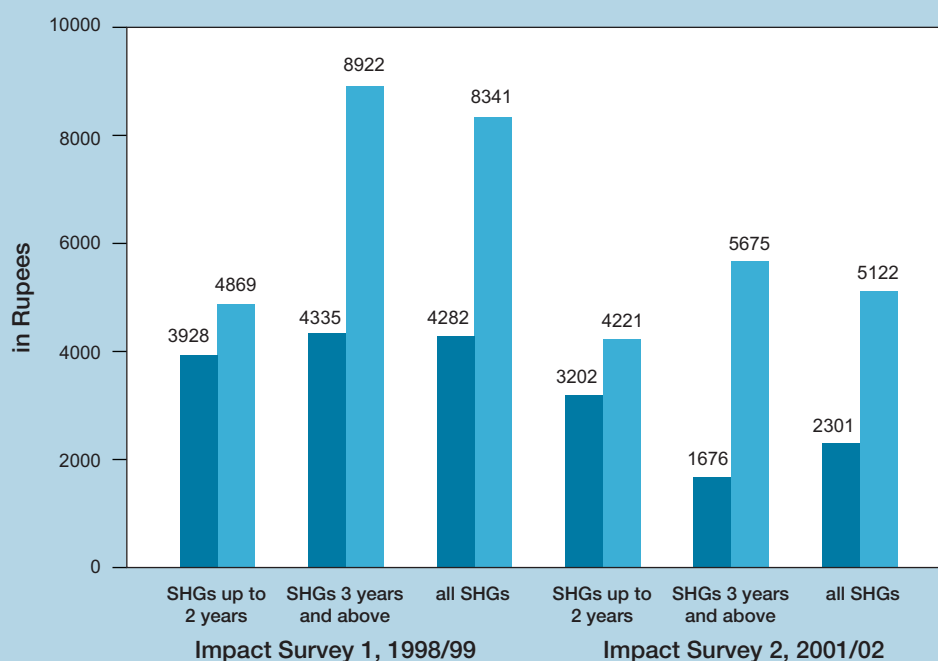
Positive changes were recorded in both studies in the development of the value of physical capital²³ in sample SHG member households.²⁴ The value of

assets increased on average in more than 50% of all sample SHG member households when comparing the pre- with the post-SHG situation. The average value of assets increased in participating households of Study 1 by Rs. 4,950 or 72% from Rs. 6,843 to Rs. 11,793. In Study 2 an average increase of 1,329 or by 30% from Rs. 4,498 to Rs. 5,827 was recorded. The average incremental gain in value of assets was considerably higher in the older SHGs (Figure 4). Most important in the asset structure was livestock, which also realised the highest increases in asset values. An analysis of the frequency distribution of asset values in Study 1 indicates that the share of households with very little values of assets of less than Rs. 2,500 declined by 22 percentage points from 46% in the pre-SHG situation to 24% in the post-SHG situation. This development indicates that poor households also participate in the accumulation of physical capital.

Positive changes were also measured in both studies in the employment situation of sample member households. In Study 1 an incremental employment of 55 person days (PD) or 17%, from 320 PDs to 375 PDs, was recorded. In Study 2 the incremental

Figure 3:

Changes in average loan amounts per sample SHG member household according to SHG age

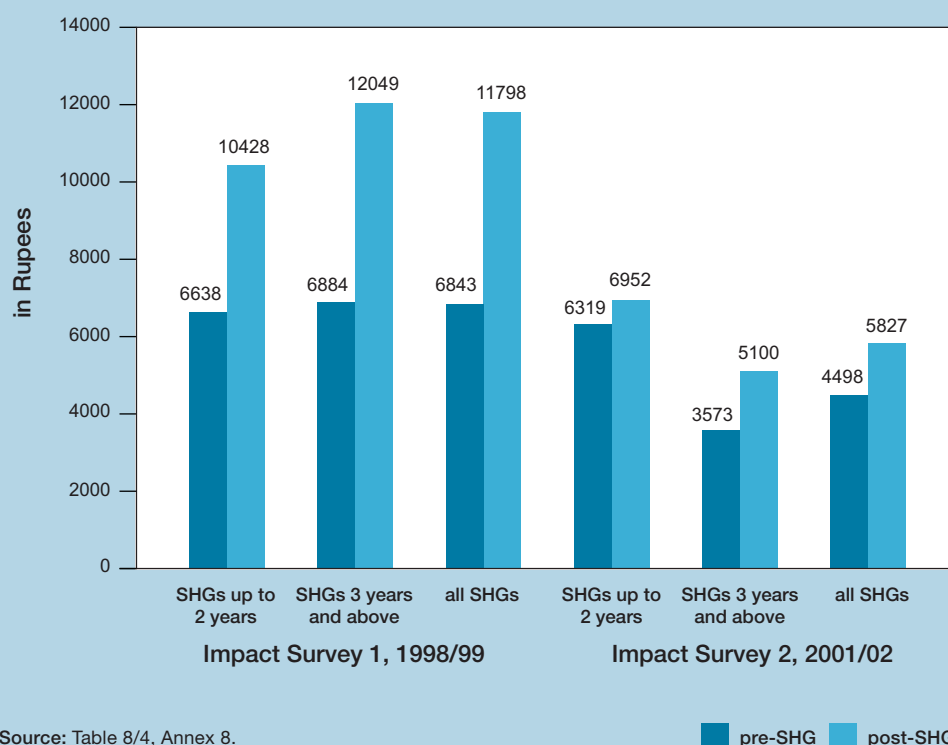


Source: Table 8/3 of Annex 8.

■ pre-SHG ■ post-SHG

Figure 4:

Changes in the average value of assets per sample SHG member household according to SHG age



employment reached on average even 102 PDs per household; an increase by 34% from 303 PDs to 405 PDs was realised. Especially significant was the incremental employment gain in the older SHGs. Activity-wise the incremental increase was considerably higher in non-farming related income generating activities. The positive employment effects benefit especially the members of the SHGs and their families. Existing labour capacities are generally better utilised or hidden unemployment is reduced.

Positive impacts of the LBP on the income situation of SHG member households were reported in both studies.²⁵ According to the results of Study 1 the average annual net income levels of sample member households increased by Rs. 6,712 or 33% from Rs. 20,177 in the pre-SHG situation to Rs. 26,889 in the post-SHG situation. Incremental average net incomes increased very substantially with the age of the SHGs from Rs. 3,986 in the situation of up to two years old SHGs to Rs. 7,163 per member household in the situation of SHGs of three years and above (Figure 5). Incremental income increases were highest in those SHGs which were supported

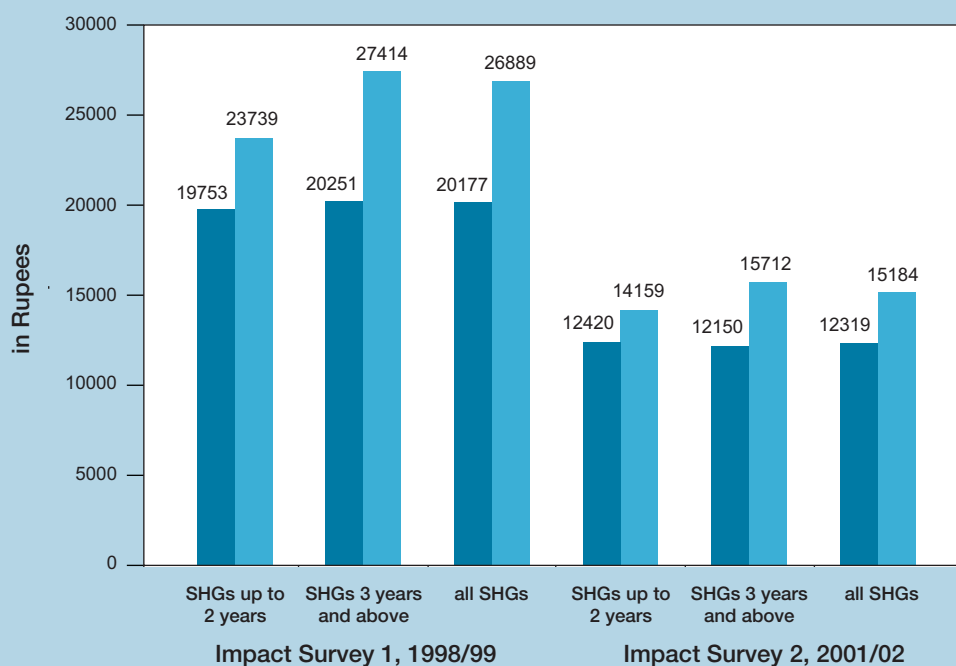
and linked to NGOs as financial intermediaries (Rs. 7,545), followed by SHGs formed by NGOs as facilitators (Rs. 6,535) and SHGs formed and financed by banks (Rs. 6,230; Figure 6).

In the states covered by Study 2 poverty levels are relatively high; the average income levels are considerably below those analysed in the states covered in Study 1. According to the results of Study 2 the average annual net income levels of sample member households increased by Rs. 2,865 or 23% from Rs. 12,319 to Rs. 15,184. The incremental average net incomes increased very substantially with the age of the SHGs from Rs. 1,739 in the situation of up to two years old groups to Rs. 3,562 per member household in the situation of groups with an age of three years and above. Incremental income increases were highest in those SHGs formed by NGOs as facilitators (Rs. 3,172) followed by SHGs formed and financed by banks (Rs. 2,255).

According to the survey results of both studies farm activities and agricultural labour lost slightly in their importance as major income sources. Non-farm sector activities gained in importance contributing to

Figure 5:

Changes in average net incomes per sample SHG member household according to SHG age

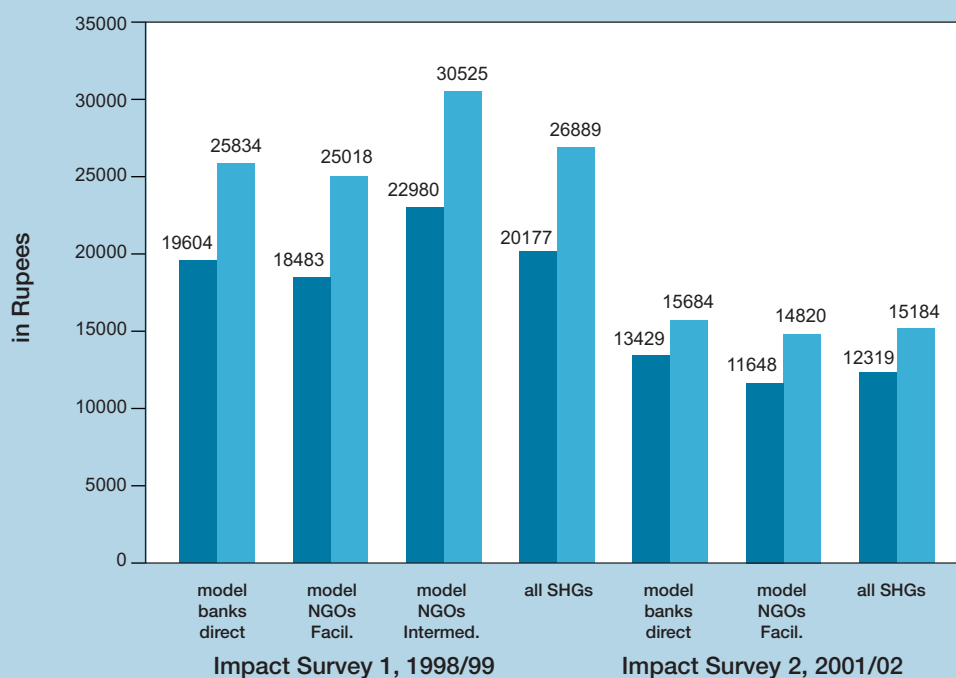


Source: Table 8/5, Annex 8.

pre-SHG post-SHG

Figure 6:

Changes in average net incomes per sample SHG member household according to SHG promotional model



Source: Table 8/5, Annex 8.

pre-SHG post-SHG

the diversification of income sources of the rural households. On average more than 40% of the incremental income was generated by non-farm sector activities. There was a shift in the frequency distribution of households, between pre and post-SHG situation, towards higher income slabs. The results of Study 1 indicate 26% of sample households who had an income level below Rs. 15,000 during the pre-SHG situation. In the post-SHG situation this proportion declined by 15 percentage points to 11%. Whereas in study area 2 about 82% of sample households were below an income level of Rs. 15,000 during pre-SHG situation, during the post-SHG situation this proportion declined by 17 percentage points to 65%.

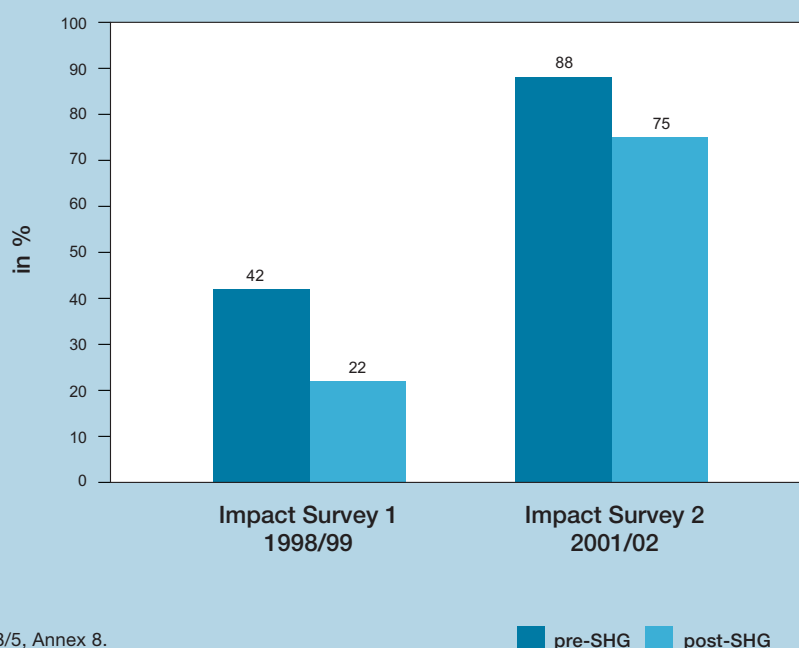
Changes in consumption patterns in sample member households were investigated in Study 1. Total consumption per household and year increased by Rs. 2,328 or 24% from Rs. 9,588 in the pre-SHG situation to Rs. 11,916 in the post-SHG situation or per capita from Rs. 2,364 to Rs. 2,988. The highest increment was recorded for food (per household increase by Rs. 984/annum) followed by festivals/

recreation (Rs. 372), clothing (Rs. 360), education (Rs. 312) and health (Rs. 264). The consumption expenditure for food increased by 17% from Rs. 5,688 to Rs. 6,672.

Sample member households living below the poverty line were estimated in both studies on the basis of comparing net income levels of the families before and after their association with Linkage Banking SHGs. According to the results of Study 1 the share of families living below the poverty line was reduced by 20 percentage points, from 42% in the pre-SHG situation to 22% in the post-SHG situation (Figure 7). In the states covered by Study 2 a very high share of about 88% of all sample SHG members used to live below the poverty line in the pre-SHG situation. This figure was reduced by 13 percentage points to 75% in the post-SHG situation. Across the different promotional models, the model supported by NGOs has been relatively more successful in lifting people out of poverty. The study results also indicate clearly that with increasing age of the SHGs the performances in respect of poverty reduction are improving.

Figure 7:

Changes in the share (%) of sample SHG members households living below the poverty line



Source: Table 8/5, Annex 8.

Indicators/Proxy indicators related to MDG 2	Assessments according to existing impact study results of the LBP
Enrolment rates of girls and boys in primary and secondary schools are higher in families of SHG members than in reference groups;	The indicator cannot be assessed since respective information was not collected in the impact studies;
Proportion of pupils who reach grade 5 in primary education is higher in families of SHG members than in reference groups.	The indicator cannot be assessed since respective information was not collected in the impact studies.

3.3.2 Impacts on education (MDG 2)

For MDG 2 - Achieve universal primary education - the following hypothesis was formulated on potential impact aspects:

- improved access to microfinance services and an increased income level enable poor SHG households to invest in education and thus in the future of their children.

The only data available on the impact on education relates to changes in consumption expenditures in the households of the sample SHG members as measured in Study 1.

The survey information indicate that on average there was an increase in expenditure for education per household and year by Rs. 312 or 49% from Rs. 636 in the pre-SHG situation to Rs. 948 in the post-SHG situation. With the availability of increased financial resources people are obviously investing more in the education of their children as one of their priorities. Since information on enrolment rates of pupils were not collected the impact on education as related to MDG 2 cannot be assessed.

3.3.3 Impacts on the empowerment of women (MDG 3)

For MDG 3 – promote gender equality and empower women – the following hypothesis was formulated on potential impact aspects:

- membership/participation in SHGs in combination with access to financial services enhances in general the financial, communication and decision-making capacities of women.

According to the study results the social empowerment and capacity building of interviewed sample SHG members improved especially on the side of self-confidence, status in

the families as well as better communication and competence.²⁶ The involvement in the SHG improved the self-confidence of group members considerably. Only 20% of sample SHG members expressed positive self-confidence during the pre-SHG situation, which improved to about 86% of all members in the post-SHG situation. The involvement in SHG activities also changed the self-confidence of members in managing eventual financial crisis in the family, which improved from about 30% in the pre-SHG situation to a very high level of about 91% in the post-SHG situation. Also the status of SHG members within the family appears to have improved. While only about 16% of the members had experienced better treatment within the family during the pre-SHG situation, about 67% of them acknowledged a better treatment during the post-SHG situation. There was a significant improvement in the level of communication which is likely to be due to the interactions with other group members in the frequent group meetings as well as the training provided by SHPIs. While most of the members (82%) were not used to communicate/talk freely in the pre-group situation, about 75% of them expressed their aptitude towards freely talking to others in the post-group situation. The members of older groups displayed better communication skills compared to the members of younger groups.

SHG activities and the gained self-confidence, respect and competence contributed to improving the decision-making abilities of SHG members in household matters. While about 39% of the members were jointly taking decisions in household economic matters in the pre-SHG situation, this improved to about 74% in the post SHG-situation. A similar tendency was observed in the decision-making on social matters like education of children, marriage, etc.

Indicators/Proxy indicators related to MDG 3	Assessments according to existing impact study results of the LBP
Ratios of girls to boys in primary schools as well as secondary schools are higher in families of SHG members than in reference groups;	The indicator cannot be assessed since respective information was not collected in the impact studies;
Increased ability to influence decision-making in their households by female SHG members;	The indicator is likely to be achieved: there are clear indications from all three impact studies conducted so far that members of SHGs, who are nearly all women, are in several respects substantially empowered. The improved self-confidence, status in the families, better communication and competence positively enhance the capacities of women and their abilities to influence decision-making in their households are increased;
Increased ability to participate in public issues on village level by female SHG members;	The indicator cannot be fully assessed with the information available. Generally there appears to be only small improvements in the participation of women in public issues of their villages;
Increase in the number of politically active women in the village.	The indicator cannot be fully assessed with the information available. The number of politically active women in village political bodies continues to be negligible.

Through the participation in group activities members also became more assertive in confronting problem situations and social evils. More sample SHG members expressed their desire to resist unpleasant problem situations such as verbal abuse, physical violence, negligence, psychological and emotional abuse. The study results show a positive tendency of SHG members to protest against social evils like drinking, gambling and wife beating by husbands. Gambling as well as drinking were reportedly protested by a much higher proportion of the members during the post-SHG situation (83%) compared to the pre-group situation (48%). Similarly about 91% of the members protested husband beating the wife against 68% of them doing so during the pre-SHG situation. Slightly more than one third of survey respondents indicated that there was a decline in family violence.

The positive impact assessment on the empowerment and capacity building of women of Studies 1 and 2 is also confirmed by the results of Study 3.²⁷ A high share (74%) of the study participants was more self-confident than before participating in a SHG. Most women reported lesser difficulties in carrying out tasks like writing their names (82%) or reading numbers up to 500 (79%).

Women continued, however, to report at least some difficulties, especially in reading bank forms and pass book entries. A high share of women indicated a positive change in their personal financial position (83%) due to their participation in a SHG, as well as an increase in their contribution to the family income (66%). About 60% of all women felt their role in decision-making about their own affairs had been strengthened. About half of them indicated that their participation in decision-making related to general household affairs as well as to financial decision-making was better than before. Only few women (less than 15%) reported an improved participation in politics on the village level. None of the interviewed persons had ever contested for a seat in the village assembly (*Gram Panchayat*). Overall the impact on women's empowerment investigated by Study 3 was in most aspects much more pronounced with the members of the older groups.

3.3.4 Impacts on health (MDGs 4 to 6)

For MDGs 4 to 6 - Goals related to improved health - the following hypothesis was formulated on potential impact aspects:

- access to financial services allows people to

resort to medical care, especially also before the health situation becomes critical. Consequently indirect positive effects are also possible on the health of mothers and infants in SHG households.

On the impact of the LBP on health, information was collected only to a limited extent. The data in Study 1 on changes in consumption patterns in the households of the sample SHG members indicates that on average there was an annual increase in health expenditure by Rs. 264 or 39% from Rs. 684 to Rs. 948. It can be assumed that the additional expenditure was mainly used for curative health measures. Furthermore, in Study 1 most of the interviewed SHG members reported better access to various infrastructure facilities important for improving their health situation. The better access to medical facilities acknowledged by 71% of the study participants for the post-SHG situation in comparison to 57% in the pre-SHG situation mainly indicates improved use of curative health facilities by SHG households. Furthermore, the sample SHG members reported an improved access to various facilities important for preventive health care. These included improved access to:

- sanitation facilities within house (13% in the pre-SHG situation versus 42% in the post-SHG situation);
- sanitation facilities within village (20% versus 47%);
- water supply within house/street (36% versus 57%);
- water supply within village (63% versus 81%).

These improvements can, however, only be partly attributed to the LBP. The association of members with SHGs contributed to awareness creation and hence better utilisation of the facilities. Positive responses were especially prominent with the older groups and the NGO groups.

In Study 3 questions were included on changes in knowledge about several preventive health and hygiene practices. On average about 60% of all respondents indicated improved knowledge (more than before) on the different aspects investigated which included: family planning methods, not allowing dirt and water to stagnate, washing hands before eating/cooking, vaccination of children, adding fruits and vegetables in diet of pregnant women and using toilets at home. The older groups had a higher percentage of respondents reporting an increase in awareness.

3.4 Conclusions and recommendations

The fast growing LBP has a significant outreach to the poorer segments of the rural population. It can be concluded from the results of the impact studies summarized in this report, that the improved access of SHG members to sustainable microfinance services as well as the group approach and related human capacity building processes contribute with cross cutting outcomes in several direct and indirect ways to most impact elements of MDGs 1 to 6.

The financial services especially benefit low income households and individuals in maintaining, intensifying and diversifying their economic activities also in the non-agricultural sector with

Indicators/Proxy indicators related to MDG 4 to 6	Assessments according to existing impact study results of the LBP
Increased use of curative health measures by SHG households;	The indicator cannot be fully assessed with the information available. The existing data indicates that in the post-SHG situation the health care system is generally better utilised for curative purposes, which is also supported by the higher expenditure on medical care;
Increased use of preventive health measures (hygiene, education, immunisation, building AIDS awareness, etc.) by SHG households;	The indicator cannot be fully assessed with the information available. The association of members with SHGs contributes to awareness creation on various aspects important for preventive health care;
Increased demand for more financial services (e.g. health insurance) amongst members of SHGs.	The indicator cannot be assessed since respective information was not collected in the impact studies.

positive effects on income and employment generation as well as poverty reduction (MDG 1). They also raise the capacities of the beneficiaries of the programme to increase household expenditures for consumption needs such as better nutrition (MDG 1) and social services like access to schools (MDG 2) and health care (MDGs 4 to 6). A very high share of microfinance clients of the LBP are women. Participation in Linkage Banking SHGs contribute substantially to human capacity building and empowers women to become more self-confident and competent; they are also likely to participate more in family decision-making (MDG 3). It promotes communication and co-operation among group members and improves the capacities for problem solving. The involvement of women in local political bodies remains, however, still at a low level.

In terms of various assessed parameters, linkage models involving NGOs as SHPI often perform better than the model 'SHGs formed and financed by banks'. The extent and quality of training seems to partly explain the differential impact across linkage models. Sustainability of the Linkage Banking approach is well established in many SHGs and can be verified through the better performances of older groups than those of the more recently formed groups in the different impact aspects investigated in the studies. There are clear indications that with increasing age of the SHGs the

performances in respect of poverty reduction are further improving.

The major recommendations resulting from the impact studies include:

- (1) More efforts need to be geared towards institution building including the strengthening of group functioning in existing SHGs as well as the promotion of federal structures of SHGs.
- (2) There is a need for the development of more effective management information systems to promote the further consolidation of sustainable financial service delivery through well performing SHGs.
- (3) The future strategy should also focus more on training and capacity building of SHG members as it would improve the productivity of financial service delivery.
- (4) For reducing apparent regional imbalances in Linkage Banking more emphasis should be put in future strategies on widening the outreach of the programme in the Central and Eastern Regions of the country. To increase the effectiveness such outreach strategies may have to include different delivery models.
- (5) SHGs' role in development could be further enhanced through an increased involvement in development programmes in the area.

¹³ In Annex 8/1 further information on the design of Study 1 and Study 2 are provided.

¹⁴ The following states were involved in Study 1: Northern Region: Rajasthan; Eastern Region: Orissa, West Bengal; Central Region: Uttar Pradesh, Madhya Pradesh; Western Region: Gujarat, Maharashtra; Southern Region: Andhra Pradesh, Karnataka, Kerala, Tamil Nadu.

¹⁵ The following states were involved in Study 2: Eastern Region: Orissa, Jharkhand; Central Region: Chattisgarh.

¹⁶ The following states were involved in the Southern Region: Andhra Pradesh, Karnataka, Kerala, Tamil Nadu.

¹⁷ Statistical data on the socio-economic background of study participants and general aspects are provided in Table 8/2 of Annex 8.

¹⁸ An average of about 60% of all interviewed SHG members even indicated that they attended more than 90% of all SHG meetings.

¹⁹ Including scheduled caste and tribes and backward class.

²⁰ The literacy rate of women was about 54% according to the All India Census 2001.

²¹ Statistical information on socio-economic background and general aspects are provided in Table 8/8, Annex 8.

²² Compare information provided in Table 8/3 of Annex 8.

²³ Included in the asset valuation were livestock and consumer durables, excluded were the value of land and buildings.

²⁴ Compare information provided in Table 8/4 of Annex 8.

²⁵ Compare information provided in Table 8/5 of Annex 8.

²⁶ Compare information provided in Table 8/6 of Annex 8.

²⁷ Compare information provided in Table 8/9 of Annex 8.

Annex 1

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Annex 2:

Goals, targets and monitoring indicators related to the Millennium Development Goals

The MDGs consist of 8 goals, 18 targets, and 48 monitoring indicators. Some indicators, particularly for goals 7 and 8, remain under discussion. Additions or revisions to the list may be made in the future.

Goals and targets related to the MDGs	Monitoring indicators
Goal 1: Eradicate extreme poverty and hunger	
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than US\$1 a day.	1. Proportion of population below US\$1 a day (percentage of the population living on less than US\$1.08 a day at 1993 international prices). 2. Poverty gap ratio at the US\$1 a day poverty line.
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	3. Share of poorest quintile in national consumption. 4. Prevalence of underweight in children (under 5 years of age). 5. Proportion of population below minimum level of dietary energy consumption.
Goal 2: Achieve universal primary education	
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	6. Net enrolment ratio in primary education. 7. Proportion of pupils starting grade 1 who reach grade 5 8. Literacy rate of 15- to 24-year-olds.
Goal 3: Promote gender equality and empower women	
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education no later than 2015.	9. Ratio of girls to boys in primary, secondary, and tertiary education. 10. Ratio of literate females to males among 15-to-24 year olds. 11. Share of women in wage employment in the non-agricultural sector. 12. Proportion of seats held by women in national parliament.
Goal 4: Reduce child mortality	
Target 5: Reduce by two thirds, between 1990 and 2015, the under-5 mortality rate.	13. Under-5 mortality rate. 14. Infant mortality rate. 15. Proportion of 1-year-old children immunised against measles.
Goal 5: Improve maternal health	
Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.	16. Maternal mortality ratio. 17. Proportion of births attended by skilled health personnel.
Goal 6: Combat HIV/AIDS, malaria, and other diseases	
Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.	18. HIV prevalence among 15- to 24-year-old pregnant women. 19. Contraceptive prevalence rate. 20. Number of children orphaned by HIV/AIDS.

Goal 6: Combat HIV/AIDS, malaria, and other diseases**Target 8:**

Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

21. Prevalence and death rates associated with malaria.
22. Proportion of population in malaria-risk areas using effective malaria prevention and treatment measures.
23. Prevalence and death rates associated with tuberculosis.
24. Proportion of tuberculosis cases detected under the directly observed treatment, short-course (DOTS) case detection and treatment strategy.

Goal 7: Ensure environmental sustainability**Target 9:**

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.

Target 10:

Halve, by 2015, the proportion of people without sustainable access to safe drinking water.

Target 11:

Have achieved, by 2020, a significant improvement in the lives of at least 100 million slum dwellers.

25. Change in land area covered by forest.
26. Land area protected to maintain biological diversity.
27. GDP per unit of energy use.
28. Carbon dioxide emissions (per capita).
29. Proportion of population with sustainable access to an improved water source.
30. Proportion of population with access to improved sanitation.
31. Proportion of population with access to secure tenure.

Goal 8: Develop a global partnership for development**Target 12:**

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction-both nationally and internationally).

Target 13:

Address the special needs of the least developed countries (includes tariff- and quota-free access for exports, enhanced programme of debt relief for highly indebted poor countries (HIPC) and cancellation of official bilateral debt, and more generous official development assistance (ODA) for countries committed to poverty reduction).

Target 14:

Address the special needs of landlocked countries and small island developing states.

Target 15:

Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.

Official Development Assistance:

32. Net ODA as a percentage of DAC donors' gross national income.
33. Proportion of ODA to basic social services (basic education, primary health care, nutrition, safe water, and sanitation).
34. Proportion of ODA that is untied.
35. Proportion of ODA for environment in small island developing states.
36. Proportion of ODA for the transport sector in landlocked countries.

Market Access:

37. Proportion of exports (by value, excluding arms) admitted free of duties and quotas.
38. Average tariffs and quotas on agricultural products and textiles and clothing.
39. Domestic and export agricultural subsidies in OECD countries.
40. Proportion of ODA provided to help build trade capacity.

Debt Sustainability:

41. Proportion of official bilateral HIPC debt cancelled.
42. Debt service as a percentage of exports of goods and services.
43. Proportion of ODA provided as debt relief.

Goal 8: Develop a global partnership for development

Target 16:

In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.

Target 17:

In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries.

Target 18:

In cooperation with the private sector, make available the benefits of new technologies especially information and communications.

44. Number of countries reaching HIPC decision and completion points.

Other:

45. Unemployment rate of 15- to 24-year-olds.

46. Proportion of population with access to affordable, essential drugs on a sustainable basis.

47. Telephone lines per 100 people.

48. Personal computers per 100 people.

Sources: United Nations, 2003; ADB, 2004.

Annex 3:

Definitions of indicators of MDGs 1 to 6 and estimates on the progress of achieving the goals in India

Goals and targets related to MDGs 1 to 6	Monitoring indicators	Definition of indicator ¹	Status of achievements in India ²
MDG1: Eradicate extreme poverty and hunger			
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than US\$1 a day.	1. Proportion (%) of population below US\$1 a day.	<p>1. The proportion of population living on less than US\$ 1 a day is the percentage of population living on less than US\$ 1.08 a day at 1993 international prices. The international poverty line of US\$ 1 a day is compared to consumption or income per person and includes consumption from own production and income in kind. When consumption data are not available, income is used. The indicator allows for comparing progress across countries and is estimated regularly by the World Bank. Consumption and income data are estimated from household surveys, where the household (HH) data is divided by the number of persons in the HH to establish the income or expenditure per person.</p> <p>1A. Measurements of poverty in countries are generally based on national poverty lines. The national poverty line is the proportion of the national population whose incomes are below the official threshold - or thresholds - set by the national Government. It allows for monitoring the proportion of population that is considered poor by a national standard. National poverty lines tend to increase in purchasing power with the average level of income of a country. Household consumption or incomes are estimated from household surveys. Surveys normally take place every three to five years.</p>	<p>1. International poverty line below US\$ 1 a day: declined from 42.1% in 1990 to 34.7% in 2001</p> <p>1A) National poverty line: declined from 36% in 1993/94 to 26.1% in 1999/00.</p>
	2. Poverty gap ratio at the US\$1 a day poverty line (%).	2. Poverty gap ratio: it is the mean distance separating the population from the poverty line - expressed as a percentage of the poverty line. It measures the poverty deficit of the entire population. Data requirements are the same as for indicator 1.	2. 8.2% in 2001.
	3. Share of poorest quintile in national consumption (%).	3. Share of the poorest quintile in national consumption is the income that accrues to the poorest fifth of the population. It provides information about the distribution of consumption or income and is an indicator of relative inequality. While the absolute consumption may increase, the share of the poorest may remain the same or even decline. Data sources are household surveys.	3. 8.9% in 2001
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	4. Prevalence of underweight in children (% of children under 5).	4. Prevalence of - moderately or severely - underweight children is the percentage of children under five years old whose weight for age is less than minus two standard deviations from the median for the international reference population ages 0 to 59 months. The weight for age indicator reflects body mass relative to chronological age and is influenced by both the height of the child (height for age) and weight for height. Its composite nature makes	4. Declined from 54.8% in 1990 to 46.7% in 2001.

Goals and targets related to MDGs 1 to 6	Monitoring indicators	Definition of indicator ¹	Status of achievements in India ²
		<p>interpretation complex. Low height for age or stunting - defined as minus 2 standard deviations from the median height for the age of the reference population - measures the cumulative deficient growth associated with long-term factors, including chronic insufficient daily intake of protein. Low weight for height, or wasting - defined as below minus 2 standard deviations from the median weight for height of the reference population - indicates in most cases a recent and severe process of weight loss, often associated with acute starvation or severe disease. Child malnutrition is linked to poverty, low levels of education and poor access to health services. It increases children's risks of death, inhibits their cognitive development, and effects health status later in life. Sufficient and good quality nutrition is the cornerstone for development, health and survival of current and succeeding generations. The weights of the under-five child population in a country are compared with the weights given in national health statistics of child weights for each age group. Respective surveys are often included in national household survey as well as health and nutritional surveys.</p>	
	5. Proportion of population below minimum level of dietary energy consumption (%).	<p>5. Proportion of the population below the minimum level of dietary consumption is the percentage of the population whose food intake falls below the minimum level of dietary energy requirements. It is also referred to as the prevalence of under-nourishment or the percentage of the population that is undernourished. It measures an important aspect of the food insecurity of a population. Alleviating hunger is a prerequisite for sustainable poverty reduction since under-nourishment seriously affects labour productivity and earning capacity. Poverty reduction strategies have therefore to address food access, availability (physical and economical) and safety. Estimated is the proportion of people with insufficient food; it involves specification of the distribution of dietary energy consumption, considering the total food availability from national global statistics) and inequality in access to food (from household surveys). Estimated is the proportion of the population living below a minimum energy requirement level. Such cut-off points are estimated as per capita values based on dietary energy needed by different age and gender groups. FAO prepares respective estimates at the national level which are expressed as three years averages and reported annually.</p>	5. Declined from 25% in 1990 to 21% in 2001.
MDG 2: Achieve universal primary education			
Target 3: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	6. Net primary education enrolment ratio (% of relevant age group).	6. Net enrolment ratio in primary education is the ratio of the number of children of official school age who are enrolled in primary school to the total population of children of official school age. Data are normally available from administrative records on yearly basis.	6. Increased from 71% in 1993 to 83.3% in 2001-02.

Goals and targets related to MDGs 1 to 6	Monitoring indicators	Definition of indicator ¹	Status of achievements in India ²
	7. Proportion of pupils starting grade 1 who reach grade 5 (%).	7. The indicator measures the percentage of a cohort of pupils enrolled in grade 1 of the primary level of education in a given school year who are expected to reach grade 5. It assesses an education system's success in retaining students from one grade to the next as well as its internal efficiency. Factors accounting for poor performance include low quality of schooling, discouragement over poor performance and the direct and indirect costs of schooling. It may also be limited by the availability of teachers, classrooms and educational materials. Data sources are administrative data as well as household surveys.	7. 59% in 2000-01.
	8. Youth literacy rate (% of 15- to 24-year-olds).	8. Literacy rate of 15- to 24-year-olds, or the youth literacy rate, is the percentage of the population who can both read and write with understanding a short simple statement on everyday life. It reflects the outcomes of primary education over the previous ten years or so. As a measure of the effectiveness of the primary education system, it is often seen as a proxy measure of social progress and economic achievement. Reasons for failing to achieve the literacy standard may include low quality of schooling, difficulties in attending school or dropping out before reaching standard 5. Literacy data are derived from population censuses, household surveys and literacy surveys.	8. Increased from 64.3% in 1990 to 74.1% in 2002.
MDG 3: Promote gender equality and empower women			
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education no later than 2015.	9. Ratio of girls to boys in primary, secondary and tertiary education (%).	9. The indicator is the ratio of the number of female students enrolled at primary, secondary and tertiary levels in public and private schools to the number of male students. The indicator of equality of educational opportunity is a measure of both fairness and efficiency. In situations of limited resources, families make difficult choices about sending their children to school. They may perceive the value of education differently for boys and girls. Girls are more likely than boys to suffer from limited access to education, especially in rural areas. Eliminating gender disparity at all levels of education would help to increase the status and capabilities of women. Female education is also an important determinant of economic development. Data are derived from administrative data, surveys and censuses.	9. Increased during the years 1990 to 2000 in primary education from 76% to 83%, in secondary education from 60% to 71% and in tertiary education from 54% to 68%.
	10. Ratio of young literate females to males (%)	10. This is the ratio of the female literacy rate to the male literacy rate for the age group 15 to 24. The indicator measures progress towards gender equity in literacy and learning opportunities for women in relation to those for men. It also measures a presumed outcome of attending school and a key indicator of empowerment of women in society. Literacy is a fundamental skill to empower women to take control of their lives, to engage directly with authority and to gain access to the wider world of learning. The indicator is derived by dividing the literacy rate of women ages 15 to 24 by the literacy rate of men of the same age. Respective literacy data may be derived from population censuses, household surveys and literacy surveys.	10. Increased from 74% in 1990 to 83% in 2002.

Goals and targets related to MDGs 1 to 6	Monitoring indicators	Definition of indicator ¹	Status of achievements in India ²
	11. Share of women employed in the non-agricultural sector (%).	11. This is the share of female workers in the non-agricultural sector expressed as a percentage of total employment in the sector. Employment data include both full-time and part-time workers. Data are obtained from population censuses, labour force surveys, enterprise surveys and administrative records. Such surveys may be carried out annually or less frequently.	11. Increased from 12.7% in 1990 to 17.5% in 2002.
	12. Proportion of seats held by women in national parliament.	12. This is the number of seats held by women expressed as a percentage of all occupied seats. Women's participation in parliaments is one aspect of women's opportunities in political and public life, and is therefore linked to women's empowerment. The data is updated after an election.	12. Increased from 5% in 1990 to 9% in 2002.
MDG 4: Reduce child mortality			
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-5 mortality rate.	13. Under-5 mortality rate (per 1000 live births).	13. The under-5 mortality rate is the probability of a child born in a specified year dying before reaching the age of five if subject to current age-specific mortality rates. It thus measures child survival. It also reflects the social, economic and environmental conditions in which children - and others in society - live, including their health care. Under-5 mortality better captures the effect of gender discrimination than infant mortality, as nutrition and medical interventions are more important in this age group. This indicator generally shows large disparities across geographical areas and between socio-economic groups as well as rural and urban areas. Age specific mortality rates are calculated from data on births and deaths from administrative data as well as from censuses and household surveys.	13. Declined from 123 in 1990 to 90 in 2002.
	14. Infant mortality rate (per 1,000 live births).	14. This is defined as the number of infants dying before reaching the age of one year per 1,000 live births in a given year. It is an important component of the under-5 mortality. Girls have a survival advantage over boys during the first year of life, largely based on biological differences. Data sources are administrative data and surveys.	14. Declined from 84% in 1990 to 65% in 2002.
	15. Immunisation against measles (% of children under 12 months).	15. The indicator is the percentage of children under one year of age who have received at least one dose of measles vaccine. It provides a measure of the coverage and the quality of the child health-care system in the country. Immunisation is an essential component for reducing under-5 mortality. Data sources are administrative data, coverage and household surveys.	15. Increased from 56% in 1990 to 67% in 2002.
MDG 5: Improve maternal health			
Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.	16. Maternal mortality rate (estimate per 100,000 live births).	16. The indicator relates to the number of women who die from any cause related to or aggravated by pregnancy or its management during pregnancy and childbirth or within 42 days of termination of pregnancy, irrespective of the duration and site of the pregnancy. The indicator is calculated by dividing recorded or estimated maternal	16. Declined from 570 in 1990 to 540 in 2000.

Goals and targets related to MDGs 1 to 6	Monitoring indicators	Definition of indicator ¹	Status of achievements in India ²
	17. Births attended by skilled health staff (% of total).	<p>deaths by total recorded or estimated live births in the same period and multiplying by 100,000. Deaths due to pregnancy are affected by various factors, including general health status, education and services during pregnancy and child birth. Besides administrative data the major sources are household surveys or hospital studies.</p> <p>17. The proportion of births attended by skilled health personnel is the percentage of deliveries attended by personnel trained to give the necessary supervision, care and advice to women: during pregnancy, labour and the post-partum period, to conduct deliveries on their own, and to care for newborns. To measure this indicator is difficult. Therefore several process indicators are proposed for tracking progress by focusing on professional care during pregnancy and childbirth, particularly for the management of complications. Data collection is by household surveys.</p>	17. Increased from 34% in 1993 to 43% in 2001.
MDG 6: Combat HIV/AIDS, malaria and other diseases			
Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.	18. HIV prevalence among pregnant women aged 15 to 24 (%).	18. HIV prevalence among 15 to 24 year-old pregnant women is the percentage of pregnant women in this age whose blood samples test positive for HIV. Data on HIV in pregnant women come from tests on leftover blood samples taken for other reasons during pregnancy. About half of all new HIV cases are among people 24 years of age or younger. The infection rate for pregnant women is generally similar to the overall rate for the adult population. Therefore, the indicator is a measure of the spread of the epidemic.	18. 0.7% in 2001.
	19. Contraceptive prevalence rate (% of women ages 15 to 49).	19. Contraceptive prevalence rate is the number of women aged 15 to 49 years who are practising, or whose sexual partners are practising, any form of contraception as a proportion of all women of the same age group. The indicator is useful in tracking progress towards health, gender and poverty goals. Data are mainly obtained through household surveys.	19. Increased from 44.9% in 1990 to 51.8% in 2001.
	20. Number of children orphaned by HIV/AIDS.	20. Strictly defined, the number of children orphaned by HIV/AIDS is the estimated number of children who have lost their mother, father or both parents to AIDS before age 15. In practice, the impact of the AIDS epidemic on orphans is measured through the ratio of orphans to non-orphans who are in school. The current school attendance rate of children ages 10 to 14 for whom both biological parents have died is divided by the current school attendance rate of children ages 10 to 14 whose parents are both still alive and who live with at least one biological parent. Data collection is through household surveys.	20. No information available.
	21. Prevalence and death rates associated with malaria.	21. Prevalence of malaria is the number of cases of malaria per 100,000 people. Death rates associated with malaria refers to the number of deaths caused by malaria per 100,000 people.	21. No information available.

Goals and targets related to MDGs 1 to 6	Monitoring indicators	Definition of indicator ¹	Status of achievements in India ²
Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.	22. Proportion of population in malaria-risk areas using effective malaria prevention and treatment measures.	<p>The indicator allows highly endemic countries to monitor disease and death from malaria, which have been increasing over the last two decades owing to deteriorating health systems, growing drug and insecticide resistance, periodic changes in weather patterns, civil unrest, human migration and population displacement. Besides administrative data, household surveys are the main data sources.</p> <p>22. Malaria prevention is measured as the percentage of children ages 0 to 59 months sleeping under insecticide-treated bednets. Malaria treatment among children is measured as the proportion of children ages 0 to 59 months who were ill with fever in the two weeks before the survey and who received appropriate anti-malarial drugs. Data sources are household surveys.</p>	22. No Information available.
	23. Prevalence and death rates associated with tuberculosis.	<p>23. Tuberculosis prevalence is the number of cases per 100,000 people. Death rates associated with tuberculosis refers to the number of deaths caused by this disease per 100,000 people. Data sources are administrative records and household surveys.</p>	23. No information available.
	24. Proportion of tuberculosis cases detected and cured under the directly observed treatment, short-course (DOTS) case detection and treatment strategy.	<p>24. The tuberculosis detection rate is the percentage of estimated new infectious tuberculosis cases detected under the internationally recommended tuberculosis control strategy DOTS, which combines five elements: political commitment, microscopy services, drug supplies, surveillance and monitoring systems and use of highly efficacious regimes, with direct observation of treatment. The cure rate is the percentage of new, registered smear-positive or infectious cases that were cured or in which a full course of DOTS was completed. A tuberculosis case is defined as a patient in whom tuberculosis has been bacteriologically confirmed. Data is mainly collected through administrative sources and household surveys.</p>	24. No information available.

¹ According to definitions as provided in UN, 2003.

² The latest available information is provided in this column.

Sources: ADB, 2004; UNDP, 2003; UN, 2003; UN, 2004; UNDP-UNESCAP, 2003; World Bank, 2003; World Bank, 2004a.

Annex 4:

Summary of statistical information on the Linkage Banking Programme

Items	Cumulative achievements of the LBP upto						Vision/Plan upto 2007/08
	3/1999	3/2000	3/2001	3/2002	3/2003	3/2004	
SHGs linked/provided with bank loans, nos. ¹	32,995	114,775	263,825	461,478	717,360	1,079,091	1,000,000
share of women groups to total groups, %	84	85	90	90	90	90	90
nos. of families assisted, million	0.56	1.9	4.5	7.8	11.6	16.7	20.0
estimated number of people assisted, million	0.3	10	23	39	58	83.5	100
states/union territories participating, nos.	24	24	27	30	30	31	30
districts participating, nos.	280	362	412	488	502	563	550
participating banks (total), nos:	202	266	314	444	505	560	600
• commercial banks, nos.	38	40	43	44	48	48	
• RRBs, nos.	129	165	177	191	192	196	
• co-operative banks, nos.	35	61	94	209	265	316	
• bank branches participating, nos.				17,085	30,942		
share of SHGs linked:							
• by commercial banks, %				54.5	50.3	49.9	
• by RRBs, %				37.5	38.7	37.6	
• by cooperative banks, %				8	11.0	12.5	
NGOs/other partner agencies, nos.		718	1,030	2,155	2,800	3,024	4,000
linkage models in %:							
• SHGs formed and financed by banks, %	17	14	13	16	20	20	
• SHGs supported by NGOs and formal, agencies but directly financed by banks, %	56	70	76	75	72	72	
• SHGs financed by banks through NGOs, %	27	16	11	9	8	8	
Total bank loans disbursed, million Rs.	571	1,930	4,809	10,263	20,487	39,042	148,800
Average loan per SHG, Rs.	17,297	16,814	18,227	22,240	28,599	36,179	
Average loan per SHG member, Rs.	1,019	1,016	1,072	1,316	1,766	2,412	
Refinance drawn by banks from NABARD, million Rs.	521	1,501	4,007	7,965	14,188	21,247	105,600
Estimated savings in SHGs, million Rs.				8,750			
Major promotional measures by NABARD:							
Total cost capacity building measures, million Rs.					90.6		
Participants in training programmes, nos.:					437,993		
• trainers, nos.					2,110		
• bankers, nos.					82,060		
• staff members of NGOs, nos.					14,005		
• government officers, nos.					19,237		
• SHG leaders/members, nos.					270,763		
• others, nos.					49,818		

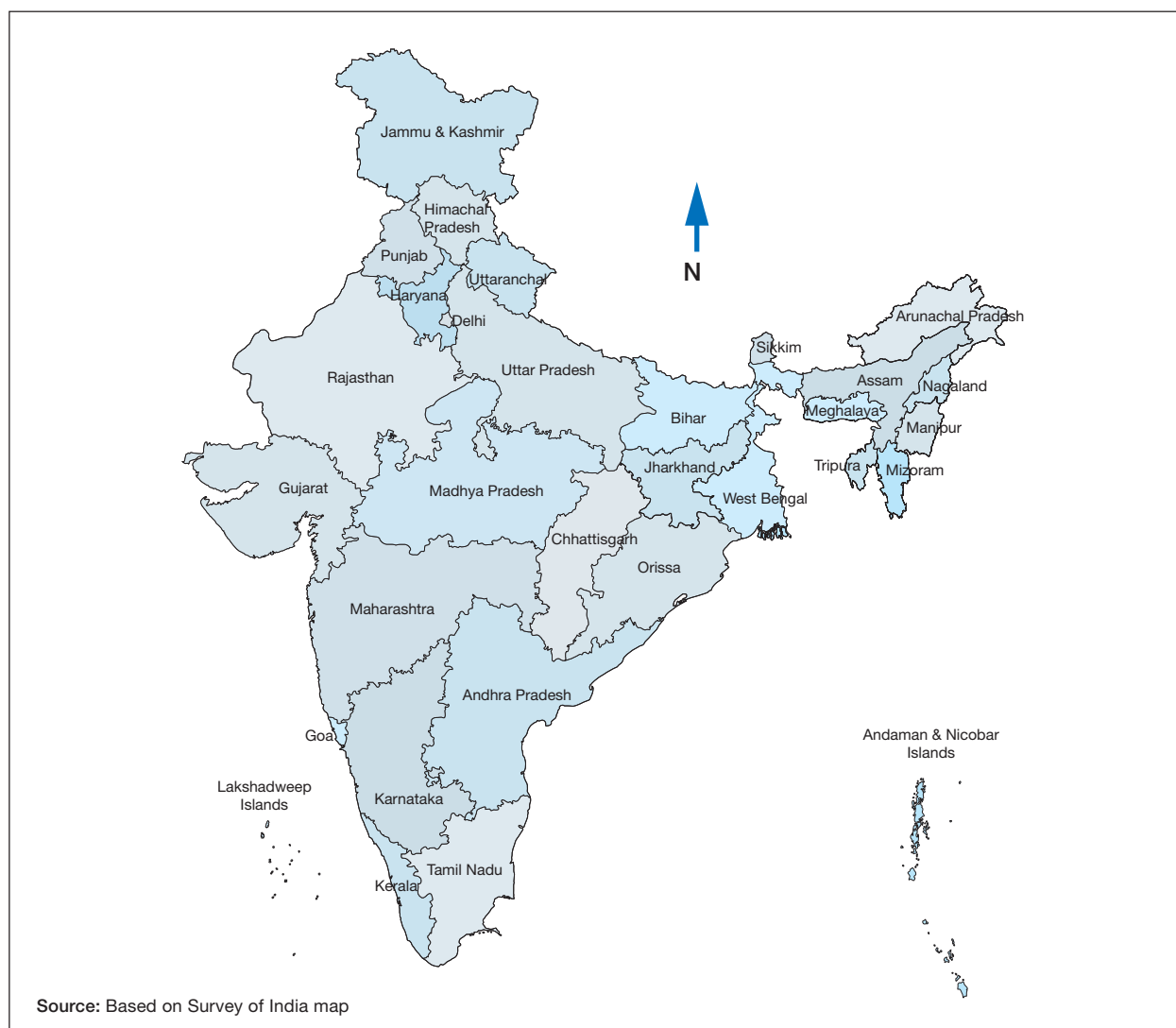
Items	Cumulative achievements of the LBP upto						Vision/Plan upto 2007/08
	3/1999	3/2000	3/2001	3/2002	3/2003	3/2004	
Financial support sanctioned by NABARD for SHG promotional measures in million Rs. to:					116.5		
• 564 NGOs, in nos. of SHGs					78,011		
• 69 RRBs, in nos. of SHGs					27,150		
• 493 Farmers' Clubs, in nos. of SHGs					5,765		
• 125 individual volunteers, in nos. of SHGs					318		
Revolving loan fund support MFIs/NGOs, nos.					29		
Revolving loan fund for MFIs/NGOs, million Rs.					183.3		

¹ The number of new SHGs provided with bank loans per financial year developed as follows during the last years (up to 1997/98 in total 14,317 SHGs had been linked): 1998/99 = 18,678; 1999/00 = 81,780 SHGs; 2000/01 = 149,050 SHGs; 2001/02 = 197,653 SHGs; 2002/03 = 255,882 SHGs; 2003/04 = 361,731.

Source: NABARD

Annex 5:

Map of India with States



Annex 6:

Information on population, poverty and number of SHGs by states

Names of states and union territories (UT)	Population Census 2001			Population below poverty line		SHGs in LBP: accumulated figures by the end of March 2004		
	Rural		Total	1990/00 in %		Total		per 1000
	in million	in %	in million	Rural	Total	in nos.	in %	rural persons
Northern Region:								
Chandigarh (UT)	0.1	0.0	0.9	5.8	5.8	0	0.0	0.0
Haryana	15.0	2.0	21.1	8.3	8.7	2344	0.2	0.2
Himachal Pradesh	5.5	0.7	6.1	7.9	7.6	13228	1.2	2.4
Jammu & Kashmir	7.6	1.0	10.1	4.0	3.5	1240	0.1	0.2
New Delhi	1.0	0.1	13.8	0.4	8.2	90	0.0	0.1
Punjab	16.0	2.2	24.3	6.4	6.2	1648	0.2	0.1
Rajasthan	43.3	5.8	56.5	13.7	15.3	33846	3.1	0.8
Total Northern Region	88.5	11.9	132.8			52396	4.9	0.6
North Eastern Region:								
Arunachal Pradesh	0.9	0.1	1.1	40.0	33.5	225	0.0	0.3
Assam	23.2	3.1	26.6	40.0	36.1	10706	1.0	0.5
Manipur	1.8	0.2	2.4	40.0	28.5	225	0.0	0.1
Meghalaya	1.9	0.3	2.3	40.0	33.9	194	0.0	0.1
Mizoram	0.5	0.1	0.9	40.0	19.5	22	0.0	0.0
Nagaland	1.6	0.2	2.0	40.0	32.7	24	0.0	0.0
Sikkim	0.5	0.1	0.5	40.0	36.6	32	0.0	0.1
Tripura	2.6	0.4	3.2	40.0	34.4	850	0.1	0.3
Total North Eastern Region	33.0	4.4	39.0			12278	1.1	0.4
Eastern Region:								
Andaman & N. Islands (UT)	0.2	0.0	0.4	20.6	21.0	71	0.0	0.4
Bihar	74.2	10.0	82.9	44.3	42.6	16246	1.5	0.2
Jharkhand	20.9	2.8	26.9	¹⁾	¹⁾	12647	1.2	0.6
Orissa	31.2	4.2	36.7	48.0	47.2	77588	7.2	2.5
West Bengal	57.7	7.8	80.2	31.9	27.0	51685	4.8	0.9
Total Eastern Region	184.2	24.8	227.1			158237	14.7	0.9
Central Region:								
Chhattisgarh	16.6	2.2	20.8	¹⁾	¹⁾	9796	0.9	0.6
Madhya Pradesh	44.3	6.0	60.4	37.1	37.4	27095	2.5	0.6
Uttaranchal	6.3	0.8	8.5	¹⁾	¹⁾	10908	1.0	1.7
Uttar Pradesh	131.5	17.7	166.1	31.2	31.2	79210	7.3	0.6
Total Central Region	198.7	26.8	255.8			127009	11.8	0.6
Western Region:								
Dadra and Nagar Haveli (UT)	0.2	0.0	0.2	17.6	17.1	0	0.0	0.0
Daman and Diu (UT)	0.1	0.0	0.2	1.4	4.4	0	0.0	0.0
Goa	0.7	0.1	1.3	1.4	4.4	306	0.0	0.4

Names of states and union territories (UT)	Population Census 2001			Population below poverty line		SHGs in LBP: accumulated figures by the end of March 2004		
	Rural		Total	1990/00		Total		per 1000 rural persons
	in million	in %	in million	in %		in nos.	in %	
				Rural	Total			
Gujarat	31.7	4.3	50.6	13.2	14.1	15974	1.5	0.5
Maharashtra	55.7	7.5	96.8	23.7	25.0	38535	3.6	0.7
Total Western Region	88.4	11.9	149.1			54815	5.1	0.6
Southern Region:								
Andhra Pradesh	55.2	7.4	75.7	11.1	15.8	385576	35.7	7.0
Karnataka	34.8	4.7	52.7	17.4	20.0	103866	9.6	3.0
Kerala	23.6	3.2	31.8	9.4	12.7	33728	3.1	1.4
Lakshadweep (UT)	0.03	0.0	0.1	9.4	15.6	0	0.0	0.0
Pondicherry (UT)	0.3	0.0	1.0	20.6	21.7	925	0.1	3.1
Tamil Nadu	34.9	4.7	62.1	20.6	21.1	150261	13.9	4.3
Total Southern Region	148.8	20.1	223.4			674356	62.5	4.5
Grand Total	741.6	100	1027.2	27.1	26.1	1079091	100	1.5

¹ The three states Jharkhand, Chhattisgarh and Uttaranchal were formed after the household survey, on which the latest poverty estimates were based. They were implemented through subdivision of the states of Bihar, Madhya Pradesh and Uttar Pradesh respectively.

Source: NABARD 2003a, NABARD, 2004.

Annex 7:

Hypotheses for the impacts of the LBP on individual MDGs

For this impact assessment study the following hypotheses with indicators/proxy indicators were formulated on various potential impact aspects of MGDs 1 to 6:

MDG 1: Eradicate extreme poverty and hunger

- improved access to microfinance services results in income increases in SHG households which indirectly contributes to an improvement of living conditions, nutrition situation as well as to a reduction of poverty in the SHG households;
- improved access to microfinance services contributes to the stabilisation of the household cash-flows, and families of SHG members are better equipped to handle crises and risks;
- the instrument of SHGs enables the LBP to have an exceptionally broad outreach. As access for SHG members to financial services at micro level are frequently replicated, the LBP is meanwhile also conducive for the building of self-initiated and self-organised socially involved forums at micro level. In other words, the LBP has grown into a movement.

Indicators/proxy indicators:

- increased diversification in demand-oriented financial products on offer to SHG member households;
- decreased dependence on money lenders;
- increase in financial, productive and physical capital;
- increase of income and diversification of income sources;
- reduction in incidence of poverty;
- improvement in nutrition including diversification of food items;
- increased take up of the causes of poverty (dowry system, alcohol abuse, wasting money on smoking, prostitution, etc.) in the families of SHG members (women);
- increase in the number of self-organised micro forums at the micro level which is expected to be in particular significant in villages, districts and clusters where many SHGs are linked to formal financial services.

MDG 2: Achieve universal primary education

- improved access to microfinancial services and an increased income-level enable poor SHG households to invest in education and thus in the future of their children.

Indicators/proxy indicators:

- enrolment rates of girls and boys in primary and secondary schools are higher in families of SHG members than in reference groups;
- proportion of pupils who reach grade 5 in primary education is higher in families of SHG members than in reference groups.

MDG 3: Promote gender equality and empower women

- membership in SHGs in combination with access to financial services enhances in general the financial, communication and decision-making capacities of women.

Indicators/proxy indicators:

- ratios of girls to boys in primary schools as well as secondary schools are higher in families of SHG members than in reference groups;

MDG 3: Promote gender equality and empower women

- increased ability to influence decision-making in their households by female SHG members;
- increased ability to participate in public issues on village level by female SHG members;
- increase in the number of politically active women in the village.

MDG 4 - 6: Objectives related to improved medical care

- access to financial services allows people to resort to medical care, especially before the situation becomes critical. Consequently there are indirectly positive effects also possible on the health of mothers and infants in SHG households.

Indicators/proxy indicators:

- increased use of curative health measures by SHG households;
- increased use of preventive health measures (hygiene education, immunisation, building AIDS awareness, etc.) by SHG households;
- increased demand for more financial services (e.g. health insurance) amongst members of SHGs.

Annex 8:

Summary of major results from existing studies on the impact of the Linkage Banking Programme on the socio-economic situation of members of Self-Help Groups

A. Impact studies carried out by the Department of Economic Analysis and Research of NABARD in the years 2000 (Study 1) and 2002 (Study 2)

Table 8/1:

Summary of results of impact studies 1 and 2 of NABARD: information on the study design

Items	Study 1, 2000	Study 2, 2002
Study objectives:	<p>To measure the impact of microfinance through the LBP on the living conditions of SHG member households (HH) including:</p> <ul style="list-style-type: none"> • changes in savings and borrowing patterns among SHG members; • assessment of the impact on economic conditions with specific emphasis on assets, levels of income, employment, consumption pattern; • assessment of the changes in social conditions. 	<p>To measure the impact of microfinance through the LBP on SHG member HHs including:</p> <ul style="list-style-type: none"> • quantification of the changes in savings and borrowing patterns of SHG members; • assessment of the impact on level and composition of income as well as employment; • assessment of the changes in social conditions.
Overall study coverage:	560 SHG membes from 223 SHGs in eleven states of five regions.	115 SHG members from 60 SHGs of three states in Eastern India.
States participating in the study (in brackets the rates of the rural population estimated to live below the poverty line in 1999/00 are provided):	<p>Northern Region: Rajasthan (13.7%);</p> <p>Eastern Region: Orissa (48%), West Bengal (31.9%);</p> <p>Central Region: Uttar Pradesh (31.2%), Madhya Pradesh (37.1%);</p> <p>Western Region: Gujarat (13.2%), Maharashtra (23.7%);</p> <p>Southern Region: Andhra Pradesh (11.1%), Karnataka (17.4%), Kerala (9.4%), Tamil Nadu (20.6%).</p>	<p>Eastern Region: Orissa (48%), Jharkhand (44.3%);</p> <p>Central Region: Chattisgarh (37.1%).</p>
Methodology and data collection:	Impact was measured as the difference in magnitude of a given parameter between the pre-linkage and post-linkage situation of members of SHGs and their HHs. All economic parameters for pre- and post-SHG member situations were measured in reference year prices. On the level of SHG members data collection was mainly carried out through a one visit sample survey with a pre-structured questionnaire. In addition focused discussions were conducted with the leader as well as up to two members from each of the involved SHGs. Furthermore discussions were carried out with the representatives of the concerned NGOs as well as bank managers. The year of reference for the post-linkage situation was 1998/99. The survey was implemented in the year 2000.	Impact was measured as the difference in magnitude of a given parameter between the pre-linkage and post-linkage situation of members of SHGs and their HHs. All economic parameters for pre- and post-SHG member situations were measured in reference year prices. On the level of SHG members data collection was mainly carried out through a one visit sample survey with a pre-structured questionnaire. Furthermore, data was cross checked through discussions with field workers of participating NGOs and banks.

Items	Study 1, 2000	Study 2, 2002
	<p>Sampling was done by multistage random sampling method involving several stages:</p> <p>Stage 1: states were selected purposely based on cumulative numbers of SHGs already linked by 3/1998 with a minimum of 250 SHGs to ensure an adequate sample;</p> <p>Stage 2: in each selected state one to four districts were selected purposely with maximum number of SHGs which had already completed at least one year of linkage with the banks by 3/1999;</p> <p>Stage 3: in total 223 SHGs were selected out of a sampling frame consisting of SHGs promoted by different Self-Help Promotion Institutions (SHPI) and banks. They were selected to represent different models used in Linkage Banking in the respective districts already linked by the end of March 1998 and had completed at least one year of linkage. The number of SHGs per state were generally kept proportional to the cumulative number of SHGs already linked at the time while ensuring a minimum of ten SHGs in each state;</p> <p>Stage 4: per selected SHG upto two to three members were selected at random while ensuring that per state a minimum of 30 SHG members was included in the sample;</p> <p>Stage 5: to delineate different factors that influence the impact of microfinance on SHG members sample households were post-stratified into different categories according to:</p> <p>a) the age of the groups:</p> <ul style="list-style-type: none"> (i) one year (4% of total sample) (ii) two years (11%) (iii) three years and above (85%); <p>b) the different linkage models:</p> <ul style="list-style-type: none"> (i) bank facilitated groups (36% of total sample), (ii) NGO facilitated groups (35%), (iii) groups where NGOs acted also as financial intermediaries (29%). 	<p>The year of reference for the post-linkage situation was 2001/02. The survey was implemented in the year 2002.</p> <p>Sampling was done by multistage random sampling method involving several stages:</p> <p>Stage 1: purposive selection of states concentrated in one area of the country with high levels of poverty;</p> <p>Stage 2: purposive selection of one district in each state where maximum numbers of SHGs were already linked with banks;</p> <p>Stage 3: SHGs were chosen at random which were linked with banks by the end of March 2001 for at least one year. The numbers of SHGs were kept approximately proportionate to the cumulative number of SHGs already linked in the respective states/ districts at the end of March 2001;</p> <p>Stage 4: selection at random of a sample of 115 group members from the chosen SHGs;</p> <p>Stage 5: to delineate different factors that influence the impact of microfinance on SHG members sample households were post-stratified into different categories according to:</p> <p>a) the age of the groups:</p> <ul style="list-style-type: none"> (i) up to two years (42% of the total sample), (ii) three to four years (40%) (iii) five years and plus (18%); <p>b) the different linkage models:</p> <ul style="list-style-type: none"> (i) NGO facilitated groups (63% of the total sample), (ii) bank facilitated groups (37%).

Sources: Puhazhendi, 2000 (Study 1); Puhazhendi, 2002 (Study 2).

Table 8/2

**Summary of major results of impact studies 1 and 2 of NABARD:
socio-economic background of study participants and general aspects¹**

Items	Results of Study 1, 2000	Results of Study 2, 2002
Average number of members/SHG	16	14
Age of sample SHG members, %		
○ less than 25	n/a ²	12
○ 26 - 35	n/a ²	51
○ 36 - 55	n/a ²	33
○ more than 55	n/a ²	4
Social classification of households of sample SHG members, %		
○ scheduled caste and tribes	33	44
○ backward class	36	39
○ upper caste	31	17
Level of literacy of sample SHG members, %		
○ illiterate	24	31
○ can sign	26	55
○ primary	21	10
○ secondary	29	4
Main occupation of households of sample SHG members, %		
○ marginal farmers	23	44
○ small farmers	29	27
○ other farmers (larger farms)	4	4
○ agricultural labourers	32	17
○ others	13	9
Economic activity of sample SHG members, %		
○ farm activity	18	42
○ non-farm activity	20	13
○ off-farm activity	6	11
○ mixed activities	35	13
○ agricultural labourer	14	16
○ others	7	5
Major criteria for becoming a member in a SHG, %		
○ homogeneity in standard of living	60	58
○ proximity of residences	29	23
○ activity	10	17
○ others	1	2
Frequency of SHG meetings, %		
○ monthly	54	65
○ all two weeks	15	16
○ weekly	23	8
○ irregular	8	10

Items	Results of Study 1, 2000	Results of Study 2, 2002
Level of attendance of members in SHG meetings, %		
○ more than 90% of all meetings	65	58
○ between 70 to 90% of all meetings	26	35
○ less than 70% of all meetings	9	7
Opinions of sample SHG members on the utility of SHGs, %		
○ source of consumption loan	92	n/a ²
○ link to get loans from banks	89	n/a
○ elevates social status	67	n/a
○ improved scope for capital formation within the household	65	n/a
○ source of production loan	65	n/a
○ agency to solve social and community problems	65	n/a
○ link to other agencies of government	59	n/a

¹ Figures are rounded.

² n/a = no data available.

Sources: Puhazhendi, 2000 (Study 1); Puhazhendi, 2002 (Study 2).

Table 8/3:

**Summary of major results of impact studies 1 and 2 of NABARD:
changes in access to financial services and related performances**

Items	Results of Study 1, 2000 ¹				Results of Study 2, 2002			
	pre-SHG	post-SHG	differences		pre-SHG	post-SHG	differences	
			qty.	in %			qty.	in %
Total sources of funds of SHG:								
○ average total sources of funds/SHG, Rs.		43761				51755		
○ out of this savings/SHG, %		36				32		
○ out of this provided by bank loan, %		51				62		
Average loan amount per SHG, Rs.		39384				32685		
Savings per sample SHG member:								
average savings per year, Rs.	460	1444	984	214	952	1863	911	96
a) savings according to SHG model, Rs.								
○ SHGs formed and financed by banks	581	1685	1104	190	1384	2078	694	50
○ SHGs formed by NGOs as facilitators	425	1270	845	199	713	1744	1031	145
○ SHGs with NGOs as fin. intermediary	350	1351	1001	286	n/a	n/a	n/a	n/a
b) savings according to age of SHG, Rs.								
○ up to two years	908	1755	847	93	1331	1947	616	46
○ three years and above	384	1394	1010	263	689	1790	1101	160
Borrowing per sample SHG member:								
average loans, Rs.	4282	8341	4059	95	2301	5122	2821	123
a) loans according to SHG model, Rs.								
○ SHGs formed and financed by banks	4142	7795	3653	88	2162	4832	2670	123
○ SHGs formed by NGOs as facilitators	4643	9073	4430	95	2378	5283	2905	122
○ SHGs with NGOs as fin. intermediary	4048	8192	4144	102	n/a	n/a	n/a	n/a
b) loans according to age of SHG, Rs.								
○ up to two years	3928	4869	941	24	3202	4221	1019	32
○ three years and above	4335	8922	4587	106	1676	5675	3999	239
Use of the provided loans (in % of total loan amounts, differences in % points):								
○ for agriculture, %	62	59		-3	23	34		11
○ for other income generating act., %	10	26		16	33	38		5
○ for consumption purposes, %	28	15		-13	44	28		-16
Loan sources (shares in % of total loan amounts, differences in % points):								
○ banks, %	32	21		-11	27	0		-27
○ SHGs, %	-	75		75	-	81		81
○ money lenders, %	42	3		-39	65	15		-50
○ others, %	26	1		-25	8	4		-3

Items	Results of Study 1, 2000 ¹				Results of Study 2, 2002			
	pre-SHG	post-SHG	differences		pre-SHG	post-SHG	differences	
			qty.	in %			qty.	in %
Annual interest rate for loans, % (related to loan amounts, differences in % points):								
○ up to 12%	16	15		-1	11	2		-9
○ 12 to 24%	32	76		44	40	66		26
○ 24 to 36%	29	7		-22	-	14		14
○ 36 to 48%	6	1		-5	2	9		7
○ more than 48%	17	1		-16	47	8		-39
Loan periods, % (related to loan amounts, differences in % points):								
○ less than six months	18	14		-4	10	4		-6
○ 6 to 12 months	40	52		12	37	74		37
○ 12 to 24 months	7	17		10	30	19		-11
○ more than 4 months	35	17		-18	23	3		-20
Repayment performance all loans, % (difference in % points)	84	94		10	87	95		8

¹ Figures are rounded.

Sources: Puhazhendi, 2000 (Study 1); Puhazhendi, 2002 (Study 2), own calculations.

Table 8/4:

Summary of major results of impact studies 1 and 2 of NABARD: impact on the asset base and employment generation¹

Items	Results of Study 1, 2000				Results of Study 2, 2002			
	pre-SHG	post-SHG	differences		pre-SHG	post-SHG	differences	
			qty.	in %			qty.	in %
Changes in assets/sample SHG member HHs: assessment by sample SHG members of changes in asset values due to SHGs, %:								
○ increased		59				45		
○ no change		37				52		
○ decreased		4				3		
Average value of assets (without values of land, buildings), Rs.:	6843	11793	4950	72	4498	5827	1329	30
a) assets according to SHG model, Rs.								
○ SHGs formed and financed by banks	5211	9060	3849	74	5515	6563	1048	19
○ SHGs formed by NGOs as facilitators	9063	14495	5432	60	4018	5424	1406	35
○ SHGs with NGOs as fin. intermediary	6219	11964	5745	92	n/a	n/a	n/a	n/a
b) assets according to age of SHG, Rs.								
○ up to two years	6638	10428	3790	57	6319	6952	633	10
○ three years and above	6884	12049	5165	75	3573	5100	1527	43
Asset holding patterns, Rs.:								
○ milk cattle/poultry	3159	5879	2720	86	1718	2863	1145	67
○ work animal	984	1122	138	14	3174	3685	511	16
○ consumer durables	2700	4792	2092	77	2517	3051	534	21
Frequency distribution of asset values in % (differences in % points):								
○ less than Rs. 2500	46	24		-22	n/a	n/a		n/a
○ Rs. 2501 to Rs. 5000	12	11		-1	n/a	n/a		n/a
○ Rs. 5001 to Rs. 10000	18	25		7	n/a	n/a		n/a
○ more than Rs. 10001	24	39		15	n/a	n/a		n/a
Employment per sample member HH: employment in person days (PD)	320	375	55	17	303	405	102	34
a) incremental employment according to SHG model in PDs								
○ SHGs formed and financed by banks		41				65		
○ SHGs formed by NGOs as facilitators		68				171		
○ SHGs with NGOs as fin. intermediary		61			n/a	n/a	n/a	n/a
b) incremental employment according to age of SHG in PDs								
○ up to two years		54				59		
○ three years and above		60				109		
Employment by activity in PDs:								
○ farm activity	167	176	9	5	213	254	41	19
○ non-farm activity	103	130	27	26	42	93	51	121
○ off-farm activity	50	69	19	38	48	58	10	21

¹ Figures are rounded.

Sources: Puhazhendi, 2000 (Study 1); Puhazhendi, 2002 (Study 2), own calculations.

Table 8/5:

Summary of major results of impact studies 1 and 2 of NABARD: impact on net income levels, consumption and poverty alleviation

Items	Results of Study 1, 2000 ¹				Results of Study 2, 2002 ¹			
	pre-SHG	post-SHG	differences		pre-SHG	post-SHG	differences	
			qty.	in %			qty.	in %
Net income levels of sample member HH:								
average HH net incomes, Rs.:	20177	26889	6712	33	12319	15184	2865	23
a) incomes according to SHG model, Rs.:								
○ SHGs formed and financed by banks	19604	25834	6230	32	13429	15684	2255	17
○ SHGs formed by NGOs as facilitators	18483	25018	6535	35	11648	14820	3172	27
○ SHGs with NGOs as fin. intermediary	22980	30525	7545	33	n/a	n/a	n/a	n/a
b) incomes according to age of SHG, Rs.:								
○ up to two years	19753	23739	3986	20	12420	14159	1739	14
○ three years and above	20251	27414	7163	35	12150	15712	3562	29
Sources of income, % (difference in % points):								
○ farm activities	39	34		-5	27	32		5
○ agricultural labour	26	23		-3	40	32		-8
○ off-farm activities	9	14		5	16	15		-1
○ non-farm sector activities	23	26		3	14	18		4
○ others	3	3		0	3	3		0
Incremental income related to different sources of income, %:								
○ farm activities		28				54		
○ agricultural labour		4				3		
○ off-farm activities		21				10		
○ non-farm sector activities		43				36		
○ others		4				4		
Frequency distribution of different income levels, % (differences in % points):								
○ less than Rs. 7500	4	1		-3	22	14		-8
○ Rs. 7501 to Rs.15000	22	10		-12	60	51		-9
○ Rs. 15001 to Rs. 22500	19	20		1	14	24		10
○ more than Rs. 22501	55	69		14	4	11		7
Changes in consumption patterns in sample member HHs:								
consumption expenditure/year, Rs.	9588	11916	2328	24	n/a	n/a	n/a	n/a
a) consumption expenditure per year according to SHG model, Rs.:								
○ SHGs formed and financed by banks	9084	11328	2244	25	n/a	n/a	n/a	n/a
○ SHGs formed by NGOs as facilitators	10404	12936	2532	24	n/a	n/a	n/a	n/a
○ SHGs with NGOs as fin. intermediary	9000	11172	2172	24	n/a	n/a	n/a	n/a

Items	Results of Study 1, 2000 ¹				Results of Study 2, 2002 ¹			
	pre-SHG	post-SHG	differences		pre-SHG	post-SHG	differences	
			qty.	in %			qty.	in %
b) consumption expenditure per year according to age of SHG, Rs.:								
○ up to two years	9780	12180	2400	25	n/a	n/a	n/a	n/a
○ three years and above	8260	10173	1913	23	n/a	n/a	n/a	n/a
Consumption expenditure by items, Rs.								
○ food	5688	6672	984	17	n/a	n/a	n/a	n/a
○ clothing	1116	1476	360	32	n/a	n/a	n/a	n/a
○ education	636	948	312	49	n/a	n/a	n/a	n/a
○ health	684	948	264	39	n/a	n/a	n/a	n/a
○ festivals/recreation	1020	1392	372	36	n/a	n/a	n/a	n/a
○ others	444	480	36	8	n/a	n/a	n/a	n/a
Contributions towards poverty alleviation in sample member HHs:								
share of sample SHG member HHs below the poverty line, %:	42	22	-20	-48	88	75	-13	-15

¹ Figures are rounded.

Sources: Puhazhendi, 2000 (Study 1); Puhazhendi, 2002 (Study 2), own calculations.

Table 8/6:

**Summary of major results of impact studies 1 and 2 of NABARD:
empowerment of women and general impact¹**

Items	Results of Study 1, 2000			Results of Study 2, 2002			Results of both studies		
	pre- SHG	post- SHG	diff in %	pre- SHG	post- SHG	diff. in %	pre- SHG	post SHG	diff. in %
Responses of sample SHG members on questions related to changes in their self-confidence, % (differences in % points):									
○ has more self-confidence	20	88	68	21	78	57	20	86	66
○ treatment from family members more respectful	11	63	52	40	89	49	16	67	51
○ can confidently face financial crisis in the family	29	92	63	33	85	52	30	91	61
○ comes out to help neighbours	70	93	23	51	95	44	67	93	26
Level of communication of sample SHG members in meetings, % (differences in % points):									
○ talks freely	17	77	60	23	65	42	18	75	57
○ talks sometimes	32	14	-18	n/a	n/a	n/a	32	14	-18
○ talks only if asked	33	2	-31	40	9	-31	34	3	-31
○ hesitates to talk and hence does not talk	18	7	-11	n/a	n/a	n/a	18	7	-11
Changes in decision-making in sample SHG members' HHs, % (differences in % points):									
○ joint decisions on purchase of household assets and investments	n/a	n/a	n/a	39	74	35	39	74	35
○ joint decisions on social matters like education of children, their marriage	n/a	n/a	n/a	42	69	27	42	69	27
Number of officials the sample SHG members had interactions with, % (differences in % points):									
○ none	77	11	-66	n/a	n/a	n/a	77	11	-66
○ up to two	13	26	13	n/a	n/a	n/a	13	26	13
○ two to four	7	21	14	n/a	n/a	n/a	7	21	14
○ more than four	3	42	39	n/a	n/a	n/a	3	42	39
Proportion of sample SHG members inclined to protest social evils, % (differences in % points):									
○ abusing women in films	55	82	27	n/a	n/a	n/a	55	82	27
○ wife beating	71	94	23	52	78	26	68	91	23
○ drinking/gambling	50	83	33	37	81	44	48	83	35

Items	Results of Study 1, 2000			Results of Study 2, 2002			Results of both studies		
	pre- SHG	post- SHG	diff in %	pre- SHG	post- SHG	diff. in %	pre- SHG	post SHG	diff. in %
Changes in violence in sample SHG member families, %:									
○ increase		1		n/a	n/a	n/a		1	
○ decrease		37		n/a	n/a	n/a		37	
○ no change		62		n/a	n/a	n/a		62	
Responses of sample SHG members to different problem situations, % (differences in % points):									
a) verbal abuse									
○ resists	32	63	31	n/a	n/a	n/a	32	63	31
○ submits	50	10	-40	n/a	n/a	n/a	50	10	-40
○ complains to group	0	15	15	n/a	n/a	n/a	0	15	15
○ complains to relatives	13	7	-6	n/a	n/a	n/a	13	7	-6
○ warns	5	5	0	n/a	n/a	n/a	5	5	0
b) beating/physical violence									
○ resists	35	71	36	n/a	n/a	n/a	35	71	36
○ submits	45	6	-39	n/a	n/a	n/a	45	6	-39
○ complains to group	0	10	10	n/a	n/a	n/a	0	10	10
○ complains to relatives	17	10	-7	n/a	n/a	n/a	17	10	-7
○ warns	3	3	0	n/a	n/a	n/a	3	3	0
c) negligence									
○ resists	19	45	26	n/a	n/a	n/a	19	45	26
○ submits	44	18	-26	n/a	n/a	n/a	44	18	-26
○ complains to group	0	14	14	n/a	n/a	n/a	0	14	14
○ complains to relatives	23	9	-14	n/a	n/a	n/a	23	9	-14
○ warns	14	14	0	n/a	n/a	n/a	14	14	0
d) psychological and emotional abuse									
○ resists	23	47	24	n/a	n/a	n/a	23	47	24
○ submits	42	15	-27	n/a	n/a	n/a	42	15	-27
○ complains to group	0	17	17	n/a	n/a	n/a	0	17	17
○ complains to relatives	27	15	-12	n/a	n/a	n/a	27	15	-12
○ warns	7	7	0	n/a	n/a	n/a	7	7	0
Sample SHG members' opinions on their access to various facilities and services, % (differences in % points):									
○ medical facilities	57	71	14	n/a	n/a	n/a	57	71	14
○ sanitation facilities within house	13	42	29	n/a	n/a	n/a	13	42	29
○ sanitation facilities within village	20	47	27	n/a	n/a	n/a	20	47	27

Items	Results of Study 1, 2000			Results of Study 2, 2002			Results of both studies		
	pre-SHG	post-SHG	diff in %	pre-SHG	post-SHG	diff. in %	pre-SHG	post SHG	diff. in %
○ water supply within house/street	36	57	21	n/a	n/a	n/a	36	57	21
○ water supply within village	63	81	18	n/a	n/a	n/a	63	81	18
○ school for children	79	86	7	n/a	n/a	n/a	79	86	7
○ market facilities	52	61	9	n/a	n/a	n/a	52	61	9
○ adequacy of transport facility to market/near by town	75	82	7	n/a	n/a	n/a	75	82	7
Changes in the composite index of standard of living in HHs of sample SHG members, % (differences in % points):									
○ overall index	40	65	25	n/a	n/a	n/a	40	65	25
○ economic index	40	52	12	n/a	n/a	n/a	40	52	12
○ social index	40	74	34	n/a	n/a	n/a	40	74	34
Changes by index groups:									
○ less than 20	9	0	-9	n/a	n/a	n/a	9	0	-9
○ 20 to 40	46	5	-41	n/a	n/a	n/a	46	5	-41
○ 40 to 60	35	27	-8	n/a	n/a	n/a	35	27	-8
○ 60 to 80	9	54	45	n/a	n/a	n/a	9	54	45
○ 80 to 100	1	14	13	n/a	n/a	n/a	1	14	13

¹ Figures are rounded.

Sources: Puhazhendi, 2000 (Study 1); Puhazhendi, 2002 (Study 2).

B. Study carried out by MYRADA on the impact of the Linkage Banking Programme on the social/empowerment status of women members of SHGs

Table 8/7:

Summary of major results of the MYRADA impact study: general information on the study design

Items	Aspects of the MYRADA Study design
Study objectives:	To establish whether and to what extent membership in SHGs supported under the LBP and the involvement of members in various group activities have an impact on the social status and empowerment of women group members.
Overall study coverage:	190 SHG members from 12 SHGs in four states of the Southern Region of India.
States participating in the study (in brackets the rate of the rural population estimated to live below the poverty line in 1999/00 are provided):	Southern Region: Andhra Pradesh (11.1%), Karnataka (17.4%), Kerala (9.4%), Tamil Nadu (20.6%).
Methodology, data collection and sampling method:	<p>Impact was mainly measured by comparing the differences between the situation of SHG members and their HHs before and after joining a SHG. Furthermore, comparisons were carried out between members of groups which were three years old with the situation of members of groups which were less than one year old. On the level of SHG members the major data collection tool was a one visit sample survey by pre-structured questionnaire.</p> <p>Furthermore, focused individual and group discussions and evaluations were carried out with the members of SHGs, including husbands of SHG members as well as leaders of concerned SHGs, representatives of NGOs and bank officials. In each of the four participating states the SHGs included in the study were linked to a different professionally managed NGO. On the side of the three year old SHGs two groups (= in total eight) were included in the study per participating state. On the side of the less than one year old SHGs one group (= in total four) was included per state. Per SHG on average about 16 group members or always nearly all group members participated in the survey. The year of reference for the post-linkage situation was 2001/02. The impact survey was implemented in the year 2002.</p>

Source: MYRADA, 2002.

Table 8/8:

**Summary of major results of the MYRADA impact study:
socio-economic background of study participants and general aspects¹**

Items	Less than one year old SHGs	More than three years old SHGs	Total all groups
Age of sample SHG members, %			
○ less than 25	21	5	10
○ 26 - 35	42	37	39
○ 36 - 55	35	48	44
○ more than 55	2	10	7
Marital status of sample SHG members, %			
○ never married	6	5	5
○ currently married	89	80	83
○ divorced/separated	2	2	2
○ widowed	3	13	10
Level of literacy of sample SHG members, %			
○ illiterate	45	48	47
○ literate, no formal education	7	3	4
○ primary	21	26	24
○ secondary	27	23	25
Reasons for joining a SHG, %			
○ to save money regularly	89	93	92
○ to start/take part in internal lending	73	69	70
○ to meet regularly	47	47	47
○ to generate income for the member	31	66	34

¹ Figures are rounded.

Source: MYRADA, 2002.

Table 8/9:

Summary of major results of the MYRADA impact study: empowerment of women ¹

Items	Less than one year old SHGs	More than three years old SHGs	Total all groups
Change in level of self-confidence, %			
a) versus people:			
○ more confident	73	75	74
○ confident as before	16	20	19
○ less confident	1	2	2
b) versus institutions			
○ more confident	48	59	56
○ confident as before	31	32	32
○ less confident	5	1	2
○ do not deal with any	6	5	5
Change in professional and technical skills, %			
○ have improved	24	41	36
○ have not changed much	55	46	49
○ no opinion	21	13	15
Change in knowledge about health and hygiene, %			
a) family planning methods			
○ more than before	36	54	48
○ same as before	50	34	39
b) washing hands before eating/cooking			
○ more than before	45	71	63
○ same as before	50	27	35
c) vaccination of children			
○ more than before	48	70	63
○ same as before	45	23	31
d) not allowing dirt and water to stagnate			
○ more than before	60	72	68
○ same as before	36	28	31
e) using toilets at home			
○ more than before	52	61	58
○ same as before	40	31	34
f) adding fruits and vegetables in diet of pregnant women			
○ more than before	52	68	63
○ same as before	42	27	32
Degree of difficulty in doing selected tasks, %			
a) in writing the name			
○ no difficulty	56	95	82
○ some difficulty	33	5	14
○ lot of difficulty	11	0	4

Items	Less than one year old SHGs	More than three years old SHGs	Total all groups
b) in reading all numbers up to 500			
○ no difficulty	56	90	79
○ some difficulty	11	11	11
○ lot of difficulty	33	0	11
c) in reading pass book entries			
○ no difficulty	0	32	21
○ some difficulty	0	52	36
○ lot of difficulty	100	16	43
d) in reading bank forms			
○ no difficulty	0	11	7
○ some difficulty	0	42	29
○ lot of difficulty	100	47	64
Change in personal financial position, %			
○ improved	71	89	83
○ remained the same	26	11	16
Share of member of SHGs to family income, %			
○ increased	50	74	66
○ remained the same	36	20	25
Average share in household income last year, %	26	41	37
Role in decision-making about own affairs, %			
○ has increased	48	66	60
○ has remained the same	44	32	36
○ has decreased	2	2	2
Role in financial decision-making, %			
○ participation more than before	37	56	50
○ participation just as much as before	43	36	38
○ participation less than before	7	2	3
Role in decision-making related to general HH affairs, %			
○ more participation than before	50	53	52
○ same participation as before	44	37	39
○ less participation than before	2	2	2
○ continued to be the key decision-maker in the family	2	5	4
Who decides in the HH on, %			
a) whether to use birth control			
○ self	31	34	33
○ husband	11	15	14
○ together with the husband	42	33	36
○ not applicable	15	16	16

Items	Less than one year old SHGs	More than three years old SHGs	Total all groups
b) the method to be used in birth control			
○ self	27	35	33
○ husband	11	13	13
○ together with the husband	44	33	36
○ not applicable	16	17	17
c) which health facility to use			
○ self	37	51	46
○ husband	23	19	20
○ together with the husband	32	26	28
○ not applicable	3	2	3
d) to which school a girl will be sent			
○ self	16	31	26
○ husband	10	12	11
○ together with the husband	34	33	33
○ not applicable	36	21	26
e) whether to send a child to pre-primary school			
○ self	18	23	21
○ husband	11	9	10
○ together with the husband	23	29	27
○ not applicable	45	35	38
Attending regularly meetings of SHGs and local bodies, %			
○ meetings of SHGs	87	87	87
○ meetings with local bank branch	13	61	45
○ meetings with partner NGO	36	55	48
○ meetings of <i>Grama Sabha</i> (village collective body)	18	41	33
Responses of husbands/senior HH members on various SHG aspects, %			
a) regarding positive impacts on the family			
○ helps to improve the economic status	92	90	91
○ loans can be obtained	6	10	8
b) regarding his willingness to let the women continue	97	90	95
c) if he regularly asks the member about new developments in the SHG	68	77	71
d) if he helps the member in her SHG activities	69	55	65
e) if he takes up some of the HH work	72	58	68

¹ Figures are rounded.

Source: MYRADA, 2002.

Annex 9

Executive Summary in German Language

Zusammenfassung

International konnte mittlerweile über eine Reihe von Wirkungsanalysen nachgewiesen werden, dass Mikrofinanzprogramme einen bedeutenden Beitrag zur Erreichung der Millennium-Entwicklungsziele (MDG) leisten. Die landesweite Einführung des Mikrofinanzprogramms 'Linkage Banking Programme' (LBP) in Indien zur Anbindung von Selbsthilfegruppen (SHG) an Banken wurde von der National Bank for Agricultural and Rural Development (NABARD) 1996 mit dem Ziel begonnen, bis 2008 zirka einem Drittel der ländlichen Armen einen verbesserten Zugang zu Finanzdienstleistungen zu ermöglichen. Trotz der Existenz einer relativ tiefen und diversifizierten Infrastruktur an Finanzinstitutionen verfügt die Mehrzahl der ländlichen Bevölkerung und vor allem die ärmeren Haushalte und Frauen nicht über einen ausreichenden Zugang zu Finanzdienstleistungen über den formalen Bankensektor. Das bestehende Potenzial für einkommens- und beschäftigungsschaffende wirtschaftliche Aktivitäten wird dadurch unzureichend genutzt, mit negativen Auswirkungen auf das Wirtschaftswachstum und die Verringerung der Armut, die mit zirka 27% (fast 200 Millionen Menschen) vor allem im ländlichen Raum noch besonders hoch ist. Als bedeutendes Hindernis für die Anbindung der armen Bevölkerung an formale Finanzdienstleister wurden von den meisten indischen Banken vor allem die hohen Verwaltungskosten für Kleinstkredite ohne bankübliche Sicherheiten angesehen.

Die Strategie (i) des Aufbaus neuer und/oder Stärkung existierender SHG und (ii) die Motivation der Gruppenmitglieder regelmäßig zu sparen und finanzielle Transaktionen untereinander mit Zins zu tätigen, führte zu außergewöhnlichen Erfolgen und zu dem weltweit größten Mikrofinanzprogramm. In dem schnell wachsenden LBP sind inzwischen über eine Million SHG¹ an Banken angebunden. Damit wurden bis März 2004 bereits 16 Millionen ländliche Haushalte erreicht. Mehr als 35.000 Zweigstellen von 560 unterschiedlichen Banken führen das Programme landesweit zusammen mit mehr als 3.000 Selbsthilfeförderinstitutionen durch. Das LBP wird im Rahmen des Programmes Ländliche Finanzsystementwicklung Indien der deutschen Technischen Zusammenarbeit (TZ) unterstützt. Schwerpunkt ist die Stärkung der Qualität und Tragfähigkeit der Finanzdienstleistungen bei der

Anbindung von SHG an Banken, wodurch Beiträge zu leistungsfördernden strukturellen Veränderungen erbracht werden.

Im Rahmen einer Wirkungsstudie zur Ermittlung des Beitrags des von der deutschen Seite unterstützten LBP zur Erreichung der MDGs, sind als erster Schritt im Auftrag des TZ-Programms und NABARD die wesentlichen Ergebnisse von bereits existierenden Wirkungsstudien mit Relevanz für die MDGs zusammenzufassen. Bei der Literaturüberprüfung wurden drei Studien identifiziert, die bereits nützliche Informationen zu verschiedenen Wirkungsaspekten der MDGs beinhalten. Die beiden von der NABARD-Abteilung für Wirtschaftsanalysen und -forschung in den Jahren 2000 und 2002 durchgeführten Studien untersuchten vor allem die Wirkungen des LBP auf die Einkommen, die Armutsverringerung sowie hinsichtlich verschiedener Aspekte der Lebensbedingungen von SHG-Mitgliedern. Die dritte Studie - erarbeitet von der Nicht-Regierungsorganisation Myrada im Jahr 2000 - konzentrierte sich auf die Wirkungen des LBP auf die Stärkung der Rolle der Frauen. Insgesamt waren an den drei Studien 865 Mitglieder von fast 300 SHG in dreizehn Ländern Indiens beteiligt.

Gemäss der Ergebnisse der drei Wirkungsstudien entsteht durch das landesweite schnell wachsende Programm mit seiner ausgeprägten Signifikanz ein erheblicher sozio-ökonomischer Nutzen für kleinbäuerliche und -gewerbliche Unternehmer/innen sowie für landlose Arbeiter/innen. Der verbesserte Zugang von SHG-Mitgliedern zu nachhaltigen Mikrofinanzdienstleistungen sowie der Gruppenansatz und die damit zusammenhängenden Prozesse zur Stärkung des Humankapitals tragen mit vielfältigem Nutzen in mehrfacher direkter und indirekter Weise zu den meisten Wirkungsaspekten der MDGs 1 bis 6 bei. In Gruppen, die effektiv an Banken angebunden sind, wird den Mitgliedern generell mindestens ein Spar- und Kreditprodukt angeboten. Die meisten SHG-Mitglieder steigern in beträchtlichem Umfang ihre Sparraten. In der Kreditaufnahme werden verstärkt Darlehen für einkommensschaffende Aktivitäten statt für Konsumzwecke nachgefragt. Erhöhte Spareinlagenmobilisierung und Kapitalbildung verbessern die Kapazitäten zur Eigenfinanzierung kleinerer Investitionen. Weiterhin wird der cash-flow der Haushalte stabilisiert und es kann generell von höheren Kapazitäten zur Absorption von Risiken ausgegangen

werden. Der Zugang zu formalen Finanzdienstleistungen trägt auch zu einer starken Verringerung der Abhängigkeiten von informellen Geldverleihern bei, mit positiven Wirkungen auf die Reduzierung der Kapitalkosten.

Den verbesserten Zugang zu Finanzdienstleistungen nutzen die beteiligten Haushalte bzw. einzelnen Personen für die Unterhaltung, Intensivierung und Diversifizierung ihrer wirtschaftlichen Aktivitäten, vor allem auch in nicht-landwirtschaftlichen Bereichen, mit positiven Wirkungen auf Einkommen und Beschäftigung. Gemäss der Gesamtergebnisse der durchgeführten Studien steigen die Nettoeinkommen durchschnittlich pro Haushalt um mehr als Rs. 6.000 oder zirka 32% auf fast Rs. 25.000 an. Mit den Einkommenssteigerungen werden erhebliche Beiträge zur Armutsverringering geleistet. Der Anteil der Haushalte, der unterhalb der Armutsschwelle liegt, wird von vorher zirka 50% auf etwa 31% in der post-SHG Situation verringert. Damit können insgesamt fast 20% der Mitglieder der SHG ihre Einkommen auf Werte oberhalb der Armutsschwelle anheben (MDG 1).

Die Finanzdienstleistungen mit ihren Einkommenswirkungen erhöhen auch die Kapazitäten der SHG-Mitglieder zusätzliche Ausgaben für Grundbedürfnisse wie verbesserte Ernährung (MDG 1), Bildung (MDG 2) und Gesundheit (MDGs 4 bis 6) zu tätigen.

Ein sehr hoher Anteil von zirka 90% der Nutznießer des LBP sind Frauen. Die Partizipation in den SHG trägt erheblich zur Humankapitalbildung bei und stärkt Frauen in ihrem Selbstvertrauen und ihrer Kompetenz wie auch in ihrer verbesserten Beteiligung an Entscheidungsprozessen in den Familien. Sie fördert die Kommunikation, die Zusammenarbeit zwischen Gruppenmitgliedern und verbessert die Kapazitäten für Problemlösungen. Die Beteiligung von Frauen in politischen Gremien verbleibt jedoch selbst auf der Dorfebene noch auf einem niedrigen Niveau.

Die Linkage-Modelle mit Beteiligung von Nicht-Regierungsorganisationen als Selbsthilfeförderinstitutionen weisen bei den verschiedenen bewerteten Parametern häufig bessere Leistungen auf als das Modell in dem Banken neben den

Bankfunktionen auch die Förderung der Gruppenbildung übernehmen. Der Umfang und die Qualität der Ausbildungsmaßnahmen sind in erheblichem Umfang als Ursache für die Unterschiede in den Wirkungen zwischen den einzelnen Linkage-Modellen anzusehen. Die generell bedeutend besseren Leistungen der älteren Gruppen im Vergleich zu denen der jüngeren Gruppen weisen auf die Nachhaltigkeit des Programmansatzes bei vielen SHG hin. Es liegen eindeutige Hinweise vor, dass sich mit zunehmenden Alter der SHG die Wirkungen des LBP hinsichtlich der Armutsverringering und damit der MDGs noch weiter verstärken.

Die wichtigsten Empfehlungen der Wirkungsstudien können wie folgt zusammengefasst werden:

- (1) Die Anstrengungen hinsichtlich Institutionenaufbau einschließlich der Stärkung der Gruppenfunktionen existierender SHG sowie der Förderung von SHG-Verbandsstrukturen sollten noch weiter erhöht werden.
- (2) Zur Förderung der Konsolidierung des Aufbaus nachhaltiger Finanzdienstleistungssysteme erbracht durch leistungsfähige SHG besteht Bedarf für die Entwicklung effektiverer Management Information Systeme.
- (3) In der zukünftigen Strategie sollte die Ausbildung und Kapazitätsverbesserung der Mitglieder von SHG zur Verbesserung der Produktivität der Finanzdienstleistungen noch mehr berücksichtigt werden.
- (4) In den Verbreitungsstrategien des LBP sollten zum Abbau bestehender regionaler Unausgewogenheiten die Zentral- und Ostregionen verstärkt berücksichtigt werden. Dabei sollten zur Steigerung der Effektivität des Programmansatzes gegebenenfalls regionalspezifisch unterschiedliche Durchführungsmodelle entwickelt werden.
- (5) Die Entwicklungsrolle der SHG kann durch eine verbesserte Einbeziehung in örtliche Entwicklungsprogramme noch ausgebaut werden.

¹ Im März 2000 waren es erst 115.000 Gruppen.



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