Journal of Internet Banking and Commerce

An open access Internet journal (http://www.icommercecentral.com)

Journal of Internet Banking and Commerce, January 2021, Vol. 26, No. 9

A Literature Review: Self-help Group Bank Linkage Programme

Nishi Malhotra
Ph.D. Scholar, IIM Kozhikode
Tel: + 91 9873145005
Email: nishim13fpm@iimk.ac.in

Dr. Pankaj Baag
Assistant Professor, IIM Kozhikode

Abstract

Self-help group bank linkage initiative is aimed at providing access to microfinance to people at the bottom of pyramid. These people lack collateral and formal financial institutions are wary to lend to them due to lack of collateral and information asymmetry. Group lending through social capital provides a panacea to the issue of lack of physical collateral. Despite all assertions, group lending is fraught with issues of institutional unsustainability, lack of financial literacy and lack of theory and understanding on peer mechanism of selection and monitoring. This study utilizes the systematic review method to evaluate various studies in domain of self-help group bank linkage. This study will contribute to theory building on peer mechanism in domain of group lending. It will add to existing repository of literature reviews in domain of peer mechanism for Joint Liability Groups.

Keywords: **Microfinance, Joint Liability Groups, Peer Monitoring, Information asymmetry, Collateral**

Introduction

The need for microfinance for the rural unbanked and under banked, who lack physical collateral and face information asymmetry, prompted the establishment of Joint Liability Groups. Due to a lack of collateral and financial returns, banks are unwilling to lend to the unbanked and under banked [1]. Lenders also lack information about these people and their credit worthiness, resulting in moral hazard and adverse selection. In 1992, NABARD created a self-help group linkage to provide financial services to the poorest of the poor by leveraging social capital and social collateral. In self-help groups, the availability of social capital compensates for the lack of physical collateral [2]. According to various sources, providing credit to the poor or unbanked and under banked is costly due to high cost of monitoring, selection and enforcement. The formal financial institutions do not find it viable to lend to the micro borrowers due to high transaction costs, financial illiteracy and higher cost of monitoring the poor people. However, the group members with higher social ties and linkages are able to generate better loan repayments and savings with greater income generation from the livelihood activities. SBLP (Self-Help Group Bank Linkage) programme has been successful in ensuring 95% repayment rates and enormous savings and thrift levels with credit generation to promote micro financiarization and financial Inclusion of the poor [3]. Joint Liability Groups facilitate reduction of the transaction costs involved in lending to the poor [4]. Due to moral hazard and adverse selection, it is important to monitor the functioning of these Joint Liability Groups. Peer monitoring and social capital, according to a study of current research performed through the lens of agency theory serve to resolve the issue of moral hazard and adverse selection [5,6]. In a Joint Liability Group with limited liability, the members of the group are able to identify the risk category or propensity of each other and in case of default are not willing to cross subsidize the risky borrower. Through peer monitoring they are able to exert social pressure to enforce repayment of loans [1,7]. It truly plays the role of an enabler in improving the operational performance of these groups [8]. Social capital or social collateral is used by the members to enforce social sanctions and make it costly for the borrowers to default, [9]. JLGs enable the members to identify the defaulting individuals to be punished [10].

Although there is a lot of research on peer monitoring, there isn't much on how the process works. While a few key research studies stress the importance of peer or self-selection, as well as risk homogeneity, in mitigating the adverse selection problem, other research emphasizes the need of risk diversification [11,1]. As a result, there is a gap in the existing research regarding the significance of peer mechanism and how peer mechanism, when combined with other elements such as risk and social homogeneity, ensures financial and institutional sustainability. Other factors cited as important determinants of success of peer monitoring and mitigating strategic default are correlation of risk of members of groups, output distributions and penalty levied by the banks. There is room for more study in the domains of peer monitoring, moral hazard, and adverse selection, due to a lack of clarity on the impact of borrowers riskiness on operational performance [5,12,13]. Furthermore, in these groups financial and institutional sustainability is a major concern [11]. Most of

Joint Liability Groups have issues with institutional sustainability, such as poor bookkeeping, record keeping, meeting minute's preparation, and adherence to group norms [14]. As a result, there is a lack of institutional sustainability, which causes loan and credit repayment to be delayed. Financial literacy and expertise may help organizations acquire a competitive edge and become financially self-sufficient. This research aims to explore and analyze the current body of information in the areas of self-help group monitoring, women empowerment, financial Inclusion, and financial sustainability. This study will investigate the function of peer monitoring and Joint Liability Groups in fostering financial and institutional sustainability, and how do elements like risk homogeneity, social homogeneity, and financial literacy affect the financial sustainability of JLGs? The notion of Joint Liability Groups is well defined, but the show of peer selection, peer monitoring, and peer enforcement on Joint Liability Group success is not well defined.

Objective of Study

This study aims to give a complete review of the literature on peer mechanisms impact on loan and credit repayment. Peer to peer monitoring can help reduce expenses and make group lending a viable and financially viable option. Banks are wary of lending to unbanked or under banked people due to lack of credit information and physical collateral. Peer monitoring improves loan repayment by fostering social capital, relationships, and trust among members. We want to examine how group processes assist people access financial services and how it makes banking accessible to those who lack means to meet basic necessities. The study's overarching goal is to examine how peer monitoring, selection, and enforcement might help ensure the financial viability of the Joint Liability Group lending scheme. The specific objectives are:

- Identify the various factors that lead to the financial sustainability and viability of the joint liability groups .
- Assess the role of peer selection, monitoring and enforcement in promoting the sustainability of self-help group bank linkage programme.
- Identifying the process of peer selection, monitoring and enforcement in promoting the sustainability of self-help group bank linkage programme.
- Exploring literature regarding how the peer mechanism works through peer selection, monitoring and enforcement to promote sustainability of these groups.
- Identifying the role of various factors such as social intermediation and financial training to promote sustainability of groups.

Methodology

A comprehensive literature analysis is done to analyse the depth and breadth of microfinance literature. Organizations, experiments, and stakeholder opinions complemented the data. Academic journals, articles, books, reports, monographs, and dissertations were searched for material to support the study's findings. The study employed the PRISMA framework. 1200 submissions yielded 50 articles. Also used for screening was the highest citation and back-referencing from well-known literature. The following keywords were used to identify common themes in SHG (Self Help Bank Linkage) literature.

With a view to gain insights into challenges facing SHG Bank linkage articles across the year were shortlisted as per the citation.

List of online databases

- SCOPUS
- EBSCO
- ABI/Inform
- ERIC
- Web of Knowledge
- JGATE
- Google Scholar

Background of Self-Help Group Bank Linkage Program

Self-Help Groups (SHGs) are self-organized groups of individuals. These groups were formed to achieve a shared goal. People of similar social origins, castes, and vocations join forces to achieve a common objective. The goal of these organizations is to raise funds and manage resources to assist their members [15]. In 1972, Self-help groups were introduced in India groups, they claim, aim to provide rural women with a source of income and encourage self-sufficiency [15]. These organizations are based on the idea that a substantial portion of the Indian population still does not have formal credit and must rely on informal sources such as money lenders or family members [16]. According to the report, these groups achieve self-sufficiency by providing self-help organizations with access to and use of money. Self-help organizations provide rural women with a stable income solely *via* peer pressure, with no financial collateral or oversight. In 1992, NABARD introduced a self-help group bank linkage program to provide financial services to rural women in India. In the year 2012 financial inclusion research shows that self-help groups contribute to better financial outcomes [17]. Linking self-help banks is one of the sustainable development aims. These are all measures of the SHG Bank linkage scheme's efficacy. In addition to financial inclusion, other factors such as financial knowledge, sensitivity, and access to financial services also have a role. One of the most annoying features of group lending is that these players do not follow accounting laws, do not have physical collateral, and do not document loans [18]. According to the research, a large percentage of Indian rural women are financially disadvantaged. The most frequent method for determining the reasons for financial exclusion is to measure account ownership; however, this has proven to be ineffective. In summary, the data suggest that if the Indian rural population is not self-regulating and financially disciplined, it may be managed by a financial intermediary or network that is more closely linked to the Indian rural diaspora. This theory was widely applicable, and it resulted in the creation of a financial intermediary, the SHG bank linkage program. Later argued that self-help groups, according to the study, provide a unique approach to financial intermediation since they integrate access to low-cost financial services with a process of self-management and women empowerment. [19,20]. Despite this progress, many self-help organizations have had high dropout rates, poor loan repayments, and financial instability [21]. Existing research shows that members of these groups financial behavior are influenced by the availability of additional financing options and financial knowledge. Due to a lack of numerous factors such as financial literacy, rural women are more likely to use informal sources of money such as borrowing from family, friends, and stores, according to the research available in this subject [22-24]. Many scholars such as argued that SHG (Self Help Group) federations play an important role in improving the sustainability of the self-help groups by increasing the value of assets and saving rates, providing access to institutional loans and eliminating the informal loans. Despite all claims, many scholars argue that to achieve financial sustainability, there is a need for a good business model that incentivizes the members through a share in the revenue generated. Although the literature recognizes the importance of self-help groups in poverty reduction, the role of self-help group bank linkage in promoting women empowerment is misunderstood. Confusion persists surrounding the economic impact of self-help groups in promoting wellbeing of their members. Also, there is a lack of research in credit creation through the SHG Bank linkage program. Various studies show that women members from self-help groups in certain areas rely more on informal sources of finance than traditional sources of finance. The contribution of informal sources to the cause of financial Inclusion through financial intermediation is negative [10]. In the newer context, the group members generally receive informal assistance, provided by the family and friends, and legal assistance professionally provided. Most of the members who took informal assistance from family and friends were women. These members do not have much say in decision making and depend on their family members and husbands. The difference between men and women is primarily due to some societal factors and cultural norms. Perhaps, in rural India, households regard maintaining independence as a lower priority, and consequently, women try to rely more on friends and family. In an emerging economy like India, large banks tend to confine their business to the wealthier bank's potential customers. Considering, poverty alleviation as one of the Sustainable Development Goals (SDGs), the interest of emerging economies like India lies in the financing of small businesses or micro-enterprises. So economic growth is likely to occur if specialized financial institutions like regional rural banks take on this portion in the financial services market since micro enterprises contribute to economic growth if they obtain adequate investment capital. Under the SHG Bank Linkage scheme, the commercial, rural regional banks, and cooperative banks provide credit to the members of self-help groups for consumption and production purpose. However, as per the available literature, the large banks tend not to strive as much as other microfinance entities to diversify their investments. The major reasons banks do not lend the poor borrowers are moral hazard and adverse selection [25]. Various studies highlighted the lack of studies in the domain of financial sustainability. Financial sustainability depends on repayment capacity, loan outstanding, and awareness about the objectives of the SHG. There is a lack of studies in the area of sustainability of the SHGs. The main reasons for the lack of sustainability are mismanagement of borrowed funds and lack of accountability and commitment toward group activities [26]. The local money lender with local orientation and knowledge of the customer and appropriate intermediation and local consultation profitably expanded the business to the micro-enterprises or the members of self-help groups [27]. Lack of financial knowledge, stereotype, and digital literacy limit microenterprise demand for microfinance. Bank staff lack of empathy has resulted in clients moving to informal lenders, requiring the government to partially finance micro firm's livelihood activities. SHG Bank Linkage is based on social finance, which strives to make a beneficial impact through banking. SHG Bank Linkage, on the other hand, attempts to provide financial sustainability and social capital with financial returns [28]. Graduating to the next stage, there is a need for robust standards and measures to quantify the social impact of the SHG Bank linkage scheme [29]. Intervention that has touched the lives of millions of poor and marginalized Indians has achieved the distinction of being the world's largest microfinance scheme [30]. Massive social capital embedded in the institutional framework of community networks, the self-help group bank linkage scheme represents intervention with the potential to draw capital from diverse sources, including quasi-equity and private equity investors. Despite, its outreach the research question that remains unanswered is what will be the next breakthrough model that can be adopted and replicated to benefit the low-income communities [31]. Impact investing has been flowing into self-help groups for years, through the Indian microfinance ecosystem, as a sustainable solution to economic issues such as poverty & lack of economic growth has emerged only recently. The perspectives on microfinance follow two diverse paths, namely financial perspective and poverty lending perspective [32]. The successful journey of microfinance that has permeated into the lives of millions of poor people has been made possible by a shift from the donor's based model of the 1980s to the institutional perspective based on the market principle of 1992. The latter approach of the early 1990s is referred to as the financial perspective, which emphasizes large scale outreach to the economically poor. The test of progress is whether more added to the kitty of those who have in abundance is at the expense of those who have very little. Most of the literature discusses the paradox of mission drift to choose between helping the poor and making money for investors. In the new market-driven world order, the future of the financial institutions in the rural areas hinged upon financial viability. Dismal growth of the regional rural banks and lack of motivation among the commercial banks due to the high interest cost and information asymmetry led to a major investment gap, which was detrimental to the growth of the microenterprises [33,34]. Many studies highlighted that from the Hawthorne effect perspective, which says that other people watching you improve the performance, the concept of Monitoring becomes important [7]. The further assertion was that Joint Liability Groups (JLG) are successful because of (1) Peer pressure, (2) Social capital (3) Reduced transaction costs [1]. Innovative peer to peer lending and group monitoring did not work for these group lending institutions (self-help groups) [30]. However, most of the studies do not provide a viable business model for monitoring by the financial intermediary [30].To take the movement further, bank linkages were introduced, but the concern that attracted the attention of most of the policymakers was that the actions of the agent were unobservable [6]. Within the paradigm of peer to peer lending, it was presumed that due to the Hawthorne effect, the self-help groups would be able to pay. However, the major reason for non-payment was an unwillingness to pay [35]. Concerns that money lenders could earn far higher profits by private information led to tensions in the financial systems existing in rural India. Money lender had lower costs due to access to private information about the borrower and was able to charge higher interest rates [27]. This drew the attention of the policy makers and the SHG Bank Linkage scheme was introduced as a milestone to bridge the investment gap and give impetus to entrepreneurship [36]. Many scholars have lauded the role of self-help group bank linkage as a financial intermediary. As per the literature, in India, Self Help Groups or SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self-management and development for the women who join as members of an SHG [26]. Recognizing the importance of external funding, the scholars argued that the financial intermediation role of MFI/SHGs deposit taking leads to positive financial outcomes driven by the upward accountability factors and the downward beneficiary economic empowerment. [37].

Initially, till the 1980s, social capital and donor funds pushed the growth of these self-help groups. This led to the debate, whether commercial investments are viable in these social institutions like self-help groups. One of the fundamental poverty/sustainability questions was whether services could be delivered at an affordable cost to clients. Answering this question required looking carefully at the cost structures and the delivery methodologies of financial institutions [38]. The journey that started with the setting up of SEWA, a women's group, had achieved a milestone that inspired the setting up of numerous microfinance institutions. But what came to the fore was that hardly 2% of the microfinance institutions were sustainable [39]. Many studies raised the question of whether microfinance at subsidized rates was a miracle for the microenterprises or were micro-enterprises lacking financial management and personal finance acumen. Financial literacy and personal finance management emerged as a significant gap [12,40,41].

Whereas, impact investing was making foray through the route of private equity and quasi-equity capital for the global players like comparators, the future of many group lending enterprises was inextricably linked not to the sustainable business models thriving on financial management and financial discipline but to the availability of low-cost finance [33]. It is proven that microenterprises hold promise, and self-help groups are miracles that bring homogenous entities together for business. Regarding the financial sustainability and social impact of these entities, the scholars started suggesting that saver graduation and built-in tendency towards membership expansion led to sustainability, and elimination of informal sources led to impressive social empowerment [4]. Thus, the idea of sustainability, which touted the non-reliance of the self-help groups on external sources, started gaining prominence. Sustainability implied financial sustainability and organizational sustainability [42]. An essential consideration in the success of Group lending-based models is the basic tenets underlying their existence [11]. These principles include social relations & proximity, inclusion, social & peer monitoring, discipline, and refrain.

In other parts of the world and geographies, microfinance lending institutions have been thriving. CGAP study covers the experience of microfinance institutes worldwide on interest rates charged, and the study exhibits that median interest rates have fallen and differs from continent to continent. Probably, a new technology that ensures access to information and interest rates is the panacea [43]. Of particular interest is the finding that the new model relies on high volumes, not high margins. And it uses private benefit limits, holistic performance standards, and third-party certification to ensure that MFIs meet the bottom lines with social impact financial technology is touted to be the panacea for sustainable growth with desired social impact [44-49]. There is no conclusive evidence on whether self-help groups have a transformative impact on the financial behavior of self-help groups. Further, there is a need for research in the domain of research how SHGs help in financial attitude or behavior change and how this behavior change drives more transformative outcomes such as higher incomes, savings.

a) **Self Help Group Bank Linkage and Financial Intermediation**

Self-help group bank linkage holds great promise for its users. The deposit taking function plays a pivotal role in the economic empowerment of the members at the bottom of the pyramid. This model has also been lauded for ensuring accountability through peer to peer monitoring, though due to lack of incentive and high transaction costs, members do not find any utility in operations where marginal benefit is not equal to marginal cost [26]. Though outreach of Self-help group bank linkage is impressive, the intervention has little impact on poverty reduction. To corroborate, hardly one-third of the poor self-help group households have access to formal credit under self-help group bank linkage [17]. Related to this question is the issue of the viable financial model for self-help group bank linkage. There are concerns from the bank's client on lack of empathy, credit rationing by the bankers who, in the wake of information asymmetry, are unwilling to provide solvency to the insolvent members of self-help groups. A homegrown movement initiated to create sustainable livelihood has been heralded as a landmark in the history of microfinance. The dominant force behind this movement is the premise of self-sustainability. Self-help group federations a cluster of many SHGs play an essential role in improving sustainability through per capita savings, recovery of loans, better access to loans, and elimination of the informal sources of finance [26]. Not only repeat loans but also the reduction in transaction cost is the panacea to the problems of self-help groups [38]

b) **Self Help Group Sustainability**

A journey that began in 1972 with the setting up of SEWA has traversed various changes. Sustainability is at the core of this financial intermediation initiative. It has been defined as the ability to recover loans, per capita savings, and market linkages [26]. Intervention that has touched the lives of millions of Indians has social capital embedded, which is to be preserved through better access to institutional loans, higher rates of repayment, and elimination of informal loans. Related to this question is whether providing bank accounts, credit cards, and other financial products helps reduce poverty and is the financial model sustainable. The initiative that holds promise for solving the financial problem of marginalized poor is fraught with various obstacles such as high transaction costs and repayment discipline by use of social and peer pressure. The self-help group bank linkage program has achieved a massive scale and reaches to meet the needs of millions of Indian poor with low-cost credit [38]. However, there is need to enhance financial discipline and to promote adherence to group norms among the member of the group.

c) **Need for Monitoring**

This essay aims to examine the function of joint liability contracts in the selection of group members. Lenders have less information about borrowers in a formal financial institution setup. The existing joint liability models and the factors influencing their performance and financial sustainability were examined using the systematic, thorough review approach. The study indicates that Joint Liability Groups enhance credit generation through social capital or social relationships in under banked and unbanked persons for whom there is no information in the market. Thus JLGs (Joint Liability Groups) help address the problem of adverse selection [12]. JLGs (Joint Liability Groups) are mentioned in a few research papers to decrease transaction costs, while the bulk of research studies cite social capital as a way to finance micro borrowers. The bulk of research investigations have recognized the problem of information asymmetry as

- Applicant screening (adverse selection)
- Financial behavior and loan use (moral hazard)
- Penalties to guarantee loan payback (enforcement) and
- Auditing or examining costs. Peer monitoring, peer enforcement, and peer penalty, according to financial models developed by assist in reducing the risk of loan default and assure improved loan payback [6,5,1].

Keeping in view the microfinance institutions challenges, there was a need for appropriate monitoring frameworks. A perceptible shift in the financial sustainability paradigm is apparent by the need to put appropriate monitoring frameworks in place. However, despite the increased outreach, the self-help group bank linkage is fraught with the high costs of monitoring. This problem is further exacerbated in moral hazard and adverse selection [46]. It is a misconceived notion that membership to the self-help groups leads to free access to loans and credit. Instead, as per the self-help group linkage, bank policy, if a member does not pay the loan the entire group will be debarred from the future credit facilities. Many scholars argued that the overriding principle behind this issue is that safe borrower will have to subsidize the bad borrowers, which pushes the interest rate. Many scholars argue that the notion of joint liability in the group leads to the free-rider problem. This led to the emergence of two different contracts, one with a high level of joint liability and a lower level of interest costs and the other with a lower level of joint liability and a higher level of interest costs. An expansive view of the free rider problem elucidates that the idea of the free-rider problem is unthinkable in a world with perfect information symmetry. This is because, in the case of self-help group lending, there is a vast information asymmetry. Insolvent borrowers with no financial repayment capacity will have very different objectives [25].The idealized concept of peer to peer monitoring bears little resemblance to the actual work reality, which is fraught with information asymmetry and selfish motives and involves competing, deploying strategies to punish the defaulter, colluding for mutual gain, and ultimately acting cooperatively [47]. Thus, in a group of borrowers, safe borrowers will be penalized if the risky borrower does not pay. Thus, the safe borrower will not be willing to subsidize the risky borrower.

Thus, clinging to the idealized concept of peer-to-peer monitoring did not bear fruits for the self-help groups in rural India due to internal selection bias and social costs [47]. Further, the issue of failure of peer to peer monitoring is fraught with a free-rider problem. Any default in repayment of the group loans echoes back and leads to the chain reaction that can cause group default and grave damage to the economic rationale of these groups. This all leads to the rationale for compulsory monitoring of the operations of self-help groups. At present, the monitoring initiative is not sufficient, and the NABARD run 3 tier governance structure is not sufficient for monitoring the activities of these financial groups [5]. Not only monitoring the behavior but also financial behavior and attitude change is the key to the financial viability of these groups.

It can be safely assumed that there is no satisfactory interpretation or study on the need for bank monitoring of activities of rural self-help groups bank linkage. [5] Model of monitoring remains the most widely accepted model by the finance community. Generalizability, construct validity, and internal validity remain the significant challenges in replicating this model in the context of self-help group bank linkage. Due to the lack of research, the monitoring of the self-help group linkage domain is an experimental task that lacks external validity. Thus, there is apparent evidence of a lack of theory in the monitoring of group lending mechanism domains due to the lack of validity. From an epistemological view, the works of provides a valid justification for the need to undertake a qualitative study in the area of monitoring of Self-help group bank linkage [40].

d) **Barriers to Self-Help Group Bank Linkage**

Barriers to self-help group bank linkage are colloquially referred to as demand factors and supply-side factors. Demand-side factors are further classified as financial literacy, cost of transactions, livelihood profiles, and gender and age profiles and supply side factors are access to financial resources, and exclusion from the financial system could be access exclusion, condition exclusion, price exclusion, marketing exclusion, and self-exclusion [12]. Attitudes & dispositions are difficult to mold and are less malleable. There is a need for persistent observation and engagement to change the dispositions through the training. The nature of these interventions & the existing financial proficiency of the members underpin how the members respond to their financial obligations and debt liabilities. Just as access to finance leads to economic empowerment, access to credit with correct disposition leads to financial sustainability and coherence of these groups. With the increase in the viability of these groups, the member's permanent income changes, leading to an increase in marginal propensity to consume and save and hence leads to better welfare. Economic empowerment acts as an anchor or cognitive focal point and leads to psychological empowerment and better social dispositions [34].

e) **Financial Inclusion**

Financial Inclusion is the process of making available the financial resources available to the women at the doorsteps of the citizen of India [48]. Persistent and institutionalized discrimination discouraged women from paid work, but the institution of self-help group bank linkage and financial literacy led to women empowerment and increased per capita income. Through the SHG Bank linkage, gender barriers can be lowered by access to financial services. Financial Inclusion will act as a catalyst for economic growth and the eradication of poverty. And this will thus lead to the achievement of Sustainable Development Goals (SDGs). National rural livelihood mission introduces financial Inclusion, loans from commercial banks, associations, and coordination with the bank and financial institutions. Despite moves towards financial Inclusion, most rural India lacked basic skills leading to reduced or dismal usage of bank accounts and ownerships. More targeted and focussed programs such as microfinance, micro insurance, and remittance helped promote financial Inclusion [49].

Credit rationing

Collective women are difficult to engender. Most of the women belong to domestic and home based workers, who are challenging to organize. Inequities and challenges notwithstanding, the self-help group bank linkage is an initiative to reshape the work situation by providing women access to credit. But despite being an idealized concept, banks are wary of lending money to women due to a lack of economic resources, education, and credit. This leads to discrimination in access to credit and technology termed credit rationing. But despite all these odds, women workers should acquire financial literacy skills and personal finance management skills to reshape their social contexts. Moreover, the lenders model based on unbiased information sharing and capacity building among members of self-help groups can be panacea financial exclusion [39].

f) **Women Empowerment**

Various research studies highlight that the discrimination in valuing the work done by women in verticals such as handlooms, handicrafts could be handled only through collective bargaining and collective negotiation. Since the advent of the self-help group SEWA, women empowerment has been a social concept much celebrated in India [50]. But the research works remain inconclusive about the economic and social impact of the self-help group bank linkage program [51]. Although from a rationalist, perspective scholars argue that microcredit has a transformative impact on individual characteristics and women's empowerment researchers remain inconclusive about the impact of self-help group bank linkage on women's emancipation and empowerment. There is scope for rigorous research in the domain of women empowerment through self-help group linkage mediated by financial and accounting literacy [52,14].

Conclusion

Credit deficient self-help groups are finding it harder to sustain livelihood activities and social, financial support to their members. Financial illiteracy compounded by lack of financial discipline has led to an increase in nonperforming assets for banks. The existence of free enterprises system under self-help group bank linkage is under financial constraint and is bound to collapse unless and until an institutional framework for monitoring and financial literacy and alternate technology is put in place.

References

1. Ghatak M., and Timothy W. G., “The economics of lending with joint liability: Theory and practice”, J. Dev. Econ, Vol.60, pp. 195-228, 1999.
2. Panda D., and Reddy S., “Predictors of microcredit default in Indian self-help groups”. Ann. Public. Coop. Econ, Vol. 91, No. 2, pp. 303-318, 2003.
3. Beaman L., Karlan D., and Thuysbaert B., “Saving for a (not so) rainy day: A randomized evaluation of savings groups in mali”, NBER, pp. 1-43, 2014.
4. Badatya V., and Puhazhendi K. C., “Shg-bank linkage programme for rural poor: An impact assessment”, 2002.

5. Stiglitz, J., “Peer monitoring and credit markets”. World Bank Econ Rev, World Bank Group, Vol.4, No.3, pp. 351-366, 1990.
6. Stiglitz J., “A symposium issue on imperfect information and rural credit”, World. Bank. Econ. Rev, Vol. 4, No. 3, pp. 351-366, 1990.
7. Jonathan C., “Monitoring by peers or by delegates? Joint Liability Loans and Moral Hazard”, 2005.
8. Jensen M., “Theory of the firm: Managerial behavior, agency costs and ownership structure”. J. Financ. Econ, Vol. 3 No. 4, pp. 305-360,1976.
9. Priya F., “Impact of self-help group in economic empowerment rural women: A study”. J. Adv. Res. Dyn. Control. Syst, pp. 401-414, 2006.
10. Akmal R., “Importance of the microfinance institutions in economy”, EUS, Vol. 25, No. 1, pp. 94-96, 2016.
11. Armendariz M., “The economics microfinance”, MIT Press, 2005.
12. Kempson E., “Understanding and combating financial exclusion”, Insurance Trends (The Association of British Insurers), The Policy Press/Joseph Row tree Foundation., pp. 18-22, 1999.
13. Christen, P. B., “Sustainability of self-help groups in India: Two analyses”. Occasional Paper 12, 2007.
14. Gupta A. M., “Who takes the credit? Gender, power, and control over loan use in rural credit programs in Bangladesh”, Elsevier, Vol. 24, No. 1, pp. 45-63,1996.
15. Jerinabi U., “Micro credit management by women's self-help groups”, New Delhi: Discovery Publication House. 2016.
16. Coopers P., “Price water house cooper sdg challenge”, 2019.
17. Ajay T., “Banking on self-help groups twenty years on”. New Delhi: SAGE. Publications. Pvt. Ltd., 2012.
18. Schmidt J. P., “The German financial system”, Oxford University Press, 2004.
19. Sinha F., “Microfinance self-help groups in India: Living up to their promise?” Practical Action, 2009.
20. Sinha F., Self-help group in India, The Study of Light and Shades, 2006.
21. Ledgerwood J., “Microfinance handbook: An institutional and financial perspective”, World Bank Publications, 1998.
22. Chakravarty S., “Women empowerment through self-help groups: The role of information and communication technology–A case study of Jharkhand state in India”, Int. J. Appl. Eng. Res, Vol. 09, No. 24, pp. 28631-28643, 2014.
23. Nair A., “Sustainability of microfinance self-help groups in India: Would federating help?” Policy Research Working Paper; No. 3516, World Bank, 2005.
24. Puhazhendi V. S., “Microfinance for rural people: An impact evaluation”, Seminar on SHG-bank Linkage Program at New Delhi, 2002.
25. Beatriz Armendáriz, C. G., “Peer group formation in an adverse selection model”, Econ. J., Vol. 110, No. 465, pp. 632-643, 2000.
26. Parida P. C., and Sinha A., “Performance and sustainability of Self-Help Groups in India: A gender perspective”, ADR, Vol. 27, No. 1, pp. 80-103, 2010.
27. Rosenberg R. G., “The new moneylenders: Are the poor being exploited by high microcredit interest rates”, CGAP Occasional Paper No. 49, pp.145-181, 2009.

28. Weber O., and Ahmad A., “Empowerment through microfinance: The relation”, World Development, No. 62, pp. 75-87, 2014.
29. Rozas D. I., “Implementing client protection in microfinance the state of the practice”, Center for Financial Inclusion.
30. Morduch., Jonathan., and Robert C., “Microfinance and economic development”. Policy Research Working Paper, No. 8252, 2017.
31. Sudewa A., “Impact investing: Beyond microfinance business model”, 2020.
32. Robinson M., “The microfinance revolution sustainable finance for the poor”, The World Bank.
33. Arvind A., “Advanced technologies for microfinance-Solution and challenges”, 1st edition, 2010.
34. NABARD., “Master circular on Self Help Group Bank Linkage”, 2018.
35. Diagne A., “Design and sustainability issues of rural credit and savings programs”, IFPRI, No. 12, pp. 94-96, 2016.
36. Sinton J., “An empirical investigation of the casual relationship between gold price”, Exchange Rate Changes and JCI. Proceedings of World Conference, pp.1 - 10, 2014.
37. Tang J. J, Quayes S., and Joseph G., “Microfinance institutions, financial intermediation and the role of deposits: Accounting and finance”. AFAANZ, Vol. 60 No. 2, pp. 1635-1672, 2009.
38. Ryne., and Elizabeth., “Microfinance for bankers and investors: Understanding the opportunities and challenges of the market at the bottom of the pyramid”, McGraw-Hill Education, 2009.
39. Banerjee A., “The miracle of microfinance? Evidence from a randomized evaluation”, Am. Econ. J. Appl. Econ, Vol. 7 No. 1, pp. 22-53, 2015.
40. Basu P., and Srivastava., “Scaling-up microfinance for India's rural poor”, World Bank Policy Research Working Paper 3646, pp. 30-32, 2005.
41. Raj N. I., “An evaluation of SHG BLP with reference to loan portfolio and asset quality”, National Institute of Rural Development and Panchayati Raj, 2019.
42. Bhuiya, M. M., “Impact of microfinance on household income and consumption in Bangladesh: Empirical evidence from a quasi-experimental survey”, JDA, Vol. 50, No. 3, pp. 305-318, 2016.
43. Narain R. G., “C gap reflections on the compartamos initial public offering: A case study on microfinance interest rates and profits”. CGAP, No. 42, pp. 145-181, 2007.
44. Karlan D., “The next stage of financial inclusion”, Stanford Social Innovation Review, pp. 42-49, 2014.
45. Pandit V., and Tamhane T., “Impact investing: Purpose driven finance finds its place in India”, Mckinsey Company, 2017.
46. Morduch, B. A., “Microfinance beyond group lending”, ETIC, pp. 135-148, 2003.
47. Holmstrom., and Tirole., “Financial intermediation, loanable funds and real sector fund”, Q. J. Econ, Vol. 112, No. 3, pp. 663-691, 1997.
48. Rangarajan D. C., “Committee on financial inclusion, Reserve Bank of India”, 2013.

49. Tissot B., and Gadanecz B., “Measures of financial Inclusion: A central bank perspective”, 2017.
50. Ranjula B. S., and Wallentin F. Y., “Does microfinance empower women?” Evidence from self-help groups in India, Int. Rev. Appl. Econ, Vol. 23, No. 5, pp. 541-556, 2009.
51. Datta U., “Socio-economic impacts of Jeevika: A large-scale self-help group project in Bihar, India”, Elsevier, Vol. 68, No.C, pp. 1-18, 2015.
52. Mayoux L., “Micro-finance and the empowerment of women: A review of the key issues”. ILO Working Papers, 1999.