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Performance and Problems of SHG : Special Reference of Jabalpur District of M.P.

Abstract

SHG Programme is growing fast in India. SHG are informal groups. SHGs are playing major role in removing poverty in the rural India. SHG is a registered or unregistered voluntary association of poor people of 15 to 20, from the socio-economic background. NABARD launched SHGs Bank Linkage Programme in 1992. SHG or Microfinance is the tool of Women Empowerment and poverty alleviation. SHGs are successful in the empowerment of women. The main objective of the present study is to analyse and review the SHGs Bank Linkage Programme in Jabalpur District of M.P.

Keywords: SHGs, Microfinance, SHGs Bank Linkage Programme, Women Empowerment

Introduction

The Concept of SHG in India was introduced in 1985 and consequently a pilot scheme was started on SHGs Bank Linkage Programme by NABARD in 1992. Many rural development programmes like SGSY which is a combination of six rural development programmes (TRYSEM, DWARKA, IRDP, MWS, SITRA, GANGA KALIAN YOJANA) are based on the SHG strategy. The impact of microfinance programmes through SHGs has been effective in making positive social change to all members, irrespective of the direct borrowers of the micro credit. Micro credit was first started in Bangladesh by Dr. Mohammad Yunus through Grameen Bank, which was first established in 1976. Grameen Bank adopted a simple but effective system.

SHGs Bank Linkage Programme in India

The role of SHGs as financial intermediaries emerged from a pilot programme, with NABARD support, to link 500 SHGs to the banking system in 1992. It is now a major global microfinance programme.

Three Models of Bank Linkage emerged as follows:

1. Model I Bank SHG Members- SHGs formed by and linked directly to banks. The bank itself acts as a self-help group promoting Institution (SHPI).
2. Model II Bank-Facilitating Agency- SHG-Members – SHGs formed and facilitated by SHPIs such as NGOs and Govt. Departments but linked directly to bank.
3. Model III Bank-NGO-MFI-SHG-Members- Indirect bank linkage or "Bulk lending" Where NGOs and other MFIs acted as financial intermediaries by borrowing from banks and on-lending to SHGs directly, or through SHG federation.



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Table 1
Growth of SHG-Bank Linkage Programme in India

| Year | No. of SHGs Bank linked Bank Linkage Programme (cumulative) lakh | Growth % | Disbursed loan amt. by bank (In crore) | Growth % | Avg. loan amt. (In crore) |
|-----------|--|----------|--|----------|---------------------------|
| 1998-1999 | 0.329 | - | 57.07 | - | 173.46 |
| 1999-2000 | 1.15 | 249.54 | 192.98 | 238.15 | 167.81 |
| 2000-2001 | 2.64 | 129.57 | 480.87 | 149.18 | 182.15 |
| 2001-2002 | 4.61 | 74.62 | 1026.34 | 113.43 | 222.63 |
| 2002-2003 | 7.17 | 55.53 | 2048.67 | 99.61 | 285.73 |
| 2003-2004 | 10.79 | 50.49 | 3904.28 | 90.58 | 361.84 |
| 2004-2005 | 16.18 | 49.95 | 6898.50 | 76.69 | 426.36 |
| 2005-2006 | 22.39 | 38.38 | 11398.00 | 65.22 | 509.07 |
| 2006-2007 | 29.25 | 30.64 | 19968.00 | 75.19 | 682.67 |
| 2007-2008 | 45.72 | 56.31 | 28817.00 | 44.32 | 630.29 |
| 2008-2009 | 61.21 | 33.88 | 41070.50 | 42.52 | 670.98 |
| 2009-2010 | 69.59 | 13.69 | 61987.10 | 50.93 | 890.75 |
| 2010-2011 | 74.62 | 7.23 | 70163.00 | 13.19 | 940.27 |
| 2011-2012 | 79.60 | 6.67 | 75514.10 | 7.63 | 948.67 |

Source- NABARD, Annual Report of RBI, Status of Microfinance in India 2011-12.

The micro-credit programme pilot project initiated in 1992 with linking of around 500 SHGs has made rapid strides and by March end 2012, 79.60 lakhs SHGs were bank linked (Table 1).

Review of Literature

In this section, an effort is made to review studies related to SHGs in India. Maroo (2011) It observed that the real benefit does not percolate to the needy people because of lack of proper planning and identification of problem. So it is suggested that problematic area and problems of the people should be identified and according development programme should be initiated. Das (2012) to make a comparative analysis on the quality and performance of the SHGs and the impact of SHGs on women members. It is observed that due to fast growing of SHG bank linkage programme in the country, the quality of SHG has come under stress. Kurmi (2013) SHGs are the bone for the poor people. Rural people receiving new skills and easy access to bank facilities. It is found that rural people getting self employment and income. SHGs programme has provided strength platform women to improve their value and skills. Nishanka (2013) shows that the SHGs need to be sustainable and it is suggested that SHG groups have the potential to contribute to this sustainability. This suggestion needs to be tested further. Ansari (2013) SHGs bank linkage programme has emerged as the biggest microfinance programme in India. At present about 90% of SHGs members are women. Through active participation of women in this programme, the process of economic empowerment of women in India can be successfully achieved. This clearly indicates

that SHGs bank linkage programme is economically, viable and sustainable.

Objectives of the Study

1. To study the economy empowerment of the members.
2. To analyse the impact and awareness of SHGs members.
3. To know the reasons behind the closure of SHGs.
4. To know the development of self-confidence is achieved.
5. To study the SHGs members are contributing to increase their income.

Hypothesis

- 1- SHGs have direct bearing on socio-economic empowerment of poor.

Methodology

This study relied on a sample of randomly selected SHGs throughout the Jabalpur District. The blocks Patan, Sihora, Majholi, Panagar, Kundan, Shahpura, Jabalpur was selected for the present study. We sampled 140 SHGs randomly. Out of the 140 questionnaire sent out, 140 were received, representing 100%. The survey instruments included open ended and closed ended questionnaires. We also followed up with personal interviews with director of these Groups. The findings are presented by the use of descriptive statistics. This study is based on primary data.

Analysis of Results

In this section, we present an analysis and discussion of the empirical results.

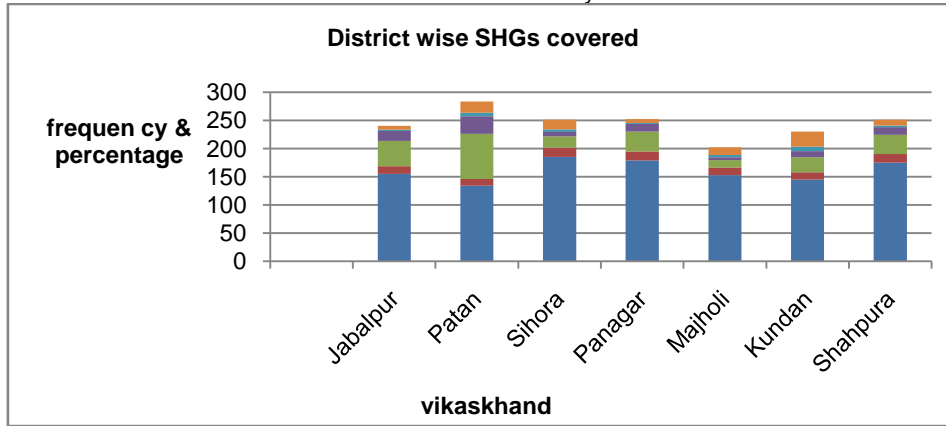
Table 2
District Wise SHGs Covered

| District | Frequency (No. of SHGs) | Married Members | % | Unmarried Members | % | Widow/Divorcy | % |
|----------|-------------------------|-----------------|-------|-------------------|-------|---------------|-------|
| Jabalpur | 20 | 155 | 13.77 | 45 | 17.72 | 02 | 6.67 |
| Patan | 20 | 134 | 11.90 | 80 | 31.5 | 06 | 20.0 |
| Sihora | 20 | 185 | 16.43 | 20 | 7.87 | 05 | 16.67 |
| Panagar | 20 | 179 | 15.90 | 35 | 13.78 | 02 | 6.67 |

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|----------|-----|------|-------|-----|-------|----|-------|
| Majholi | 20 | 153 | 13.59 | 13 | 5.12 | 04 | 13.33 |
| Kundan | 20 | 145 | 12.88 | 27 | 10.63 | 08 | 26.67 |
| Shahpura | 20 | 175 | 15.54 | 34 | 13.39 | 03 | 10.00 |
| Total | 140 | 1126 | 100.0 | 254 | 100.0 | 30 | 100.0 |

Source- Based on Primary data



Source- based on table 2

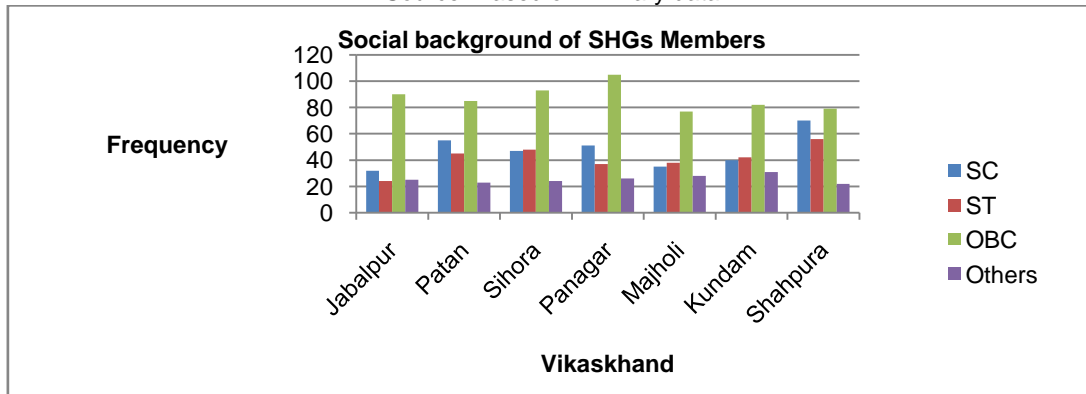
Table 2 shows out of 1410 members (from 140 SHGs in the sample size) 1126 members were married, 254 members were unmarried and only 30 members is Widow/Divorcy.

Table 3

Social Background of SHGs Members

| Caste | SHGs Members | % | Jabalpur | Patan | Sihora | Panagar | Majholi | Kundam | Shahpura |
|--------|--------------|-------|----------|-------|--------|---------|---------|--------|----------|
| SC | 330 | 23.40 | 32 | 55 | 47 | 51 | 35 | 40 | 70 |
| ST | 290 | 20.57 | 24 | 45 | 48 | 37 | 38 | 42 | 56 |
| OBC | 611 | 43.33 | 90 | 85 | 93 | 105 | 77 | 82 | 79 |
| Others | 179 | 12.70 | 25 | 23 | 24 | 26 | 28 | 31 | 22 |
| Total | 1410 | 100.0 | 171 | 208 | 212 | 219 | 178 | 195 | 227 |

Source- Based on Primary data



Source- based on table 3

Table 3 presents data on the distribution of member by categories. Overall, 20.57 percent members are from ST community, 23.40 percent are from SC community, 12.70 percent members are from others community and majority are from OBC category. Looking at the block-wise distribution, it is seen that shahpura block has the highest members linked in the SHGs.

Table - 4 : Problems Faced by SHGs

| Particular | Frequency | percentage |
|-------------------------|-----------|------------|
| Lack of Education | 38 | 27.14 |
| Lack of Finance | 18 | 12.86 |
| Problem of Raw Material | 20 | 14.29 |
| Quality of products | 22 | 15.71 |
| Technology up gradation | 17 | 12.14 |
| Terms of payment | 25 | 17.86 |
| Total | 140 | 100 |

Source- based on Primary data

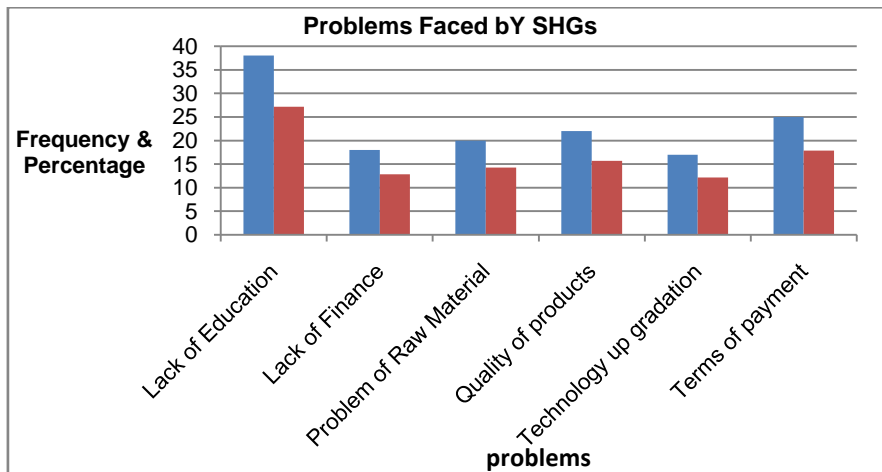


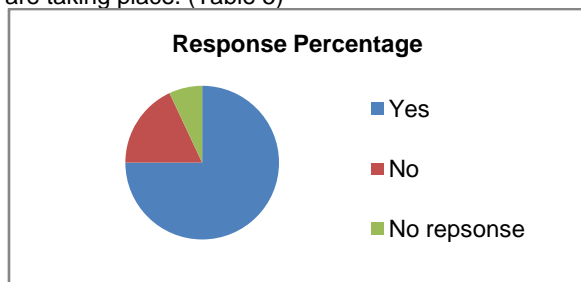
Table 4 shows that the nature of problems faced by SHGs. The major problem are faced in Education (27.14%), Lack of Finance (12.86%), Problem of Raw Material (14.29%), Quality of products (15.71%), Technology up gradation (12.14%), and Terms of payment (17.86%).

Table – 5
Group Members Aware of Rules

| Response | No. of Members | Response Percentage |
|-------------|----------------|---------------------|
| Yes | 105 | 75 |
| No | 25 | 18 |
| No response | 10 | 7 |
| Total | 140 | 100 |

Source- Based on Primary data

The data reveals that 75 per cent of members are aware of the financial transactions that are taking place. (Table 5)



Source- based on table 5

Conclusion

Micro- finance is now hailed as one of the most powerful instruments of poverty alleviation worldwide. In July 2002, Prime Minister Atal Behari Vajpayee while outlining an eight point agenda to push the economy on a growth path of 8 percent during the 10th plan assured that it would be government's endeavour to ensure that "the poor and the unorganised sector have access to savings, credit and insurance services". SHGs and Microfinance has been considered as an effective development tool to tackle poverty, empowering women, creating awareness and ensure sustainability of environment which finally results in most of the developing

countries including India. It is observed that SHGs has a positive impact on women member and in many cases it is prove that SHGs members promotes empowerment in the study district. It is found that the main problem faced by the SHGs are education. Further , the SHGs are facing the problems of Finance, Problem of Raw Material, Quality of products, Technology up gradation, and Terms of payment.

It is found that the socio- economic factors has changed after joining the Self Help Groups. Majority of the respondents earn a monthly income of Rs.3000- Rs.4000 (42%), spent Rs.1,000- Rs.2,000 per month before joining SHG (31%), spend Rs.1, 000- Rs.2,000 after joining SHG (37%). . Majority of the respondents were saving Rs.300-Rs.500 per month before joining SHG (45%) , save Rs.500-Rs.1,000 per month after joining SHG (37%) , keep their savings personal (15%), are financially benefited after joining SHG (46%)

Suggestion

1. It is suggested that motivational campaign may be conducted for inculcating saving habit in the minds of the members. The campaign should give exposure to savings, its future benefits, how the savings of members are utilised for rotation among the members.
2. More emphasis should be given on the training programmes so as to create awareness about the different types of activities.
3. Government should come with a special policy to create a separate cell for solving problems of SHG.
4. Necessary steps should be initiated to solve the problem of shortage of the supply of raw materials to the members of SHGs.
5. Banker has to inform the SHG about the new plans or schemes and Formalities may be simplified.

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