

# Physical and Financial Growth of the SHGs under SGSY: A Comparative Study of Northern and Southern Part of West Bengal



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## Abstract

The Swarnajayanti Gram Swarozgar Yojna (SGSY) has been launched as an integrated programme for self-employment of the rural poor on April 1, 1999. SGSY is described as a holistic programme of micro enterprise development in rural areas with emphasis on organizing the rural poor into Self Help Groups, capacity building, planning of activity clusters, infrastructure support, technology, credit and marketing linkages. Micro finance in the form of Self-Help Group (SHG) linkage model has been able to inspire hope in the lives of thousands of rural poor, particularly rural women and enable them to contribute to their families' well being through savings and borrowings. But, economic inequality and regional variation is an inherent process of development planning in India as a consequence of identification of needs and requirements of different regions in the country. This paper deals with variation in the physical and financial performance of Self-Help Groups (SHGs) under SGSY in two districts of West Bengal on the basis of chosen indicators. The main objective of the paper is to find out how far the take off of SHG movement in West Bengal is uniform over the districts of West Bengal. For the purpose of the study we have purposively selected two districts, one from northern part and another from southern part of the rural economy of West Bengal. These two districts are Cooch Behar and Bankura. This study is based on the secondary data and literature. Secondary data has been collected mainly from District Rural Development Cell of the selected districts. The study reveals that though physical performance on SGSY is improving more or less over the years, but there is significant variation in physical and financial performance among the districts. The study suggests measures to improve the quality through skill training etc. and also to increase the financial assistance of the low performance groups, so that the goal of eradication of poverty and empowerment of women through the effective functioning of SHGs can be achieved uniformly all over the West Bengal.

**Keywords:** Self-Help Groups (SHGs), Microfinance, Swarnjayanti Gram Swarozgar Yojana (SGSY), Physical Performance, Financial Performance.

## Introduction

The basic problem of our country is poverty. People with lower income and land echelon are mainly facing with the threat of poverty and financial exclusion particularly in the rural areas. India's effort to eradicate poverty has a long history. We have taken various anti-poverty programmes (APPs) since the inception of our planning to bring out the poverty trodden population from the fold of the poverty. In the course of time, a new and compact programme to provide tiny financial help to the targeted groups rather than individuals has been launched by the government with the help of the Non- Government organizations (NGOs). These targeted groups are very much known as the self-help groups (SHGs).

It is beyond doubt that during this period, in rural areas, the microfinance market has developed remarkably (Srinivasan 2009) and converted the rural poor as creditworthy under the SHG umbrella minimizing the traditional belief that the poor are not credit worthy because

they have no collateral. Regular saving through SHG activities enables the people to develop confidence and introduce them to local banks. Again, interface between banks and peoples institutions contribute to improved credit worthiness of the poor. It is also noticed that regular savings leads to more productive assets (Rajasekhar 2004). Not only that, Microfinance in fact enable the under privileged to access credit by lowering entry barriers. It has substituted physical collateral with social collateral and encouraged the flow of credit to the poor (Sa-Dhan 2004). There are three major ways under which SHG developed in West Bengal. Among them two main initiatives are, NABARD's SHG Bank linkage programme (SBLP) and SGSY under P & RDD. The third stream is NGOs who are promoting SHGs without any direct support or linkage with the formal banks. Here we concentrated our analysis only in the SHGs developed by SGSY scheme in two districts of West Bengal. From the 1st April, 1999 Government of India initiated Swarnjayanti Gram Swarojgar Yojana (SGSY) which is a self employed programme of Ministry of Rural Development that aims at providing assistance to the BPL rural poor for acquiring income –generating asset through bank credit and government subsidy. So far as microfinance scenario of West Bengal is concerned, 402657 self help groups have been formed under SGSY scheme till the end of March 2013. However there is inter district variation in formation of groups. This is the main focus of our discussion. There are mainly two parts of this study. One is physical achievements of SHGs and another one is financial performances of SHGs under SGSY. Physical achievements of SHGs have been judged under the head of formation of SHGs, their gradation pattern, economic activities etc. Contrary to it, the parameters like saving linkages and credit linkages by the banks have been used to judge the financial performances. The study reveals that there is significant variation in physical & financial achievements in terms of above mentioned items.

#### **Review of Literature**

Large numbers of studies have been made internationally as well as nationally on the working of the micro finance and of the self help groups in this regard. We oblige to mention selectively some of them in the following paragraphs.

Loganathan and Asokan (2006) in their study pointed out that there are vast variations in development of SHGs among the states and among the regions. Among the regions, southern region is the best region in financing SHGs. Next to that the performance of central region, eastern region and western region is moderate. The northern and north east regions are comparatively poor in financing SHGs.

Soundarapandian (2006) made an attempt in his article to analyze the growth of SHGs and the role of micro finance in developing the rural entrepreneurship. The study suggests that though there is a positive growth rate of SHGs in states but in terms of the growth of SHGs there is a wide variation among the states.

Sundar and Asokan (2004) in their paper focused the regional variations in implementation of women development programmes under SHG approach. They found that there is wide spread regional variation in implementation of women development programme in different parts of the country. Hence removal of regional variation in the performance of development programme depends on effective implementation of women development programmes.

Mayoux (1997) points out that the impact of microfinance on women varies from woman to woman. These differences arise due to the difference in productive activities or different background. Sometimes, microfinance mainly benefit the women who are already better off, whereas the poor women are either neglected by the microfinance programmes or are least able to benefit because of their low resource base, lack of skills and market contacts. However, poorer women can also be more free and motivated to use credit for production.

Myrada (2002) conducted an impact study among 190 members of 12 SHGs spread over Andhra Pradesh, Karnataka, Kerala and Tamil Nadu and find that relatively older groups have succeeded to increase their share in family income than those who are in younger groups. This is also true in the case of awareness about health and hygiene.

Satish (2001) in his paper raised some issues related to the functioning of SHGs. He has opined that adequate care should be taken to ensure homogeneity of socio-economic status of the member while forming SHGs. He suggested that SHG movement has to be spread all over rural India rather than being concentrated in a few pockets of the country.

Sen (2005) has made a study on the SHGs in West Bengal and found that the dependence on the internal resources is quite high because of the weak or inadequate bank linkage. The author also found that most of the poor households are ignorant of basic services and programmes to which they are entitled. Lack of intensive facilitation is the stumbling block. The author reports the lack of capacity building initiative without which the basic objective of the SHGs cannot be achieved.

Amin and Pebley (1994) in reviewing gender inequality within households have observed that BRAC's loan contributed to increase women's mobility outside the home and their control on household resources and household decision making power. They also revealed that the incidence of abandonment reduces with the receiving of micro-credit loans.

Kanakalatha, (2017) through his study opined that , rural women have been suffering a lot due to helplessness and lack of Decision-making capabilities in financial matters. Self help groups (SHGs) are the current advance for them which could enable them to come forward and make them self dependent and self employed.

Goswami, Dsilva & Chaudhary, (2018) in their study pointed out that, Self-help groups (SHGs) have played a significant role to provide women their rightful place in the society and have propelled their inclusion in to the larger economic and political systems in India.

Chatterjee, (2016), in his paper raised some issues related to the functioning of SHGs. The author found that, rural women belonging to all categories of caste with primary education or even illiterate under the banner of self-help groups (SHGs) had been earning not only income but feeling empowered.

Tripathy and Jain (2011) studied about the operation of SHG in two states i.e. Orissa and Haryana where they analyzed few loopholes like absence of credit linkage facilities, lack of group commitment, non- provision of socio-economic incentives. Further they suggested improving the integrated governance approach in rural areas to implement self-employment program in rural India.

#### **Study Design**

The first section of this write-up covers the introduction and review of literature. Our second section deals with the objective of the study and Research Methodology. The third section presents a short overview of the status of the Self-Help Groups in West Bengal. In section four we discuss about the Physical performance of SHGs in Cooch Behar and Bankura district. In section five we made a critical assessment of Financial Performance of the SHGs in the said districts. Finally we try to give some findings and concluding remarks in sixth section of this write-up.

#### **Objectives of the Study**

1. To find out the workability of the micro-finance and SHGs in the proposed area.
2. To find out the variation in physical & financial achievements of the SHGs among the districts of West Bengal.
3. To find out how far the physical growth of SHGs associated with the financial achievement of the groups?

#### **Methodology**

As we have already stated in the earlier paragraph, this paper deals with variation in the physical and financial performance of Self-Help Groups (SHGs) under SGSY in two districts of West Bengal on the basis of those indicators. This study is based on the secondary data and literature. Secondary data has been collected mainly from District Rural Development Cell of the selected districts and also on relevant literature related to this topic.

#### **Selection of the Districts**

We use purposive sampling method for the selection of the districts due to their backwardness and geographical location. These two districts are respectively Bankura and Cooch Behar of the state of West Bengal. We select these two districts because of the fact that these two districts are backward districts as per our census definition. Another reason is that the geographical location of these two districts. The district Cooch Behar is located at the northern portion of our state and the other district Bankura is situated in the southern portion of the state economy of West Bengal.

#### **Tools and Techniques of Data Collection:**

This study is based on the secondary data and literature. Secondary data has been collected from various sources like District Rural Development Cells, Panchayat and Rural Development Department, Government of West Bengal, Census Report 2011 and data collected from articles published in journals. A very simple mathematical tool has been used for the presentation of the data. All the computations are being made on the basis of the data receipt from district Rural Development Cell. Simple Bar diagram graphs have been used to represent the data graphically.

#### **Status of Self-Help Groups in West Bengal**

Microfinance under SGSY spread very quickly in all parts of the country. However, this spread effect of Microfinance is less uniform as we have a look over the States of our Republic. Further, within the state we have also noticed reasonable disparities in physical formation of SHGs.

Sl. No.	District/State	No. of SHGs formed upto march 2009	Rank(R <sub>1</sub> )	No. of SHGs formed upto march 2013	Rank(R <sub>2</sub> )	% Growth (2009-2013)
1	24 Parganas(N)	15318	9	24252	6	58.32
2	24 Parganas(S)	14016	11	33509	3	139.08
3	Bankura	14379	10	21408	11	48.88
4	Birbhum	17075	6	24512	5	43.55
5	Burdwan	16994	7	23931	8	40.82
6	Coochbehar	12544	13	23692	9	88.87
7	Darjeeling	5519	18	8730	18	58.18
8	Dinajpur (S)	9746	15	11033	17	13.20
9	Dinajpur (N)	10327	14	12833	15	24.26
10	Hoogly	6816	17	15328	14	124.88
11	Howrah	6876	16	11063	16	60.89
12	Jalpaiguri	21444	3	25600	4	19.38
13	Maldah	15414	8	20207	13	31.09
14	Murshidabad	28899	1	40855	1	41.37
15	Medinipur (E)	17692	5	23906	7	35.12
16	Medinipur (W)	27800	2	37819	2	36.03
17	Nadia	12729	12	20765	12	63.13
18	Purulia	20150	4	22528	10	11.80
State	<b>West Bengal</b>	<b>273738</b>	<b>-----</b>	<b>401971</b>	<b>-----</b>	<b>46.84</b>

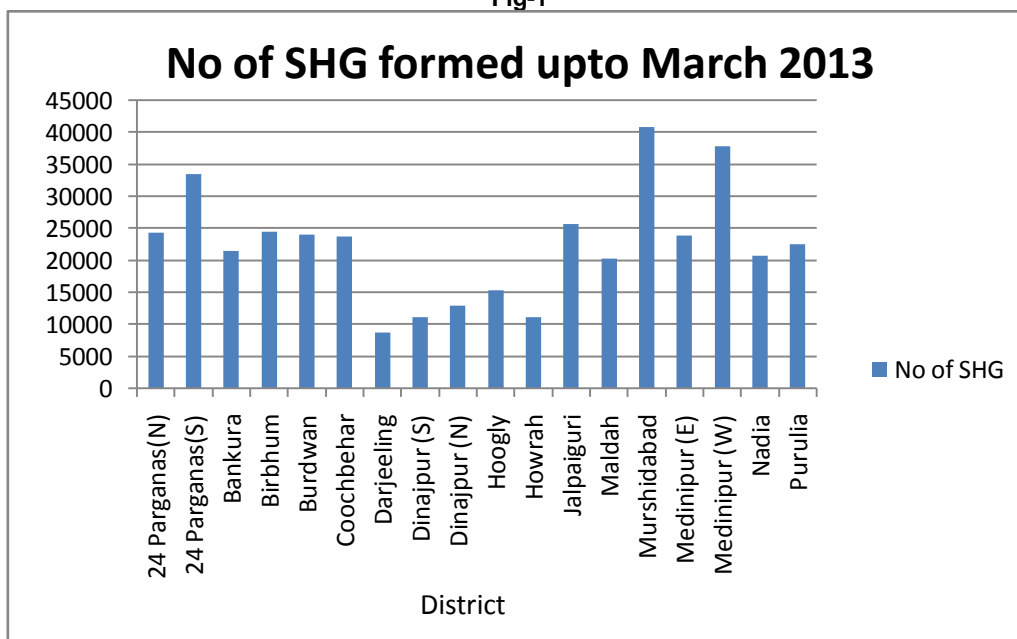
**Table-1**  
**District-wise Physical Progress of SHGs under SGSY in West Bengal**

Source: Panchayat & Rural Development Department, WB.

In the above Table 1, we rank the SHGs formed in different districts up to the year 2009 and March 2013. If we consider the formation of SHGs upto March 2013, we see as per our ranking Murshidabad becomes the top of the list followed by Midnapur West. Our chosen districts Cooch Behar and Bankura rank respectively 9<sup>th</sup> and 11<sup>th</sup> position. All are also given in figure 1 to visualize the SHG formation. We also calculate the rate of growth of the

SHGs in our study State considering 2009 as base year. During the reference period the average growth rate of the State becomes 46.84. We have find that 8 districts of our State record the growth rates which are above the State growth rates. The highest growth rate has been captured by the district 24 Pargana (South) followed by the Hoogly district. Cooch Behar and Bankura recorded 88.87 and 48.88 percentages of growth rates during the same reference period.

Fig-1



**Physical Performance of the SHGs in Coochbehar and Bankura**

To measure the physical performance of the SHGs formed under SGSY we have used four parameters. They are total number of SHGs

formed since inception, number of SHGs that have passed Grade I and Grade II, and number of SHGs that have start up some economic activities. The information regarding first parameter has been given in Table-2. Since from

March 2013 the concept of SGSY shifted to March 2013.  
NRLM so we have restricted our analysis up to

**Table-2**  
**Formation of SHGs**  
**(CoochBehar and Bankura)**

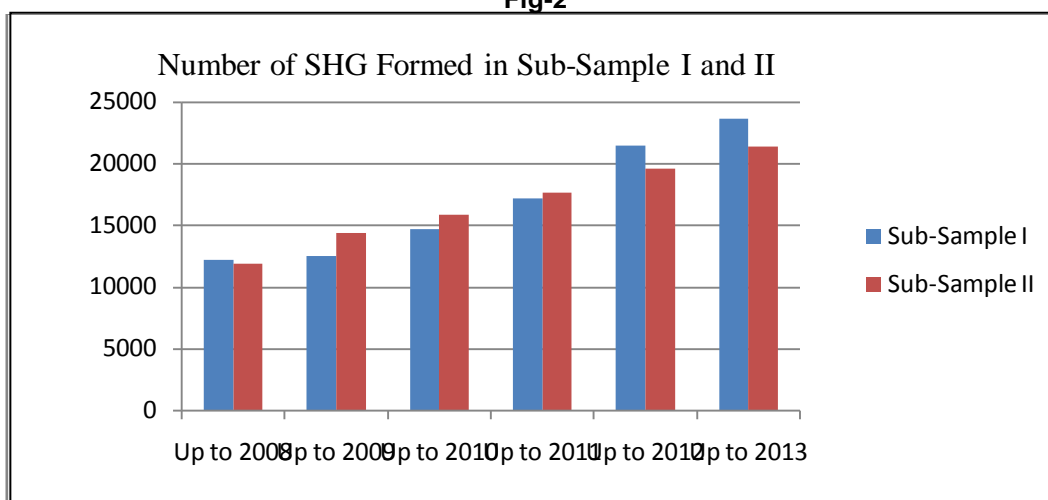
Period (Since 1.4.99 to)	CoochBehar	Bankura
	Group formed	Group formed
Up to 2009	12544	14379
Up to 2010	14717	15849
Up to 2011	17227	17659
Up to 2012	21506	19592
Up to 2013	23692	21408

Source: Panchayat & Rural Development Department, WB

If we have a look in the above table, it is clear that Up to the year 2011 total no of group formed in Bankura is higher than CoochBehar but for the years 2012 and 2013 total no of group formed in CoochBehar is more than Bankura. The same has also been highlighted in the following Fig-2. But if we take rate of growth of

SHGs under our consideration then CoochBehar always stands in better position compared to Bankura. For example, if we calculate the growth rate for the year 2013 considering 2009 as base year it stands at 88.87 percent and 48.88 percent for CoochBehar and Bankura respectively.

**Fig-2**



Two types of gradation are done to judge the performance of the SHGs under SGSY. They are Grade I and Grade II. After passing the Grade I, groups are provided with a revolving fund. On the other hand, groups are provided with economic assistance after the successful passing of Grade II.

Table 3 and 4 give us the information about the no of SHGs that have passed Grade I and Grade II. It is very clear from the following tables that CoochBehar is consistently in better position compared to Bankura in case of both first and second grading for the given timeframe.

**Table-3**  
**SHGs that have passed Grade I**  
**(CoochBehar and Bankura)**

Period (Since 1.4.99 to)	CoochBehar		Bankura	
	No. of SHGs that have passed Grade I	In Percentage figure	No. of SHGs that have passed Grade I	In Percentage figure
Upto March 2009	11463	91.38	9084	63.17
Upto March 2010	12881	87.52	11994	75.68
Upto March 2011	16092	93.41	13508	76.49
Upto March 2012	19803	92.08	15506	79.14
Upto March 2013	21361	90.16	17696	82.66

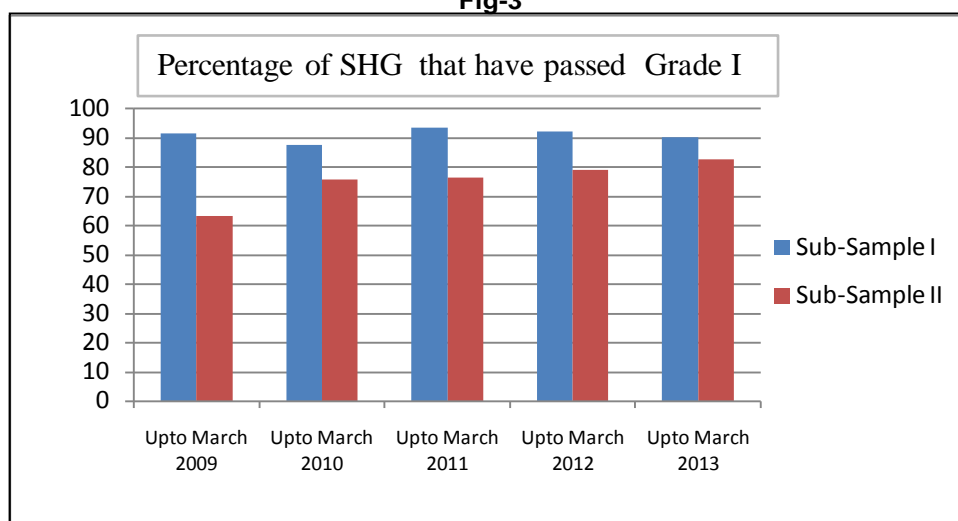
Source: DRDC Cooch Behar & Bankura.

**Table-4**  
**SHGs that have passed Grade II**  
**(CoochBehar and Bankura)**

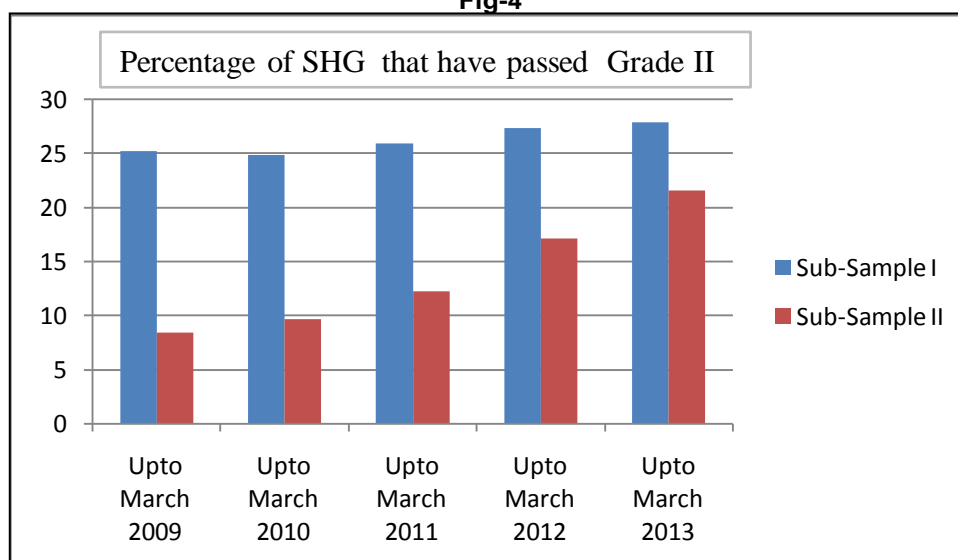
Period (Since 1.4.99 to)	CoochBehar		Bankura	
	No. of SHGs that have passed Grade II	In Percentage figure	No. of SHGs that have passed Grade I	In Percentage figure
Upto March 2009	3161	25.20	1211	8.42
Upto March 2010	3663	24.89	1539	9.71
Upto March 2011	4466	25.92	2159	12.23
Upto March 2012	5887	27.37	3361	17.15
Upto March 2013	6602	27.87	4623	21.59

Source: DRDC CoochBehar & Bankura.

**Fig-3**



**Fig-4**



Another important way to measure the physical achievement of the SHGs is economic activities. By economic activities we mean the activities like agriculture, animal husbandry etc. which

enables the group members to earn. Stability of a group depends mainly on the successful running of economic activities. Table 5 shows number of SHGs that have taken Economic Activities.

**Table-5**  
SHGs taken Economic Activities  
(CoochBehar and Bankura)

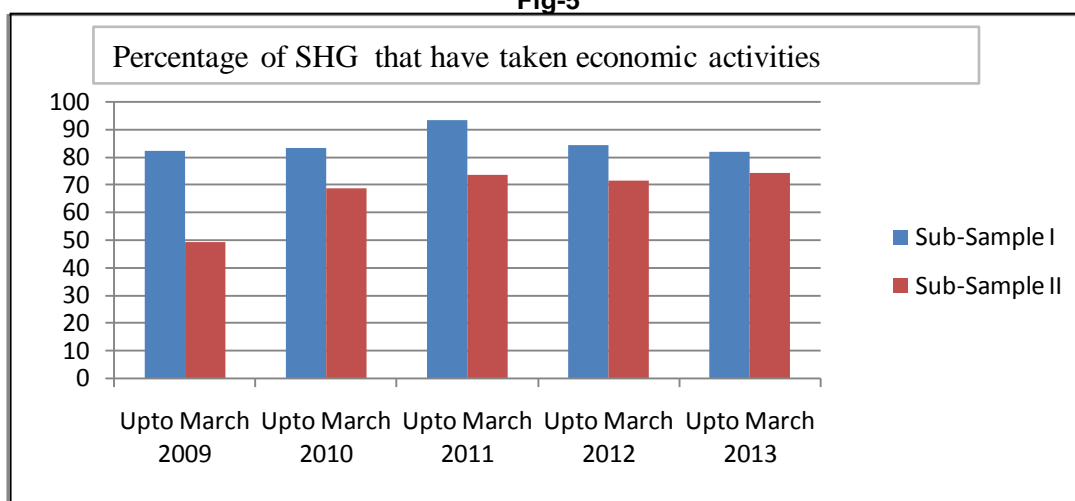
Period (Since 1.4.99 to)	CoochBehar		Bankura	
	No. of SHGs that have taken up Economic Activities	In Percentage figure	No. of SHGs that have taken up Economic Activities	In Percentage figure
Upto March 2009	10325	82.31	7075	49.2
Upto March 2010	12245	83.2	10897	68.75
Upto March 2011	16063	93.24	12984	73.53
Upto March 2012	18165	84.46	14007	71.49
Upto March 2013	19375	81.78	15942	74.47

Source: DRDC CoochBehar & Bankura

Like gradation in case of economic activities also CoochBehar succeeded to hold consistently better position compared to Bankura over the years.

In the initial phase the percentage gap between the two districts was significant. But over the time period the gap reduces gradually.

**Fig-5**



**Financial Performance of the SHGs in CoochBehar and Bankura**

In this section, we have tried to measure the financial performance of the group through their saving and credit linkages. We know that all successful microfinance programmes require that potential borrowers first take part in a saving programme. It is also seen as a major source of loan funds for its members. Not only that, It is in theory that microfinance loan (SHG borrowing) should be livelihood oriented and must be encouraged the self-employment activities for smoothing the level of living of the marginalised people and push them to a

poverty free zone (Fisher and Sriram, 2002; Srinivasan, 2009).

To measure the saving linkages we have considered per SHG savings as the most significant parameter. On the other hand, to measure the credit linkages, per SHG disbursement of credit and per SHG member credit disbursement are taken in our consideration. Table 6 gives the information about saving linkage and Table 7 depicts credit linkage. Again Table 6 is being divided in 6A and 6B giving the information of saving link for CoochBehar and Bankura respectively. Similarly, Table 7A and 7B provide us the credit link of the SHGs in CoochBehar and Bankura.

**Table-6A**  
Saving A/C Linkage of SHGs  
(CoochBehar)

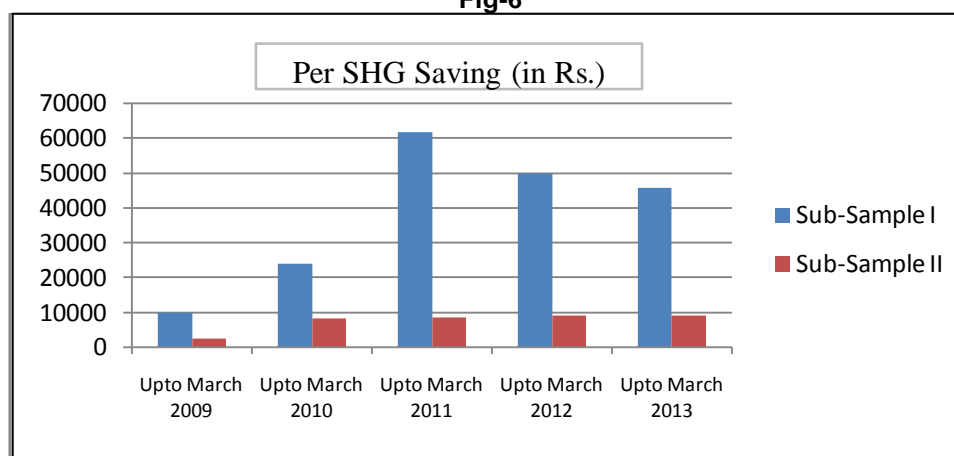
Period (Since 1.4.99 to)	CoochBehar			
	Savings Linked SHGs	Percentage of growth (compared to previous year)	Amount Saved (Rs. In Lakh)	Per SHG Saving(Rs.)
Upto March 2009	12544	-----	1253.46	9992.50
Upto March 2010	14717	17.32	3521.12	23,925.53
Upto March 2011	17227	17.06	10656.94	61,861.84
Upto March 2012	21869	26.95	10889.04	49,792.13
<b>Upto March 2013</b>	<b>24055</b>	<b>10.00</b>	<b>10998.34</b>	<b>45,721.64</b>

Source: DRDC Cooch Behar.

**Table-6B**  
**Saving A/C Linkage of SHGs**  
**(Bankura)**

Period (Since 1.4.99 to)	Bankura			
	Savings Linked SHGs	Percentage of growth (compared to previous year)	Amount Saved (Rs. In Lakh)	Per SHG Saving(Rs.)
Upto March 2009	14379	-----	369.37	2568.81
Upto March 2010	15849	10.22	1298.82	8194.96
Upto March 2011	17659	11.42	1513.91	8573.02
Upto March 2012	19592	10.95	1771.03	9039.56
Upto March 2013	21408	9.27	1964.91	9178.39

Source: DRDC Bankura.

**Fig-6**

**Table-7A**  
**Cash Credit (C/C) Linkage of SHGs**  
**(CoochBehar)**

Period (Since 1.4.99 to)	Credit- Linked SHGs	No. of SHG members linked to credit	Amount Disbursed (Rs. In Lakh)	Per SHG disbursemen t (Rs.)	Per member disburseme nt (Rs.)
Upto March 2009	7324	69362	2467.63	33692.38	3557.61
Upto March 2010	9459	103849	4118.36	43539.06	3965.72
Upto March 2011	11823	125068	8230.24	69612.11	6580.61
Upto March 2012	12685	130572	8775.04	69176.51	6720.46
Upto March 2013	14243	137978	9818.65	68936.67	7116.10

Source: DRDC Cooch Behar.

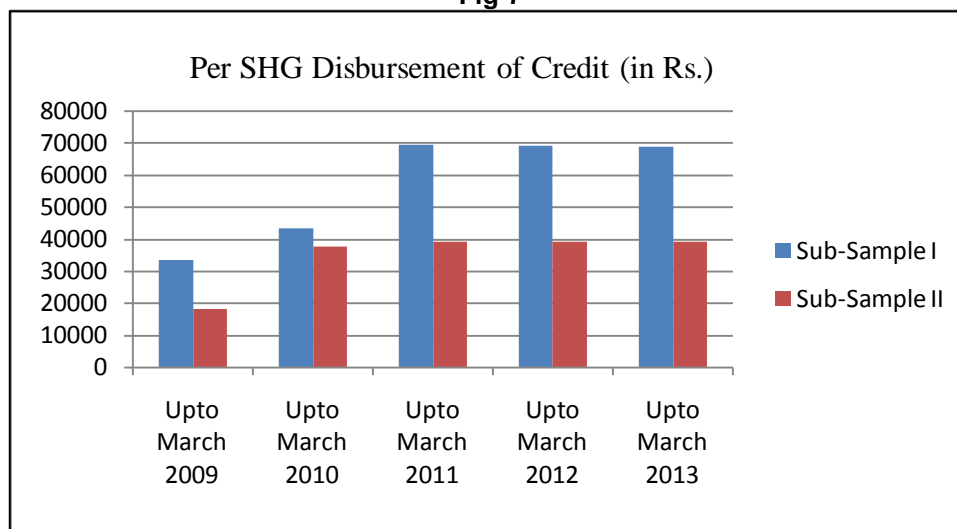
**Table-7B**  
**Cash Credit (C/C) Linkage of SHGs**  
**(Bankura)**

Period (Since 1.4.99 to)	Credit- Linked SHGs	No. of SHG members linked to credit	Amount Disbursed (Rs. In Lakh)	Per SHG disbursemen t (Rs.)	Per member disburseme nt (Rs.)
Upto March 2009	6333	71329	1159.87	18314.70	1626.08
Upto March 2010	10267	112273	3881.27	37803.35	3456.49
Upto March 2011	12063	126864	4724.67	39166.63	3724.20
Upto March 2012	12624	156249	4954.00	39242.71	3170.58
Upto March 2013	13819	173252	5420.73	39226.64	3128.81

Source: DRDC Bankura.



Fig-7



From tables 6A and 6B we see that per SHG saving of Bankura is consistently lower compared to CoochBehar for the given time frame. Not only that, per SHG saving of Bankura is more or less five times lower compared to CoochBehar. On the other hand, a look into the tables 7A and 7B shows that the SHGs of CoochBehar are provided with more amount of money as credit from the formal institutions compare to the SHGs of Bankura. The same is more or less true in case of credit disbursement to per SHG members also. On an average, it figures more than one and half times in CoochBehar than in Bankura.

#### Recommendation and Conclusion

The empirical evidence of the study shows that there is wide variation among the districts of West Bengal regarding their physical & financial achievements. Success or failure story of SHG in a district in all respects depends on the workability of members, Panchayats, government officials, bank officials and SHG promoting institutions. So the responsibility of performance goes to all.

There is need for improvement of quality of the groups that have already been formed. Various studies indicate that many of the SHGs formed have already become defunct for lack of facilitation, nursing and hand holding support. Again disbursement of loan per SHG is significantly low in West Bengal compared to national average. To increase outreach of the banking sector and ensure greater financial inclusion, they should change their traditional method of lending and be innovative.

Group activities should also be promoted by officials. Training workshops must be organised. If the SHGs come up with a finished product; there should be infrastructural support for its marketing. The time has come when the policy makers should realise that any Micro finance programme is not like a "Fire and Forget" kind of missile. It needs constant and sustained monitoring.

For overall growth of the SHG activities special care might be taken for the backward SHG, particularly for those members of the groups whose

level of education, awareness, capability, exposure etc. are not at per.

Finally, measures should be taken on a priority basis to improve the quality of the groups in low performance areas and proper balance allocation of resources should be done in different fields to raise the overall performance of the state so that our ultimate goal of eradication of poverty and empowerment of women through the functioning of SHGs can be achieved uniformly.

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