

Vol 3 Issue 2 Aug 2013

Impact Factor : 1.2018 (GISI)

ISSN No :2231-5063

Monthly Multidisciplinary  
Research Journal

*Golden Research  
Thoughts*

Chief Editor  
Dr.Tukaram Narayan Shinde

Publisher  
Mrs.Laxmi Ashok Yakkaldevi

Associate Editor  
Dr.Rajani Dalvi

Honorary  
Mr.Ashok Yakkaldevi

**IMPACT FACTOR : 0.2105**

**Welcome to ISRJ**

**RNI MAHMUL/2011/38595**

**ISSN No.2230-7850**

Indian Streams Research Journal is a multidisciplinary research journal, published monthly in English, Hindi & Marathi Language. All research papers submitted to the journal will be double - blind peer reviewed referred by members of the editorial Board readers will include investigator in universities, research institutes government and industry with research interest in the general subjects.

### ***International Advisory Board***

Flávio de São Pedro Filho Federal University of Rondonia, Brazil	Mohammad Hailat Dept. of Mathematical Sciences, University of South Carolina Aiken, Aiken SC 29801	Hasan Baktir English Language and Literature Department, Kayseri
Kamani Perera Regional Centre For Strategic Studies, Sri Lanka	Abdullah Sabbagh Engineering Studies, Sydney	Ghayoor Abbas Chotana Department of Chemistry, Lahore University of Management Sciences [ PK ]
Janaki Sinnasamy Librarian, University of Malaya [ Malaysia ]	Catalina Neculai University of Coventry, UK	Anna Maria Constantinovici AL. I. Cuza University, Romania
Romona Mihaila Spiru Haret University, Romania	Ecaterina Patrascu Spiru Haret University, Bucharest	Horia Patrascu Spiru Haret University, Bucharest, Romania
Delia Serbescu Spiru Haret University, Bucharest, Romania	Loredana Bosca Spiru Haret University, Romania	Ilie Pinteau, Spiru Haret University, Romania
Anurag Misra DBS College, Kanpur	Fabricio Moraes de Almeida Federal University of Rondonia, Brazil	Xiaohua Yang PhD, USA
Titus Pop	George - Calin SERITAN Postdoctoral Researcher	Nawab Ali Khan College of Business Administration

### ***Editorial Board***

Pratap Vyamktrao Naikwade ASP College Devrukh,Ratnagiri,MS India	Iresh Swami Ex - VC. Solapur University, Solapur	Rajendra Shendge Director, B.C.U.D. Solapur University, Solapur
R. R. Patil Head Geology Department Solapur University, Solapur	N.S. Dhaygude Ex. Prin. Dayanand College, Solapur	R. R. Yaliker Director Managment Institute, Solapur
Rama Bhosale Prin. and Jt. Director Higher Education, Panvel	Narendra Kadu Jt. Director Higher Education, Pune	Umesh Rajderkar Head Humanities & Social Science YCMOU, Nashik
Salve R. N. Department of Sociology, Shivaji University, Kolhapur	K. M. Bhandarkar Praful Patel College of Education, Gondia	S. R. Pandya Head Education Dept. Mumbai University, Mumbai
Govind P. Shinde Bharati Vidyapeeth School of Distance Education Center, Navi Mumbai	Sonal Singh Vikram University, Ujjain	Alka Darshan Shrivastava Shaskiya Snatkottar Mahavidyalaya, Dhar
Chakane Sanjay Dnyaneshwar Arts, Science & Commerce College, Indapur, Pune	G. P. Patankar S. D. M. Degree College, Honavar, Karnataka	Rahul Shriram Sudke Devi Ahilya Vishwavidyalaya, Indore
Awadhesh Kumar Shirotriya Secretary, Play India Play (Trust),Meerut	Maj. S. Bakhtiar Choudhary Director,Hyderabad AP India.	S.KANNAN Ph.D , Annamalai University,TN
	S.Parvathi Devi Ph.D.-University of Allahabad	Satish Kumar Kalhotra
	Sonal Singh	

**Address:-Ashok Yakkaldevi 258/34, Raviwar Peth, Solapur - 413 005 Maharashtra, India  
Cell : 9595 359 435, Ph No: 02172372010 Email: ayisrj@yahoo.in Website: www.isrj.net**

## SUSTAINABLE DEVELOPMENT OF SHGS - CASE STUDY OF SOLAPUR DISTRICT

**Barbole A. N. And S. M. More**

Head & Research Guide, Department of Commerce, Chh. Shivaji Night College of Arts & Commerce, Solapur  
Research Scholar, Research Centre, Chh. Shivaji Night College of Arts & Commerce Solapur H.O.D Accountancy, Uma Mahavidyalaya, Pandharpur.

**Abstract:** "If we can come up with a system which allows everybody access to credit while ensuring excellent repayment, I can give you a guarantee that poverty will not last long"

ProfDr. Mohammad Yunus.

**Keyword:** Sustainable, poverty, socio-economic, organized.

### A. INTRODUCTION:

Rural development and alleviation of poverty are the major hurdles that our developing nation faces. Poverty does not only affect the individual but is a danger to nation. Rural poor people in India suffer from both invisible socio-economic factors. To give visibility and to enable society to come in contact with rural poor they need to get organized into groups. Thus arrangement for credit supply to the poor through self-help groups (SHGs) is emerging fast as a promising tool for promoting income generation and economic empowerment for the poor in rural areas. The formation of SHGs in rural areas has created awareness among member about social issues. Emboldened them to take up their cause with the authorities.

The aim of this paper is to understand the functioning and the scope of SHGs in rural areas as a means of generating income for the poor. It studies the individual determinants of earnings within groups and relates groups composition to various indicators of group functioning. Sex, age and ethnic identity are among the most important determinants of individual reliance on groups income & of access to group loans the impact of ethnic and other factors is also described.

### Origin and Concept of SHGs:

The SHGS were exclusively established for the poor. The origin of SHGs is from the example of Grameen Bank of Bangladesh was founded by Dr. Mohammad Yunus. SHGs were started and formed in 1975. In India NABARD is initiated in 1986-87. But the real effort was taken after 1991-92 from the linkage of SHGs with the banks. A SHG is a small economically homogeneous affinity group of rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group (Abhaskumar Jha 2000). They have been recognized as useful tool to help the poor and has an alternative mechanism to meet the urgent credit needs of

poor through thrift (V.M. Rao 2002). SHG is a media for the development of saving habit among the member. SHGS enhance the equality of status of member as participants, decision-makers and beneficiaries in the democratic, social and cultural spheres of life. (Ritu Jain 2003). The basic principles of the SHGS are groups approach, mutual trust, organization of small and manageable groups, cohesiveness, spirit of thrift, demand based lending, collateral free, member's friendly loan, peer group pressure in repayment, skill, training, capacity building and empowerment (N. Lalitha).

### Structure of SHG:

A SHG is a group of about ten to twenty people usually men and women from a similar class and region, who come together to form saving and credit organization. They pooled financial resources to make small interest bearing loans to their members. This process creates that focuses on savings first. The setting of terms and conditions, an accounting of the loan are done in the groups by designated members.

### Functions of SHGs:

Create a common fund by the members through their regular savings.  
Flexible working system and pool the resources in a democratic way.  
Periodical meeting. The decision making through groups meeting.  
The loan amount is small and reasonable easy to repay in time.  
The rate of interest is affordable, varying group to group. However it is little higher than the banks but lower than the money lenders.

### Objectives:

The main objectives of the study are:

1. To study the performance of functional activities of Self-

- help groups in sample area.  
2.To study past, present and future prospects of Self-help groups in sample area.  
3.To study overall benefits of Self-help groups for sustainable development in sample area.

**SCOPE OF THE STUDY:**

The scope of study is limited to the study of functional areas for sustainable development of SHGs with special reference to Solapur District. This study covers the theoretical aspects with some application would result in making qualitative change in the SHGs movement in the direction of sustainable development. The function of Self-help groups will be considered under the study. The study will cover the functional areas of Self-help groups in terms of manufacturing, marketing, finance and human resource. In the study multifunctional Self-help groups will be focused to assess the overall performance related to sustainable development. The study will also cover inter and intra development of Self-help groups by referring various parameters like age, nature of operation, turn over and geographical areas etc. The scope of study is thus mainly related to solve the problems of sustainable development regarding the functional areas specifically manufacturing, marketing, finance and human resource development. The present study is also focusing the economic improvement of men and women after joining SHGs. Ultimately the study will conclude the sustainable development of Self Help Groups.

**RESEARCH DESIGN AND METHODOLOGY:**

1.Data Collection:-The tools was developed in Marathi for easy understanding. After finalizing the tools. Investigator personally contacted all the respondents and collected the information.

**A.Primary Data :**

- a.sample size : Total 150 SHGs sample respondents collected from the NGOs and GOs in Solapur District.  
b.Sampling Technique: simple random sampling technique is applied for selecting SHGs.  
c.Tools :Well-structured questionnaire, interview and observation method.

**B.Secondary Data :**

The secondary data is collected from some published and unpublished sources like research reports thesis, books, journals, websites.

**2.Analysis of data and Interpretation:****A.Documentary working of the self-help groups:**

The self-help groups are formed for strengthen the financial position of the members. Every month savings are collected and used for advancing loan's to the members. For clarity of financial transactions day to day transactions must be recorded as and when. The books of accounts like minute book, presenty register, General register must be prepared.

If documentary working of SHGS was good the SHGS have good reputation. It creates confidence and faith among the members about financial clarity of transactions.

The bank advances loans to the SHGS whose documentary working is good. The financial position of SHGS become strong and gradually they are sustained.

**Table No.: Documentary working of the SHGs**

Taluka	No response	Good	Medium	Low level	good+medium	Total
Karmala	0.00	15.00	15.00	0.00	0.00	30
%	0.00	50.00	50.00	0.00	0.00	100
Mangalweda	1.00	4.00	18.00	1.00	6.00	30
%	3.33	13.33	60.00	3.33	20.00	100
Akkalkot	3.00	17.00	4.00	0.00	6.00	30
%	10.00	56.67	13.33	0.00	20.00	100
Sangola	0.00	26.00	4.00	0.00	0.00	30
%	0.00	86.67	13.33	0.00	0.00	100
Pandharpur	0.00	26.00	3.00	0.00	1.00	30
%	0.00	86.67	10.00	0.00	3.33	100
Total	4.00	88.00	44.00	1.00	13.00	150
%	2.67	58.67	29.33	0.67	8.67	100

Source : Primary Data

The above table 1 shows the documentary working of SHGS in Solapur district.

In Solapur district, out of 150 SHGS 88(58.66%) SHGS documentary working is good, 44(29.33%) SHGS documentary working is medium and 13(8.66%) SHGS documentary working is in between good and medium and 4(2.66%) SHGS gives no response. In Solapur district, out of 150 SHGS 81(54%) SHG have problems in running SHGS , 55(36.66%) SHGS have no problem in running the self-help group and 14(9.33%) gives no response. Amongst the taluka's in Karmala, out of 30 SHGS 18(60%) SHGS have problems in running the business 9(30%) have no problem and 3(10%) gives no response. In Mangalwedha, out of 30 SHGS, 25(83.33%) SHGS have problem in running 2(6.66%) have no problem and 3(10%) gives no response. In Akkalkot, out of 30 SHGS 10(33.33%) SHGS have problem in running SHGS 18(60%) have no problem and 2(6.66%) gives no response. In Sangola, out of 30 SHGS 16(53.33%) SHGS have problem in running 11(36.66%) have no problem and 3(10%) gives no response. In Pandharpur, out of 30 SHGS 12(40%) SHGS have problem in running 15(50%) have no problem and 3(10%) gives no response.

For sustainable development of SHGS various problems faced by SHGS must be solved by leaders, govt., NGO'S and SHPA'S.

**A.Self-help group's as per functional Area:**

The self-help groups having age of five to six years and above are working in various functional areas like manufacturing, marketing, finance and Human resource.

**Table: Classification as of the SHGs as per functioning area**

Sr. No	Areas	No. of SHG	Sample Respondents Out of 150
1	Manufacturing	59	39.33
2	Marketing	59	39.33
3	Finance	150	100.00
4	H.R.	150	100.00
	Total	418	278.66

Source : Primary Data

The above table 2 shows the SHGS working in various functional areas.

In Solapur district, out of 150 SHGS only 59(39.33%) SHGS are working in manufacturing and marketing and 150(100%) all are working in finance and human resource. For sustainable development of SHGS all SHGS must work in manufacturing and marketing by which employment opportunities are raised ultimately. Income of SHGS was increased and gradually they are sustained.

**A. Use of Modern Technology:**

The self-help groups working in manufacturing used traditional machinery for manufacturing of products. The SHG members have no knowledge about handling of modern machinery and modern techniques. The cost of modern machinery is more as compared to traditional machinery.

If modern machinery and modern techniques are used by SHGS they produce quality products at low cost.

**Table No. : Use of Modern Technology**

Sr. No	Taluka	No response	Yes	No	Total
1	Karmala	0.00	1.00	3.00	4
2	Percentage(%)	0.00	25.00	75.00	100
3	Mangalweda	0.00	0.00	1.00	1
4	Percentage(%)	0.00	0.00	100.00	100
5	Akkalkot	0.00	9.00	1.00	10
6	Percentage(%)	0.00	90.00	10.00	100
7	Sangola	4.00	9.00	15.00	28
8	Percentage(%)	14.28	32.14	53.57	100
9	Pandharpur	0.00	1.00	15.00	16
10	Percentage(%)	0.00	6.25	93.75	100
11	Total	4.00	20.00	35.00	59
	Percentage(%)	6.77	33.89	59.32	100

Source: Primary Data

The above table 3 shows the SHGS using modern machinery and modern techniques for production in Solapur district. In Solapur district, out of 150 SHGS 59 SHGS are engaged in manufacturing out of that 20 (33.89%) SHGS used modern machinery and modern techniques and 35(59.32%) don't use modern machinery and techniques and 4(6.77%) SHGS gives no response. Amongst the taluka's, In Karmala, out of 4 SHGS working in manufacturing 1(25%) SHGS used modern technology 3(75%) SHGS not used modern technology for production. In Mangalwedha, out of 30 SHGS one SHG is engaged in manufacturing and not used modern technology. In Akkalkot, out of 30 SHGS 10 SHGS are engaged in manufacturing 9(90%) used modern

technology and 1(10%) don't use modern technology. In Sangola, out of 30 SHGS 28 SHGS are engaged in manufacturing 9(32.14%) use modern machinery 15(53.57%) don't use modern technology and 4(14.25%) gives no response. In Pandharpur, out of 30 SHGS 16 SHGS are engaged in manufacturing 1(6.25%) use modern technology and 15(93.75%) don't use modern technology. In Solapur district, most of SHGS don't use modern technology for production of goods. For sustainable development of SHGS modern technology must be used in production and it is supplied by the govt. in concessional rate or subsidies are given.

**A. Audit of books of accounts and financial statements from auditor:**

The self-help groups prepared various books of accounts for recording the day to day financial transactions. The books of accounts like saving register, loan register, individual members register, cash book, General ledger are prepared. From that financial statements are prepared at the end of every financial year.

Most of the SHG members have no proper knowledge about recording of transactions the work is done by SHGS office or any other person having accounting knowledge. Audit from auditor is necessary for knowing that the financial transactions are recorded properly and there are no errors.

**Table No. : Audit from Auditor**

Sr. No	Taluka	No response	Yes	No	Total
1	Karmala	5.00	5.00	20.00	30
2	%	16.66	16.66	66.66	100
3	Mangalweda	0.00	21.00	9.00	30
4	%	0.00	70.00	30.00	100
5	Akkalkot	11.00	1.00	18.00	30
6	%	36.66	3.33	60.00	100
7	Sangola	1.00	27.00	2.00	30
8	%	3.33	90.00	6.66	100
9	Pandharpur	3.00	26.00	1.00	30
10	%	10.00	86.66	3.33	100
11	Total	20.00	80.00	50.00	150
12	%	13.33	53.33	33.33	100

Source : Primary data

The above table 4 shows the number of self-help group's made the audit from auditors. In Solapur district, out of 150 SHGS 80 (53.33%) SHGS audited books and statements from the Auditor 50 (33.33%) SHGS are not audited book statements and 20(13.33%) gives no response. Amongst the taluka's In Karmala, out of 30 SHGS 5(16.66) SHGS audited their books of accounts and statements 20(66.66%) SHGS no audited their books of accounts and statements from Auditor and 5(16.66%) gives no response. In Mangalwedha, out of 30 SHGS, 21(70%) SHGS audited their books of accounts and statements from Auditor and 9(30%) don't audited their books of accounts and statements from Auditor. In Akkalkot, out of 30 SHGS 1(3.33%) SHGS audited the books and financial statement from Auditor, 18(60%) SHGS not audited their books of accounts from

Auditor and 11(36.33%) gives no response. In Sangola, out of 30 SHGS 27(90%) SHGS audited their books of accounts and statements from Auditor, 2(6.66%) do not audited books and financial statement and 1(3.33%) SHG gives no response. In Pandharpur, out of 30 SHGS 26(86.66%) SHGS audited their books of accounts and statements from auditor, 3(10%) don't audited and 1(3.33%) SHGS gives no response. In Solapur district most of SHGS make audit of their books of accounts and financial statements from auditor.

For sustainable development of self-help groups it was made compulsory to every SHG to audit their books of accounts and financial statements from qualified Auditor.

#### A. Insurance of self-help groups:

The Primary stage of self-help group is formation of group, second stage is micro-finance and the next stage is microenterprise. The self-helpgroup after few years from formation become financially strong. The group fund is increased. The self-help groups in manufacturing purchased machinery and livestock. For safety and security of machinery and livestock from various deceases and accident Insurance should be taken by SHGS. If there is loss because of wear and tear of machinery and loss live stock because of various diseases. The claim is sanctioned by the Insurance company and financial loss is avoided.

**Table No. :Insurance of the SHGS**

Sr. No.	Taluka	No response	Yes	No	Total
1	Karmala	1.00	1.00	28.00	30
2	%	3.33	3.33	93.33	100
3	Mangalweda	1.00	3.00	26.00	30
4	%	3.33	10.00	86.66	100
5	Akkalkot	5.00	1.00	24.00	30
6	%	16.66	3.33	80.00	100
7	Sangola	0.00	5.00	25.00	30
8	%	0.00	16.66	83.33	100
9	Pandharpur	14.00	3.00	13.00	30
10	%	46.66	10.00	43.33	100
11	Total	21.00	13.00	116.00	150
12	%	14.00	8.66	77.33	100

Source :Primary data

The above table 5 shows information about the Insurance of SHGS in Solapur district. In Solapur district, out of 150 self-help group's only 13(8.66%) SHGS takes Insurance and 116(77.33%) SHGS not takes Insurance and 21(14%) SHGS gives no response. Amongst the taluka's In Karamala, out of 30 SHGS 1(3.33%) SHG take Insurance 28 (93.33%) don't takes Insurance and 1(3.3%) SHG gives no response. In Mangalwedha, out of 30 SHGS 3(10%) SHGS takes Insurance 26 (86.66%) SHG don't takes Insurance and 5(3.33%) SHG gives no response. In Sangola, out of 30 SHGS 5(16.66%) SHG takes Insurance 25 (83.33%) SHG don't takes Insurance. In Pandharpur, out of 30 SHGS 3(10%) SHGS takes Insurance 13(43.33%) SHGS don't take Insurance and 14(46.66%) SHGS gives no response.

In Solapur district most self-help groups don't take Insurance policy of group assets and group fund.

For sustainable development of self-help groups Insurance of group and group assets must be taken otherwise there is adverse effect on progress of self-help groups.

#### FINDINGS OF THE STUDY:

The analyses draw several significant conclusions including:

- 1.Many well run SHGs are achieving financial sustainability.
- 2.SHGs reach very poor and marginalized lower income people.

A self-help group is a member managed collective of typically 10 to 20 poor men or women which provides financial services. The impact is that the income and savings habit is remarkably improved. The most distinctive feature of SHGs is that they generally end up borrowing from money lenders. The success of SHGs in the country has lead some to question the sustainability and replicability of this lending model. Yet little has been published on the financial performance of SHGs.Thus SHGs in the studies are successful in reaching the poor families who own little or no land, are illiterate and who lack access to formal financial services. because SHGs began to grow in India on a wide scale,government should support community financial programs to NGO's by providing low interest loans than the general.

#### CONCLUSION :

In Solapur district, most of SHG members have no good relationship and confidence among them. Out of 150 SHGS only 59 SHGS are working in manufacturing and marketing. Most SHG members are illiterate, the differentiation as APL and BPL affects on working of SHG. Majority SHG members are not participated in training programs. Documentary working of SHG is not good. The SHGS member don't have knowledge of running of SHG. Infrastructure facilities are not available. The SHG members don't use modern machinery and modern techniques in manufacturing. Most SHGS don't takes benefit of govt. marketing system. The books of accounts and financial statements are not audited from qualified auditor. Most of SHGS are not related to cluster and federation. Insurance is not taken on the life of livestock and fixed assets.

#### REFERENCES :

- I.Hulne D. andMosley, p. (1998)- money can't buy me have reevaluating gender credit and employment in rural Bangladesh , IDs discussion paper No. 363.
- II.Kabeer , N (2003)- Assessing the wider social impacts of microfinance services concepts methods finding IDS bulletin 34 (4) 106-114.
- III.Lepenies , P.H (2004)- Exit, Voice and vouchers using vouchers to train micro entrepreneurs – observation from the paraghyan voucher scheme world, development 32 (4), pp.713-724.
- IV.Ritu Jain (2003)' Social Economical impact through self-help groups". Yojana, Vol. 7 , No. 7 pp 11-12.
- V.Lalitha N. "Women thrift and credit groups " breaking the barriers of the grass roots,". Peninsular economist ,vol XII No. 2 pp -188-195

# Publish Research Article International Level Multidisciplinary Research Journal For All Subjects

Dear Sir/Mam,

We invite unpublished research paper.Summary of Research Project,Theses,Books and Books Review of publication,you will be pleased to know that our journals are

## Associated and Indexed,India

- \* International Scientific Journal Consortium Scientific
- \* OPEN J-GATE

## Associated and Indexed,USA

- EBSCO
- Index Copernicus
- Publication Index
- Academic Journal Database
- Contemporary Research Index
- Academic Paper Databse
- Digital Journals Database
- Current Index to Scholarly Journals
- Elite Scientific Journal Archive
- Directory Of Academic Resources
- Scholar Journal Index
- Recent Science Index
- Scientific Resources Database

Golden Research Thoughts  
258/34 Raviwar Peth Solapur-413005,Maharashtra  
Contact-9595359435  
E-Mail-ayisrj@yahoo.in/ayisrj2011@gmail.com  
Website : www.isrj.net