

# International 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

Golden Research Thoughts 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.

### Regional Editor

Dr. T. Manichander

### International Advisory Board

Kamani Perera  
Regional Center For Strategic Studies, Sri Lanka

Mohammad Hailat  
Dept. of Mathematical Sciences,  
University of South Carolina Aiken

Hasan Baktir  
English Language and Literature  
Department, Kayseri

Janaki Sinnasamy  
Librarian, University of Malaya

Abdullah Sabbagh  
Engineering Studies, Sydney

Ghayoor Abbas Chotana  
Dept of Chemistry, Lahore University of  
Management Sciences[PK]

Romona Mihaila  
Spiru Haret University, Romania

Ecaterina Patrascu  
Spiru Haret University, Bucharest

Anna Maria Constantinovici  
AL. I. Cuza University, 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 PopPhD, Partium Christian  
University, Oradea, Romania

George - Calin SERITAN  
Faculty of Philosophy and Socio-Political  
Sciences Al. I. Cuza University, Iasi

.....More

### Editorial Board

Pratap Vyamktrao Naikwade  
ASP College Devrukh, Ratnagiri, MS India Ex - VC. Solapur University, Solapur

Iresh Swami

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. Yalikal  
Director Management 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

G. P. Patankar  
S. D. M. Degree College, Honavar, Karnataka

Alka Darshan Shrivastava  
Shaskiya Snatkottar Mahavidyalaya, Dhar

Chakane Sanjay Dnyaneshwar  
Arts, Science & Commerce College,  
Indapur, Pune

Maj. S. Bakhtiar Choudhary  
Director, Hyderabad AP India.

Rahul Shriram Sudke  
Devi Ahilya Vishwavidyalaya, Indore

Awadhesh Kumar Shirotriya  
Secretary, Play India Play, Meerut (U.P.)

S. Parvathi Devi  
Ph.D.-University of Allahabad

S.KANNAN  
Annamalai University, TN

Sonal Singh,  
Vikram University, Ujjain

Satish Kumar Kalhotra  
Maulana Azad National Urdu University

# Golden Research Thoughts

International Recognition Multidisciplinary Research Journal

ISSN: 2231-5063

Impact Factor : 3.4052(UIF)

Volume - 5 | Issue - 9 | March - 2016



## IMPORTANT REQUISITES FOR SUCCESS OF SHGs



**Dr. Manjunath B. Tallur**

Assistant Professor, Priyadarshini First Grade College ,  
Rattihalli, Haveri (Dist).

---

### ABSTRACT:

Empowerment of women is a holistic concept. It is multi-dimensional. In its approach and covers social, political, economic and social aspects. Of all these facets of women's development, economic empowerment is of utmost significance in order to achieve a long-lasting and sustainable development of society. Self- Help Groups are the voluntary organizations which disburse micro credit to the members and facilitate them to enter into entrepreneurial activities.

**KEYWORDS:** Empowerment of women, SHGs, SHGs-Bank Linkages.

## INTRODUCTION:

Certain elements become crucial or critical for the successful formation and functioning of the SHGs. They are;

- + voluntary nature of the SHGs
- + small size of the group
- + homogeneity of membership
- + transparent and participative decision making
- + brisk use of funds for micro enterprise creation

Studies have been confirmed that regular meeting of members fosters meaningful relationship among them and issues apart from thrift, credit issues on gender and social problems also get a platform for discussion.

## FUNCTIONING OF SHGs: THE MODUS OPERENDI

### SHG exhibit some common features in their functioning viz;

- + SHGs usually create a Common Fund by contributing their small savings on a regular basis
- + Most of the SHGs themselves evolve flexible systems of working and managing their pooled resources in a democratic way with participation of every member on decision making
- + Request for loans are considered by the SHGs in their periodic meetings and competing claims on limited resources are settled by consensus
- + Loaning is done mainly on trust with a bare minimum documentation and without any security
- + The amount loaned are small, frequent and for short duration
- + The loans cover a variety of purposes some of which are non-traditional and rather unconventional
- + Rate of interest differ from group to group and even with purpose
- + Interest charged is generally higher than that charged by banks and lower than that charged by money lenders
- + Periodic meetings of members also serve as forum for collecting loans from members
- + Defaults are rare mainly due to group pressure and intimate knowledge of enduses of credits

## SHGs-BANK LINKAGES: A MICRO FINANCE ACTIVITY

The micro finance activity is the result of a pilot project started by NABARD in 1992. The project aimed at promoting 500 self-help groups (SHGs). The banking system in the country accepted the idea and the results were promising. The RBI encouraged this positive initiative and issued instruction to banks in 1996 to cover SHG financing as a mainstream activity under their priority sector-lending portfolio. The government of India made linking SHGs with banks a national priority from 1999 onwards through its periodic policy and budget announcements. NABARD is providing an umbrella support to stakeholders. Today, the programme is growing at a pace of about 2.5 million households annually. The following table provides some details.

**Table-1.1**  
**SHGs Bank Linkage Position**

<b>Model Type</b>	<b>As on 31 March 2005 Number of SHGs (in 000)</b>	<b>Bank Loans (Rs. Crores )</b>
SHGs Promoted, Guided And Financed By Banks	34,337 (21.00)	1013 (15.00)
SHGs Promoted, NGOs/Govt. Agencies and Financed by Banks	1,15,827 (72.00)	5529 (80.00)
SHGs Promoted by NGOs and Financed by Banks using NsGOs /Formal Agencies as Financial Intermediaries	11684 (7.00)	356 (5.00)
<b>Total</b>	<b>1,61,848 (100)</b>	<b>6,898 (100)</b>

Source: Banking and Finance, January 2007. p.37.

### SHG-BANK LINKAGE MODELS

There could be different models for the SHG-Bank linkages.

Model-1 In this model banks deal directly with the individual SHGs providing financial assistance for a lending to the individual members. This is the simplest and most direct model.

Model-2 Second model is one where the bank gives direct assistance to the SHG and the SHG promoting institution (SHGI); usually an NGO provides training and guidance to the SHG and generally keeps a watching to ensure its satisfactory functioning

Model-3 This model places the NGO or SHGI as a financial intermediary between the bank and SHGs. In this case, the NGO indirectly accepts contractual responsibility for repayment of loan to the bank.

Model-4 The fourth model envisages bank loans directly to individually members of SHGs upon recommendation of the NGO. In this case, the NGO assists the bank in monitoring, supervising and recovery of loans.

The SHGs bank linkage may follow an evolutionary process and move from model three to model two and to model one and finally to model four where individuals get direct access to the bank. However the acceptance of a particular model would depend on the perception of the bank and the strength of the SHGs and NGO.

### NEED FOR THE RESEARCH STUDY

Self-Help Groups have been evolved as a mechanism for meeting the economic aspirations and credit needs of the rural poor. Involvement of SHGs with banks could help in overcoming the problem of high transaction costs in providing credit to the poor. The character of SHGs and their relations with the members offered ways of overcoming the problem of collateral excessive documentation and physical access which reduced the capacity of formal institutions to serve the poor.

There has been a phenomenal growth of SHGs in the country since the early nineties. The SHGs credit rate has been growing at the rate of 120 percent per annum. However, the functioning of the

SHGs has been faced with a good number of constraints right from the formation stage itself. Some of the deficiencies associated with the SHGs have led to their unsuccessful functioning viz:

- ✦ Wrong approach about the composition of the team of the groups
- ✦ Misconception about the SHGs goal among the members and lack of clarity about the concept of the SHGs.
- ✦ Non cooperation of individual members with group activities as well as personality clash between office bearer and group members
- ✦ Absence of training of office bearers about the procedures in conducting meetings maintenance of records and familiarisation with banking operation etc
- ✦ Charging of high interest rate by the SHGs on the loans to members (16 to 36 per cent per annum)
- ✦ Non-utilizations of loans by the borrowers
- ✦ Poor repayment and recovery of loans.

The present study was selected to analyse and evaluate the function and performance of the SHGs study units keeping in view that some of the major problem areas and inadequacies mentioned above. The researcher also found that very little work was done on these aspects relating to the SHGs in the study area. Hence an intensive research study was found necessary and relevant.

## CONCLUSIONS

In most of the developing countries today, more and more emphasis is laid on the need for women's active participation in the main stream of development process. It is also widely recognized that apart from managing household, bearing children, rural women bring income with productive activities ranging from traditional work in the field of working in factories or running small and petty business. They have also proven that they can be better entrepreneurs and development managers in any kind of human development activities. Economic progress in any country whether developed or under developed could be achieved through social development. The social development on the other hand is based upon the active participation of women in developmental activities. Women's empowerment cannot be ignored while devising various policies for rural and socio-economic development. Providing micro-credit to rural women through an organized step will make them enterprising women.

## REFERENCE

- 1.K. Srinivas Rao (2007) : Micro Finance : A Tool for Poverty Alleviation and Women Empowerment-Facts for You Banking And Finance –Jan 2007.
- 2.R.M. Vasanthakumar and Vani J. Sharma ( )- Micro Finance-Theoretical Frame work and Empirical Evidence – An Indian Experience.
- 3.Archana Sinhai ( 2004 ): Micro Finance for Womens Empowerment – Kurukshetra April-2004.
- 4.Dr. C. Rangarajan (2005): Micro Finance and Its Future Directions – Highlevel Policy Conference on Micro Finance in India , New Delhi – May 3 –2005.
- 5.Dr. Shreeranjana (2006) : Credit Related Issues in Meghalaya NEICSSR-Shillong Aug - 2006.
- 6.Suriakantha. A. ( 2000 ) : Literacy – Essential for SHGs Social Welfare –47(6) –2000.



# 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 Book Review for publication, you will be pleased to know that our journals are

### Associated and Indexed, India

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

### Associated and Indexed, USA

- EBSCO
- Index Copernicus
- Publication Index
- Academic Journal Database
- Contemporary Research Index
- Academic Paper Database
- 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
- Directory Of Research Journal Indexing

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