

Golden Research Thoughts



Arup Mukherjee

Assistant Professor, Xavier institute of Social Service,
Purulia Road, Ranchi.



Abstract:-

The Self Help Group and its Bank linkage programme has assumed a pivotal role in the process of empowerment of women both socially and economically. At the same time various researchers and authors have glorified the SHG movement as the ultimate path for empowerment of women. However, the SHG is nothing more than an informal group of people (generally women) coming together for a common cause. The survey and the article aims at finding out whether the promotion of such groups actually serve the purpose in a holistic way or, is the society following a model which is constrained by itself. It is understood that the empowerment of women is extremely important, but the Governments in question cannot shrug away from their responsibilities by simply promoting the idea of SHG's and pressurising the banking system to get linked with these SHGs. The article aims at finding out the level of education and other qualities amongst SHG members, the promotion of which should be a priority of the State and Central Governments.

SIGNIFICANCE OF THE SELF HELP GROUPS : A CRITICAL EVALUATION



Ratnesh Chaturvedi

Associate Professor, HOD (Department
of Finance) , Xavier Institute of
Social Service,
Purulia Road, Ranchi .

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INTRODUCTION :-

The “defining event” in the building of a financial architecture in India was the nationalisation of the commercial banks. Significant progress was made in terms of coverage of the rural population by formal credit institutions with nearly 70% of all commercial bank branches and approximately 100000 co-operative outlets at present operating in rural India. However, notwithstanding the concerted and multipronged efforts to extend credit to all sections of the society, the dependence on informal sources of credit has not decreased in rural areas and has increased in several regions in the country. (Kumar & Golait, 2009). In the process of promoting self employment, lack of credit has been a major constraint and is estimated that only 20% of the households have access to credit from the formal sector. In the case of women, particularly those who belong to low socio economic groups have to go through a very difficult phase in course of meeting the financial crisis during emergency family needs. These women being economically and socially vulnerable often fall victim to the money lenders debt trap. (Krishnan et al, 2008). The emergence of the SHG strategy evolved as a shift from development to empowerment and began focusing on socio-political, economic and educational uplift of the women. The strategy of SHG emerged as a promising one and has been adopted by the banking system in India, the NGO's of India, the MFI's of India and nevertheless by the women population, especially the rural women. The present structure of microfinance sector in India emerged in the early nineties when the RBI issued guidelines to the nationalised commercial banks encouraging them to lend to informal Self Help Groups (SHGs). Since then such groups have been actively promoted by a number of different agencies and the National Bank for Agriculture and Rural Development (NABARD) has provided the banks with subsidized credit for SHG lending.

However, it is also important to understand that in spite of the phenomenal growth in the number of SHGs and total loans advanced to them, there is little systematic evidence on their internal functioning. The nature of governance in this sector has a major role to play in this matter. Statistical figures on Indian SHGs have emerged because the organisations promoting these SHGs have to provide to their donors with figures relating to the new groups created and also because of the fact that the commercial banks are required to report to the RBI about their lending to the SHGs. However, in neither of the case, the details of the usage of funds and their internal distribution within a group need to be reported. Hence, there is very little knowledge about the group demographics, about whether groups once formed continue to function effectively or how many members leave the group that they initially join. Although the SHGs primary role appears to be provision of credit but the SHGs are supposed to play a greater role and engage in a variety of other social activities. (Baland et al, 2008). In practice, however, real effects are much more limited than what is usually presented. How far and under what conditions can microfinance and the SHG movement combat poverty and contribute to grass roots still remains a question to be answered. (Fouillet & Augsburg, 2007). This paper intends to examine the benefits from formation of such SHGs and critically examine the idea that whether such SHGs do promote the idea of thrift, empowerment, self employment, social uplift, political involvement and other features of development and empowerment in general.

1.1 Significance of Self Help Groups and their organisation culture

Liberalization, privatization and globalization growth maximising strategies have virtually isolated the poor, especially the poor women, who bear the pain of development in the neoliberal focus on macro economics. (Singh et al, 2011). The term “development” inevitably refers not only to economic growth, but also to that of local society and its capacity for self governance directed at the promotion of individual and collective well being. Hence, the importance of the formation of SHGs acquires a greater significance in this day and age. In India SHGs are small and economically homogenous affinity groups or rural poor who voluntarily come together for achieving common goals such as (a) To save small amount of money regularly (b) To mutually agree to contribute to a common fund (c) To meet their emergency needs (d) To have collective decision making (e) To solve conflicts through collective and mutual decision making and (f) To provide collateral free loan at terms decided by the group at market driven prices. Thus the SHGs are necessary to overcome exploitation, create confidence for the economic self reliance of rural people, especially among women who are mostly invisible in the social structure. These groups enable them to come together for a common objective and gain strength from each other to deal with exploitation, which they face in several forms. A group becomes a basis for action and change. It also helps in building of relationship for mutual trust between the promoting organization and the rural poor through constant contact and genuine efforts.

SHGs play an important role in differentiating between consumer credit and production credit, analyzing the credit system for its implication and changes in economy, culture and social position of the target groups, providing easy access to credit and facilitating group activities for effective control, ensuring repayments and continuity through group dynamics; setting visible norms for interest rates, repayment schedules, gestation period, extension, writing of bad debts and assisting group members in getting access to the formal credit institutions. Thus SHGs disburse micro-credit to the rural women for the purpose of making them enterprising women and encouraging them to enter in to entrepreneurial activities. The credit needs of rural and urban poor women are fulfilled through the SHGs. SHGs enhance the equality of status of women in participation, decision making and shared benefits in the democratic, economic, social and cultural spheres of life. The rural poor are in-capacitated due to various reasons such as; most of them are socially backward,

illiterate, with low motivation and poor economic base. Individually, a poor is not only weak in socio-economic term but also lacks access to the knowledge and information, which are the most important components of today's development process. However, when in a group (SHG), they are empowered to overcome many of these weaknesses, hence there are needs for SHGs. Generation of funds in these groups may be substantially low in the initial stages. However, such funds though meagre have a possibility of being supplemented by external sources mainly, loans from banks or grants given by NGOs, which promote them. SHGs offer to the members preliminary banking services characterised by cost effectiveness, flexibility and freedom from defaults. Assessment of the credit needs of members is done periodically at group meetings. The claims for default are settled within the group by consensus. In case of any surplus, the amount is deposited in the bank or post offices. Defaulters are subject of severe penalties but such occurrences are unusual. There is always a peer group pressure on those who avail loans which to a very large extent prevents default. The influence of the group members is quite powerful because it can put actions against defaulters and monitor the behaviour of members in order to forestall default. However, despite the considerable outreach of the SHGs the small size of these groups both in terms of finance and human resource often makes them not very effective. (Nair, A., 2005).

2. RESEARCH OBJECTIVE

On the basis of the above mentioned features of SHGs, it is obvious the formation of such groups along with intervention of the NGOs, banks and NBFCs, for economic and social empowerment of rural/poor women is extremely important. However, the research article intends to move away from the theoretical framework and make observations on the following areas :

- (a) Socio-economic background of the SHG members.
- (b) Access to external credit facilities of the group apart from their own contribution.
- (c) Social and economic empowerment of members of SHGs.
- (d) Enhancement of self esteem of members through SHG formulation.
- (e) Attrition rate of SHG members.
- (f) Longevity of groups.
- (g) Identification of the dormant groups.
- (h) Administration and conduct of group members.

3. RESEARCH METHODOLOGY AND SCOPE

The study is confined to two blocks of the district of Ranchi among 18 blocks. These blocks are namely : Block Chanho and Block Ratu. The population of Chanho block is 1.07 lacs with 18989 households. Similarly, the population of Ratu block is 0.76 lacs comprising of 14454 households. (Census data 2011). The female population in these blocks are 0.52 lacs and 0.37 lacs respectively. Discounting the female population further on the basis of age the female population of these blocks who are above the age of 16 is tentatively 0.29 lacs and 0.20 lacs respectively. Since, it is a general phenomenon that the SHGs are normally formed by adult women the population size for the research is 0.49 lacs. An initial survey conducted for finding out the number of SHGs in these two block shows that there are approximately 1300 SHGs have been formed by the initiatives of the NGOs and Banks till now, which may or may not be active as on date. Twenty five SHG's were randomly selected from the entire population of the SHGs and from each SHG four members were selected randomly therefore avoiding any kind of bias in the study. A questionnaire was developed, keeping the objective of the study in mind, which was again randomly distributed among members of the SHG's. The respondents were allowed to carry the questionnaire to their homes and fill them up with ease and sufficient time. A structured research technique has been used for this study. The technique entails use of a structured questionnaire and face to face interview. The questionnaire is the main research instrument used in collecting data for the study, taking in to consideration the specific objectives of the study and the sample size. Majority of the items in the questionnaire are close ended questions, requiring a Yes or No response with some few likert type items. This is because it is easier for respondents to answer and also facilitates interpretation of data by standardising alternative responses. Thus the questionnaires were administered to 100 respondents. However, a face to face interview was also facilitated to gather further information. As indicated above the source of data used in this research is primary in nature. Data collected for the study has been analysed using descriptive statistics such as frequencies and percentages. The results are presented using tables and bar and pie charts. The statistical package for social sciences (SPSS) is used to process the data set.

4. PRESENTATION AND DISCUSSION OF RESULTS

It is generally believed that that the success of any SHG programme is best measured by its continued growth and its ability to keep clients and also the latter's ability to repay their loan. (Titmus, 1962). However, the growth and performance of micro-finance programmes under the SHG scheme may be accepted as proxies for impact and probably tells us more about the lender than it does about the borrower. Since the focus of the study is the socio-economic empowerment of women, it becomes necessary to know the socio-economic back ground of the SHG members. Although it is not always an outlined objective of

microfinance or a self help group, it is one of the self evident objectives since SHG programmes have generally and mostly targeted women as clients. This could be explained by the fact that microfinance aims to help the poor and that most of the poor are women. (Khawari, 2004). There are numerous studies which have shown that empowerment of women in one area does not necessarily mean that they would also be empowered in other areas of life or for that matter they would be capable of empowering others. One of the fundamental reasons for this is the constraints of the SHGs because of their structural inequalities. (Kumar,A., 2007)

4.1 Socio-economic background of respondents

It was absolutely necessary to know the background of the respondents in terms of their age, gender, marital status, level of dependants, level of education, religion, main business activity, size of working capital and other important indicators. Age influences the degree of poverty and the level of socio-economic development. Data from table 1 shows the ages of all the respondents interviewed.

Table 1 : Age of respondents :

Age	Frequency
20 to 35	15
36 to 50	74
51 to 65	10
66 and above	01
	100

Source : Field data 2014

Table 1 shows that most of the respondents to the questionnaire are between the ages of 36-50. Only 15 respondents representing only 15% of the total sample are between the age of 20 to 35 years. This shows that most of the respondents are in their active age (ages of 20-35 and 36-50) and have potential for growth and development if they are provided with some form of empowerment. As we already know that the respondents were all women, it becomes imperative to know the marital status of the respondents, since that also has some influence on women empowerment and their socio-economic development.

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Table 2 : Marital status of respondents

Marital Status	Frequency	Percentage
Married	60	60
Single	05	05
Widow	07	07
Divorced/Separated	28	28
Total	100	100

Source : Field data 2014

Table 2 indicates that 60% of the sample responded that they were married. However the remaining 40% are without partners. Out of this 40%, 5% were singles who had never married, the other 7% were widows and the 28% left are those who are divorced for one reason or the other. The data implies that women have much more responsibility towards themselves, their families and the nation at a large. Married women, who are a greater portion of the study have responsibility towards taking care of their homes, those divorced have greater challenge of taking care of themselves as well as their children and hence need financial liberation.

Table : 3 Level of formal education of respondents

Level of education	Frequency	Percentage
Never gone to school	20	20
Only primary schooling	45	45
Matriculate	25	25
Graduate	5	5
Post Graduate	0	0
Vocational	5	5
Total	100	100

Source : Field data 2014

The data in Table 3 depicts the level of education of the respondents. It is observed that amongst the sample respondents most women have no education or very little education. 65% of the sample has so little education that they cannot be employed with dignity in the organised business world. Moreover, an alarming finding is that only 5% have vocational education. This is important as because in a developing economy like India vocational training has been assumed to be one of the key steps in promoting employment as well as self

employment. When only 35% of the sample respondents of the SHGs have received education at matriculation level or above then it is obvious that such phenomenon will definitely have an adverse impact on the administration and management of the SHGs. This is also very likely to have impact on the socio-economic empowerment of the women population, because the quality and dignity of employment or for that matter self employment depends on the education level of the respondents.

It is evident that many covered under the category are of illiterate background which makes them dependant on others for the sake of information regarding government schemes and programmes. Thus the role of MFIs and others especially the government becomes all the more important in educating the masses by adopting policies like compulsory education and learning through evening learning centres located at village level. (Ramakrishna et al, 2013)

Table 4 : Main business activity of respondents

Sector	Frequency	Percentage
Trading	20	20
Agriculture & Food industry	35	35
Animal husbandry	30	30
Service	4	4
Others	11	11
Total	100	100

Source : Field data 2014

Table 4 indicates the various business activities of the respondents. 85% of the respondents are engaged in trading, agriculture and animal husbandry. Only 15% of the respondents are involved in other business activities. This tells us that the common sector is over loaded and there seems to be very less scope for the service or rural manufacturing business.

Table 5 : Initial start-up capital of respondents

Size of initial capital	Frequency	Percentage
Rs.100 – 500	5	5
Rs.501 - 1000	11	11
Rs.1001 - 5000	55	55
Rs.5001 - 10000	19	19
Rs.10000 & above	10	10

Source : Field data 2014

Table 5 indicates that majority of the respondents started their business activity with a start-up capital of Rs.1000 to Rs.5000/-, while only 10% of the respondents had a start-up capital of Rs.10000 or more. The percentage for start-up capital up to Rs.1000/- is merely 16%.

Table 6 : Access to credit facilities

Credit facility	Frequency	Percentage
Commercial banks	0	0
Rural Banks	4	4
Through family savings	44	44
Loan from SHG bank linkage	13	13
From money lenders	38	39
	99	100

Source : Field data 2014

Table 6 speaks for itself that only 13% of the respondents actually got the credit facility through the SHG bank linkage schemes. In sharp contrast, 39% of the respondents availed the credit facility offered by local money lenders. 44% of the respondents started their business activities out of family and personal savings. Hence, the impact of SHG programmes with respect to credit facilities in this area as per the respondents is not very strong.

Table 7 : SHGs as client empowerment tool

Impact indicator	Positive outlook	Negative outlook
Improvement/diversification in business performance	10	90
Employing more hands	5	95
Improvement in business practices through acquisition of entrepreneurial skills	20	80
Positive dream about projects (expansion, diversification, higher sales & profits)	40	60

Source : Field data 2014

Table 7 however, depicts a very dismal scene. In the question of further improvement or diversification of their business 90% of the population had negative outlook. Similarly, 95% of the respondents said that they did not generate more employment through their business. Only 40% of the respondents had expectations of improvement in business activities in the future. The overall scenario projected by the respondents seems to be quite dismal. Here, it is important to mention that even though the government/banks/NGOs/MFIs may make available funds to groups of such women community, the state may do little or nothing to promote women's use of such funds. Without methodological access to such funds, the SHGs may fold after an initial fledgling period. (Vanegas,M.R., & Pruitt, L.R.,2012).

Table 8 : Impact survey of SHG performance at family level

Impact indicators	Positive outlook	Negative outlook
Increase in house hold income as compared to expenses.	20	80
Improvement in standard of living (education, health, food etc.)	35	65
Ability/opportunity for decision making in the family.	10	90
Future aspirations about the family.	40	60

Source : Field data 2014

According to Table 8, 80% of the respondents had negative outlook when they compared their house hold income to the expenses. 65% of the respondents had negative outlook regarding improvement in standard of living. Most appalling is the fact that 90% of the respondents (women) had negative opinion on the question of empowerment for decision making within the family. However 40% of the respondents had positive outlook regarding the future of the family.

Table 9 : Self esteem and level of empowerment BEFORE joining the SHG

Impact indicators	Positive outlook	Negative outlook
Level of self confidence	40	60
Level of socialising	50	50
Aspirations for future leadership	20	80
Ability to make personal and family decisions	55	45
Perception about women	30	70

Source : Field data 2014

Data collected regarding self esteem and level of empowerment of women before they joined any SHG, depicted by table 9, creates a dilemma. 55% of the respondents reported that they had a positive outlook on their ability to take personal decisions as well as family decisions as well as on the matter of socialising 50%. However, on the other fronts the greater part of the respondents had negative outlook, before joining the SHG programme. Therefore, it becomes essential to have a look at the position of the respondents after joining the SHG programme.

Table 10 : Self esteem and level of empowerment AFTER joining the SHG

Impact indicators	Positive outlook	Negative outlook
Level of self confidence	55	45
Level of socialising	70	30
Aspirations for future leadership	25	75
Ability to make personal and family decisions	55	45
Perception about women	60	40

Source : Field data 2014

The analysis of table 9 and table 10 throws light on some very significant factors of the level of self esteem and empowerment of the respondents. 25% of the respondents who earlier had negative outlook towards self confidence have admitted that they have generated a positive outlook after joining the SHG programme. Similarly,40% of the respondents who earlier had negative outlook towards level of socialising have admitted that their outlook has become positive after joining the SHG programme. Only 6.25% of the respondents have said that their aspiration for leadership has increased. On the matter of decision making on personal as well as family level, there seems to be no impact of the SHG programme. However, on the point of perception about women there seems to be a radical change i.e, around 43% of the respondents who earlier (before joining the SHG programme) had negative outlook have changed their opinion, giving credit to the

SHG programme. The respondents confessed that their perception about themselves (women community) in general has changed from those days when they had to sit back and watch the men make all the decisions and cater for the development of the family, community and the nation. On a whole, results from the study on clients self esteem and empowerment have shown that they have experienced empowerment within themselves. However, on the matter of access to credit facilities and the SHG programme as a client empowerment tool, the SHG programme in these two blocks of Ranchi district do not show any signs by virtue of which one can conclude that the SHG programme has been a success. Moreover, in the course of discussions evidences of members switching groups has been a common phenomenon. Data presented under table 11 demonstrates the rate and reason for such switches from one group to another.

Table 11 : Attrition rate of group members

Average number of switches per respondent	3
Reason for such switch	Number of respondents
(a) Group stopped functioning	30
(b) Respondent not getting with the group leaders.	10
(c) Bank linkage of the SHG not available.	30
(d) Lack of faith on the group members	50
(e) Favouritism amongst members	10

Source : Field data 2014

Very surprisingly, data collected and tabulated under table 11 shows that at an average the respondents have changed their SHG at least 3 times in their life till date. This figure is quite alarming and raises serious doubts on the formation and functioning of the SHGs. 30 respondents admitted that they had changed the SHG because the group stopped functioning. In the absence of further query regarding why the group stopped functioning, it may be construed that the organisation of the group was improper or there was absence of homogeneity. Similarly, 50 respondents declared that they changed their SHG because of lack of faith on the group members or group leaders. Since, these SHGs are involved in monetary affairs of the community and at the same time they do not require to be registered, such observations can be construed to be negative in nature. The absence of any regulatory body/authority makes the situation even worse. Such attrition rate of SHG members actually defeats the purpose of the SHG programme. Among the respondents 30 claimed that they had changed their SHG because of the absence of bank linkage programme. This tells us that there are many SHGs which do not get the assistance of formal credit and are dependent on their own resources in the time of need. Under such a situation the respondents are rightful in believing that the SHGs offer no great opportunity to them. It is predominantly the poorer and the socially marginalised communities and people that leave the SHG network and this makes it unlikely that women moving out of SHGs enter in to individual contracts with the lending institutions. It also means that some of those in desperate need of credit cannot obtain it from within this sector. (Balland et al, 2008)². Moreover, lack of knowledge about government schemes and technical know-how have been major cognitive constraints in the SHGs. Increased work burden and responsibility of small children or dependant in-laws have been major personal constraints because of which the SHG movement gets stagnated. (Sharma, P & Varma, S.K., 2008).

CONCLUSION

Self help groups are definitely complimentary to the Governments role in the area of empowerment of women. However, it all depends on the demanding reasons for the formation of such groups. In the absence of homogeneity of cause, status, income level and aspirations such groups may not add anything to the society.

In such cases many of them would end or end up performing like fancy clubs of people. However, the analysis done above is restricted to randomly selected SHGs and their members as respondents. Hence, it is also important to observe that such phenomena may or may not exist in other parts of the district or the state. Moreover, the role of the government cannot be overshadowed by multiplying number of self help groups. All that a self help group would aspire to do in the area of socio-economic empowerment of women is actually the basic responsibility of the governments in question. For example creation of employment opportunities is the job of the government which would get complimented by organisations like SHGs. Similarly, promotion of education and literacy among the girl child is a fundamental responsibility of the government, in which SHGs could serve as catalysts. Hence, too much of importance and glory which has been assigned to the SHG movement in the process of socio-economic empowerment of women by many agencies and authors creates an atmosphere where the government becomes complacent by witnessing the number of self help groups, as is the case in the above case study of the two blocks of Ranchi district and their SHG members selected randomly.

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