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GRT THE STUDY OF PERFORMANCE OF SELF HELP GROUPS AND SELF HELP GROUP INITIATED BUSINESSES IN OSMANABAD REGION

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Abstract: New revolution in the field of Indian rural economy has come already in the form of Self-help groups. With the help of these self-help groups, rural population is growing their economy in very rapid speed. Various grants and subsidies are given by the government to these SHG's and with this soft-hand; various businesses are taking birth in rural areas of India and with time this situation is being same in urban and semi-urban areas of India.. This situation is helping the people in many ways; providing employment opportunities, business opportunities, opportunities of being supplier of raw material to various businesses, etc. In this way SHG's are helping to 'Vision 2020' in a vast manner and making rural economy strong through providing micro finance.

Keywords: Self Help Groups , Self Help Group , business opportunities , economy strong .

INTRODUCTION:

NEED AND SIGNIFICANCE OF THE RESEARCH

According to C.S. Reddy, the founding CEO of APMAS, a national level technical support organization for the SHG movement in India, almost two-thirds of India's population does not have access to formal financial services. The women's self help movement emerged as an important strategy for achieving financial inclusion, contributing to inclusive growth, and generating social capital in order to address larger issues like poverty eradication and women empowerment. SHGs are proving to be the most effective instruments for financial inclusion. Though the country India is called the rural dominating country in the world, the rural part of India is still far behind of development. The developments have come to the urban societies and some of the rural area but apart from this most of the part of rural India is still in doubt to be called as developing. As the part of needs of development this part is really lacking in getting the finance for their development. A plenty of resources and human efforts are being waste due to the lack of finance to these people. To solve this problem microfinance plays a very important role. Microfinance is generally provided by the banks with the help of these Self-help groups in India.

The concept of Self-help group is come from The Grameen Bank, a Nobel Peace Prize-winning microfinance organization and community development bank in Bangladesh. Grameen Bank originated in 1976, in the work of Professor Muhammad Yunus, Professor at University of Chittagong, who launched a research project to study how to design a credit delivery system to provide banking services to the rural poor. Before the period Bangladesh was facing plenty of problems related to poverty and really having a very poor condition. But the Grameen Banks helped the

country to change in a way that the The Grameen Bank and its initiator Professor Muhammad Yunus got Noble prize for the same.

The concept of Grameen bank adopted by various developing and under developed countries with variance of names and in India also we started the Self-help groups with many of its characteristics as Grameen Bank. Though we are much developed than Bangladesh, most of the part of our country is still in the grace of development. Mainly the Marathwada region in Maharashtra is still called a underdeveloped part of the state. The Marathwada region of the Maharashtra is still in underdeveloped category if we go to rural area of this region. Manly the Osmanabad district in this region is far behind of the development though the basic facilities are available in this district. The somehow stated reasons for this are, lack of business establishments, lack of availability of resource and infrastructure, etc. In this type of region the Self-help groups can be proved as one the best sources and equipments of rural development. As the natural resources in Osmanabad district are sufficient for the development the help of SHG's through micro-financing can change a lot.

Various self-help groups are working in this region but the intention behind these groups is only to establish a savings group. If we look at the concept of Grameen Bank in Bangladesh, they provide finance for businesses in their area and this thing should also be done here. Most of the SHG's in this region get started in hurry but after sometime the member don't even think about it.

If we take a look of SHG and its supported businesses, we will realize that the southern states are really ahead with this concept. Though the state Maharashtra is

ahead in various aspects of economy in India, in the matter of SHG we are somewhat behind. As Marathwada is called the backward region in Maharashtra, the development schemes are always introduced in this region. As part of the schemes this scheme of SHG was also introduced in this region. SHG has brought a nice chance to development of rural people. But if we see the reality, the picture is so clear. The SHG concept is not yet so mixed in this region. Some of the SHG's are working with really less efforts and with really less returns.

The intention behind taking this topic for my study is to changing this situation by knowing the performance of these SHG and SHG initiated businesses, studying the reasons of failure of this system, etc. As I already cited above the SHGs can play a very important role in development of this area, I want to convey the success of the Bangladesh to these people through my studies.

Though there might be much work done on the SHG, still much is waiting to be done. As shown in above paragraph the SHG is proving itself a good hand of development and still Marathwada region is back to grab it, the study can change somewhat picture in this regards. For the same reason I have selected this topic for my study.

Objectives of the Research

To study the working of SHG in Osmanabad region.

To study the performance of SHG initiated businesses in Osmanabad region.

To study and find out the problems of SHG initiated businesses in Osmanabad region.

RESEARCH METHODOLOGY

Methodology and Tools

Sampling

Sample:

For conducting this research the sample has been selected from various Self-help Groups from Osmanabad District.

Sampling Method:

For conducting this study we have used simple random sampling method.

Sample Size:

20 Self help groups working in the area of Osmanabad has been selected for this study.

Data

For doing such type of study, both the data types are helpful for the research. The data has been collected from both sources primary and secondary. As such research is mostly depends on the primary data, the primary data has been focused more during the research work.

Primary Data: The primary data for this study has taken with help of various data collection methods. The data has collected from the selected samples which are generally the members of the Self Help Groups in the selected area.

Secondary Data: Though the primary data plays a very important role in any research, the secondary data set the

platform for all the studies. And for the same secondary data has been gathered from various available sources like books, journals, websites, research papers, news papers, etc.

Data Collection Methods

For collecting the data we have used following data collection methods;

Primary Data: for collecting the primary data, questionnaires have been used for the members of various Self-help Groups who can answer it. Also the interview schedules used similarly as some of the respondents might not response to questionnaires due to illiteracy, etc.

Data Interpretation Tools.

For interpretation of the gathered data various interpretation tools has been used like average, percentage, etc.

LITERATURE REVIEW

A very basic description of the Self-Help Group (SHG) has been summarized by the Rural Finance Learning Center. According to their definition: " Self-help groups are usually informal clubs or associations of people who choose to come together to find ways to improve their life situations. One of the most useful roles for a self-help group is to provide its members with opportunities to save and borrow and it can act as a conduit for formal banking services to reach their members. Such groups can provide a guarantee system for members who borrow or they may develop into small village banks in their own right. In rural areas self-help groups may be the only way for people to access financial services " (2006).

The approach of Self-help Groups (SHGs) towards poverty alleviation is that it should be self-help. The logic is that individual effort is too inadequate to improve their fate. This brings about the necessity for organizing them in a group by which they get the benefit of collective perception, collective decision making and collective implementation of programmes for common benefit (Karmakar, 1999).

According to a study conducted by 'Drushti' - Stree Adhyayan Prabodhan Kendra called "An Evaluation of Impact of SHG on the Social Empowerment of Women in Maharashtra", India has adopted the Bangladesh's model in a modified form. To alleviate the poverty and to empower the women, the micro-finance has emerged as a powerful instrument in the new economy. With availability of micro-finance, self-help groups (SHGs) and credit management groups have also started in India. And thus the movement of SHG has spread out in India.

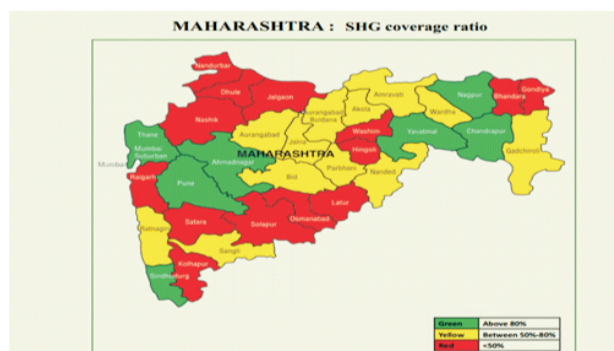
According to the NABARD, at the end of March 2007, 2.92 million SHGs cumulatively received bank loans of Rs 180,410 million (US\$4.5 million). In total, 40.95 million poor households have been provided with credit from formal financial institutions. And, given that the average size of the Indian family is five, this indicates that over 200 million people have been provided credit by the banking sector through SHGs, though not all of them would be active borrowers. The majority of whom were, hitherto, out of the purview of mainstream financial institutions. The south Indian state of Andhra Pradesh is on the way to achieve near-

universal financial inclusion because of SHGs. Other southern states are moving quickly in that direction as well; and all other states have realized the potential of SHGs in financial inclusion and are adopting the model. Over 90% of the bank-linked groups are women groups and about four-fifth are situated in.

Prof. Mohammad Yunus the Nobel laureate for peace is considered as the pioneer of micro credit who started a women's" group with a loan of equivalent of \$27. The demonstrative success of micro credit has introduced the concept with modification in many developing countries including India. The microfinance movement in India was unleashed around the 1970s. Microfinance has gained a lot of significance and momentum in the last decade. India now occupies a significant place and a niche in global microfinance through promotion of the self help group (SHGs) under SHG-Bank Linkage (SBL) programme and the microfinance Institution (MFI) model. The Indian model offers greater promise and potential to address poverty as it is focused on building social capital through providing access to financial services through linking with the mainstream. In the most simplistic way it can be termed as "banking for the poor".

Self Help Groups (SHGs) are necessary to overcome exploitation, create confidence for the economic self-reliance of rural poor, particularly 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 are facing, in several forms. A group becomes the basis for action and change. It also helps building of relationship for mutual trust between the promoting organization and the rural poor to constant contact and genuine efforts. (Singh O. R. 2003).

According to a study called "the Report Status of Microfinance in India" by NABARD they have clearly given the picture of SHG working in Maharashtra. According to this study 14 districts have less than 50% SHG coverage, 12 have the coverage between 50 to 80 % and only 7 states are there having more than 80% coverage of SHG. Whereas Odisha and West Bengal have really satisfying figures in this matter.



NABARD has defined micro finance as follows: "Micro finance is all about provision of thrift, credit and other financial services and products of very small amount to

the poor in rural, semi urban and urban areas for enabling them to raise their standard of living".

Swain and Wallentin (2007) studied Self Help Groups in 5 states (Orissa, Tamil Nadu, Andhra Pradesh, Uttar Pradesh and Maharashtra) and concluded that there is significant increase in the level of women empowerment over a period of time (2000-2003). However, it does not mean that every woman has been empowered to the same degree, but on the average, the Self Help Group members were empowered over this period.

Dogra (2005) studied Self Help Groups in Saharanpur district of Uttar Pradesh and found Self Help Groups are successful in breaking the stronghold of money lenders; and families do not go to money lenders as forced labour and need not mortgage land or valuables as a result of SHG.

Rao (2005) narrates the benefits and gains of Self Help Groups after his study of SHGs in Midnapore district of West Bengal:

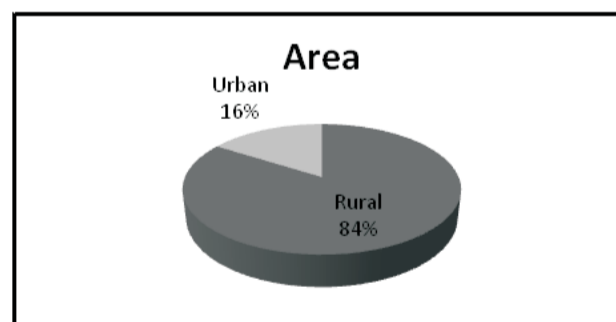
1. Increase in self confidence and social status.
2. Improvements in leadership qualities and managerial skills and they become part of decision making process in family and community.
3. Better understanding of immunization of children; education of children.
4. Income of members increased and assets created because of economic activities leading to significant improvement in the standards of living of the members and their families.

ANALYSIS AND INTERPRETATION

For doing this study we have collected data from 50 respondents who are members of the SHG and who are residing in the sample area. This data analysis is done on the base of same data.

Area of Working

Area	Number
Rural	42
Urban	8

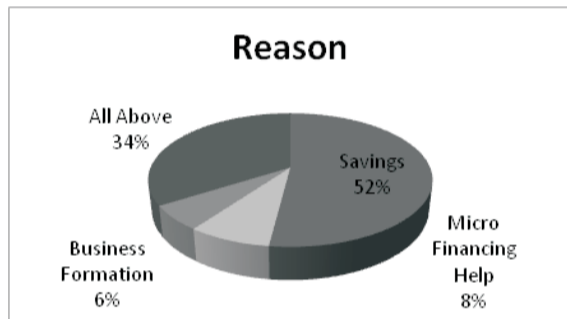


Interpretation:

Most of the Self-help Groups are working in rural area. Though there are some groups which are working in the urban or semi-urban area still the number is not so convincing.

Intention of forming SHG

Intention	Responses
Business Formation	3
Micro Financing	4
Savings	26
All Above	17

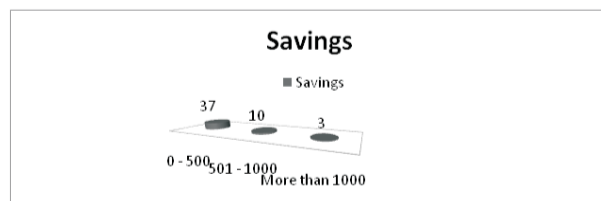


Interpretation:

It is found that the main intention behind starting a SHG is savings. Some of the respondent also said that providing micro finance and forming a business is also their intention.

Savings per Month

Savings per Month	Responses
0 – 500	37
501 – 1000	10
More than 1001	3



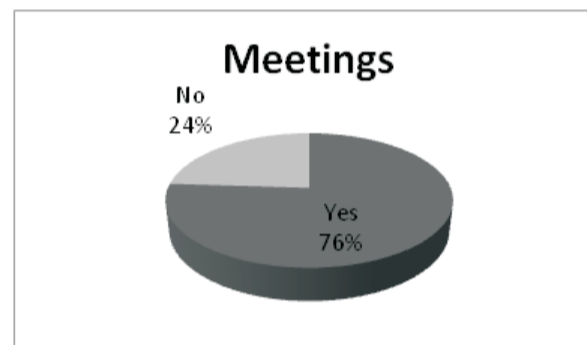
Interpretation:

Most of the groups are taking 0 – 500 Rs. As their

monthly installment of savings.

Regular Meetings Status

Meetings Status	Responses
Yes	12
No	38

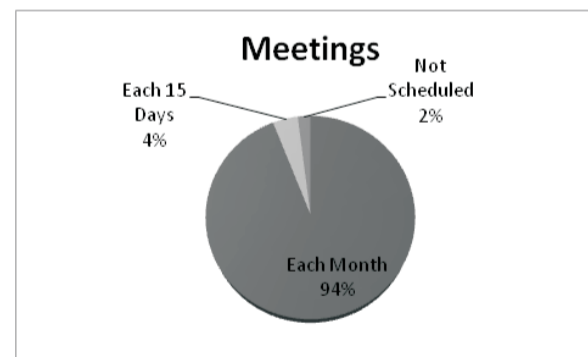


Interpretation:

Most of the Self-help groups take their meetings on regular basis.

Meeting interval period

Meetings Interval	Responses
Each 15 Days	2
Each Month	47
Not Scheduled	1

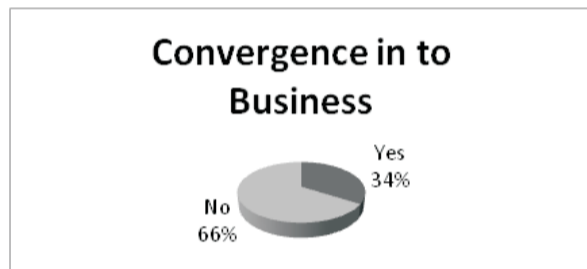


Interpretation:

Generally the meetings have been taken on regular basis of each month.

Business Status

Business Started	Responses
Yes	17
No	33

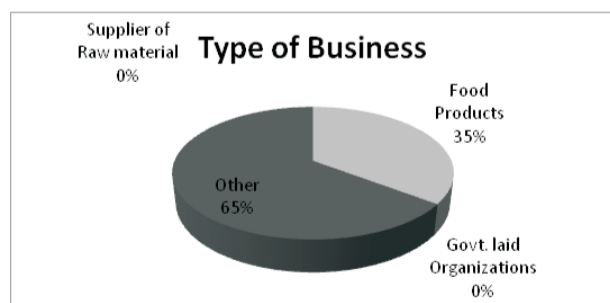


Interpretation:

Only 17 groups of 34% of the groups have started their business. 66% of the groups are not thinking of entering n the business.

Type of Business

Type of Business	Responses
Supplier of Raw material	0
Food Products	6
Govt. laid Organizations	0
Other	11



Interpretation:

It is found that among whom who have founded the business, only 35% groups are in structured business. Remaining will be engaged in non-structured business like providing the loans on interest and they answered as other.

Profit Status

Profit Status	Responses
Yes	11
No	6

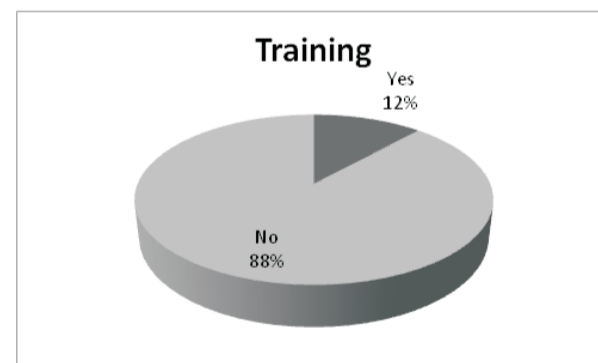


Interpretation:

65% of the groups are enjoying the profit according to the responses gathered.

Training taken for Business

Training Taken	Responses
Yes	3
No	14

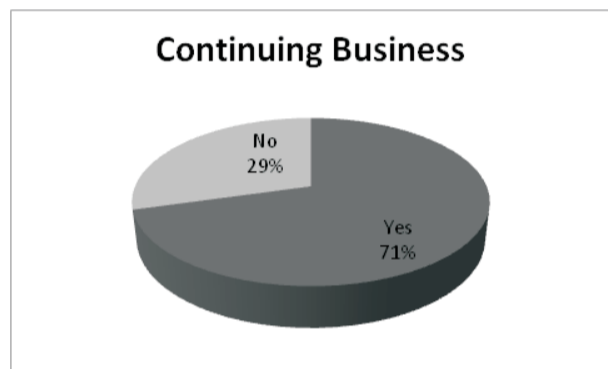


Interpretation:

The groups who have involved in business through SHG, only 12% of them take training for their business. As compared this number is so less.

Future Business Plan

Continuation of Business	Responses
Yes	12
No	5

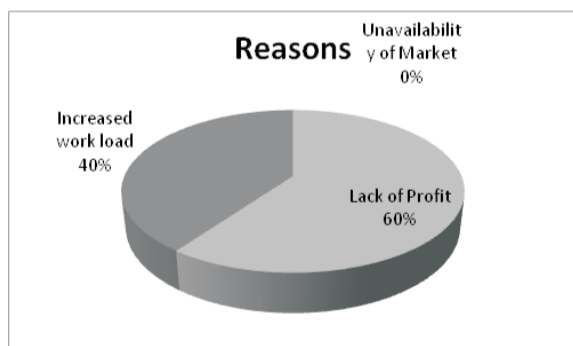


Interpretation:

Due to some problems they have faced, some of groups who started their business are now thinking to discharge the business. But the number seems too little as 29%, of such groups.

Reason for stopping the Business

Reason for Business Discharge	Responses
Unavailability of Market	0
Lack of Profit	3
Increased work load	2

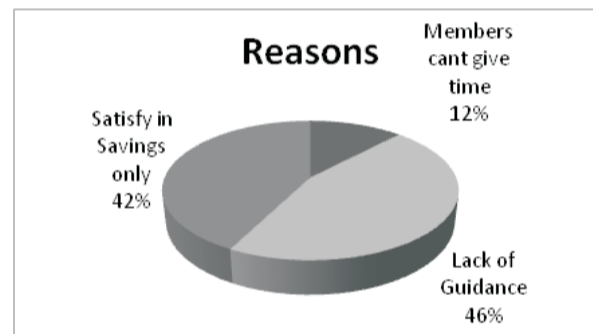


Interpretation:

It is found that some of the businesses which were thinking to stop the business activity in future have faced the problems like increased workload and lack of profit.

Why not Business

Why not started Business	Responses
Members cant give time	4
Lack of Guidance	15
Satisfy in Savings only	14

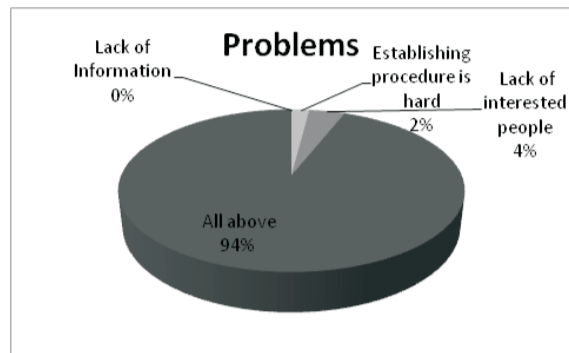


Interpretation:

The groups which yet have not started their business thinks that the reason behind this is either most of the members are not ready to spent extra time which is required for business or they are totally satisfied in savings only or they don't get the proper guidance regarding establishing a problem.

Problems faced

Problems faced	Responses
Lack of Information	0
Hard establishment procedure	1
Lack of interested people	2
All above	47

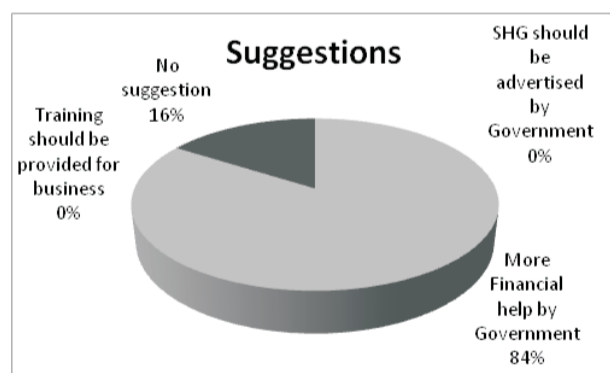


Interpretation:

It can be seen from the diagram that most of the groups or group members feel that they face the problems like establishing procedure of the SHG is hard and complicated, most of the people do not have interest for SHG but a large number of group members are saying that all these problems with addition to lack of information are creating problem for SHG.

Suggestions

Suggestions	Responses
Training should be provide	0
Advertisement	0
More Financial Help	42
No Suggestions	8



Interpretation:

When asked for any suggestions the respondents gave suggestions like training should provided for those groups which are doping business and more financial help should be provided from the government.

FINDINGS & SUGGESTIONS

Findings

Most of the Self Help Groups are working in rural area. Most of the SHG's take their meetings on regularly monthly bases. The main objectives of the group member behind establishing the SHG is savings. The intention of establishing a business is not prominent. Very less number of groups are working in business. Most of the groups who have started their business are satisfy with the profits. Only 12% of the groups have taken training for their business. Some of the groups are thinking of quitting from business. The groups which are thinking of quitting saying that the less profit is the reason from quitting where some thinks that they cant give enough time for business. The groups who have not started the business are mostly due to their tendency to not give much time, lack of interest of the members or they are satisfied only in savings. Most of the people who are running the groups face following problems wise; the procedure of establishment, lack of information as well as lack of interested people.

SUGGESTIONS

The advertisement of Self-help groups should be strengthened in urban area also. As most of the groups are satisfied in savings only they should be diverted to business. Training should be emphasized by the Organization who provides training and other helps from government. The government should stress on financial benefits and subsidies as it is the most

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