

“A COMPARATIVE STUDY ON PERFORMANCE OF SELF HELP GROUPS IN INDIA”

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Abstract: This paper reveals the progress of SHG bank linkage programme at the national and regional level and examines its impact on economic conditions of SHG member households. The programme has grown at a tremendous pace during last two decades and emerged as the most prominent means of delivering micro finance services in INDIA. Through the regional spread of the programme is highly skewed with highest concentration in the southern region, it has started picking up pace in other regions. The average annual net incomes, assets and savings of SHG members household increased significantly in the post SHG situation. The average amount of loans and the regularity in repayment of loans increased and the dependence on moneylenders decreased remarkably. The percentage of loans used for productive purposes and employments per household increased, the incidence of poverty among SHG members declined and the social empowerment of women improved significantly. The study offers important policy suggestions.

Key Terms: About four key words Self help group, empowerment, micro finance to women, and membership.

1. INTRODUCTION

A self-help group (SHG) is a village-based financial intermediary committee usually composed of 10–20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can be found in other countries, especially in South Asia and Southeast Asia.

Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro-credit.

A self-help group may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogeneous social and economic backgrounds, all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by micro finance institutions. To make the bookkeeping simple, flat interest rates are used for most loan calculations. Self-help groups are started by non-governmental organizations (NGOs) that generally have broad anti-poverty agendas. Self-help groups are seen as instruments for goals including empowering women, developing leadership abilities among poor people, increasing school enrollments, and improving nutrition and the use of birth control. Financial intermediation is generally seen more as an entry point to these other goals, rather than as a primary objective. This can hinder their development as sources of village capital, as well as their efforts to aggregate locally controlled pools of capital through federation, as was historically accomplished by credit unions.

2. IMPORTANCE OF THE STUDY:

- Self-help groups minimize the bank's transaction costs and generate an attractive volume of deposits.
- An economically poor individual gains strength as part of a group.
- While lenders have to handle only a single SHG account instead of a large number of small-sized individual accounts, borrowers as part of an SHG cut down expenses on travel.
- Self help groups helps u to know about Initiation of savings and credit activities.
- Promotion of income generating programs in these self-help groups will bring more economic development and independence to the women and their families.

3. SCOPE OF THE STUDY:

The scope of the study is mainly available in all regions of India, The regions which comes under study are Northern region, Northeastern region, Eastern region, Central region, Western region and Southern region.

4. OBJECTIVES OF THE STUDY:

- To determine the overview of self help groups bank linkage programmes
- To examine the Progress under Microfinance – Savings of SHGs with Public Sector Commercial Banks
- To examine the Progress under Microfinance - Bank Loans outstanding against SHGs Region-wise/ State-wise/ Agency-wise position
- To examine Progress under Microfinance - Savings of SHGs with Banks Region-wise/ State-wise/ Agency-wise position
- To examine Progress under Microfinance – Savings of SHGs with Private Sector /Public sector Commercial Banks, Regional rural Banks and Co operative Banks .

5. RESEARCH METHODOLOGY:

The process used to collect information and data for the purpose of making business decisions .The methodology may include publications research, interviews, surveys and other research techniques, and could include both present and historical information.

Data collection is the important step in research in methodology .Data collections is mainly 2 types

- **Primary Data :**

Primary data consists of a collection of original data collected by the researcher. It is often undertaken after the researcher has gained some insight into the issue by reviewing secondary research or by analyzing previously collected primary data.[clarification needed] It can be accomplished through various methods, including questionnaires and telephone interviews in market research, or experiments and direct observations in the physical sciences, amongst others. There is no primary data collected for the study .

- **Secondary Data:**

Secondary data is data collected by someone other than the user. Common sources of secondary data for social science include censuses, organizational records and data collected through qualitative methodologies or qualitative research. Primary data, by contrast, are collected by the investigator conducting the research. Secondary data analysis saves time that would otherwise be spent collecting data and, particularly in the case of quantitative data, provides larger and higher-quality databases that would be unfeasible for any individual researcher to collect on their own. In addition, analysts of social and economic change consider secondary data essential, since it is impossible to conduct a new survey that can adequately capture past change and/or developments.

The secondary sources used in this study are the information available in websites, journals, text books etc.. The main source is the annual report of NABARD 2014-2015.

6. REVIEW OF LITERATURE:

The literature on Self Help Group is relatively one of the youngest. Its origin may be traced back to approximately thirty years but the literature available is very large. This chapter reviews the various empirical studies available on Self Help Groups and its impact on the lives of rural people. Though the literature available is fairly large, the review is limited to the core issues to identify the major trends.

Puhazhendi and Satyasai (2000) studied socio-economic impact of Self Help Groups and found that the overall impact of Self Help Group was significant both on social and economic spheres of the house hold. Their research reveals the following:

Economically weaker section accounted for 84 per cent of the membership (small farmers 29 per cent, marginal farmers 23 per cent and agricultural labourers 32 per cent)

Average value of assets per household of INR 6843 during pre Self Help Group period increased to INR 11793 during post Self Help Group situation. About 58.6 per cent of the sample house hold registered an increase in assets from pre to post Self Help Group situation.

Only 23 per cent house holds were saving before forming Self Help Groups and 100 per cent of house holds were able to save after joining Self Help Groups.

The average net income of INR 20177 per year from the income generating activities before Self Help Group has increased to INR 26889 after group formation, recording 33 per cent increase.

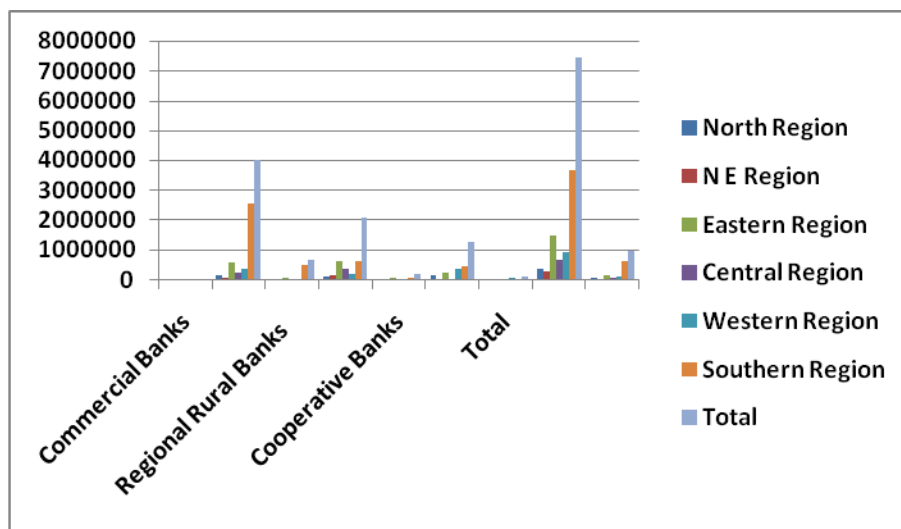
. Members were relatively more assertive on confronting with social evils and problem situations and the groups significantly contributed to improve self- confidence and the feeling of self worth of the members. Their study concluded that the impact of micro finance was relatively more pronounced on social aspects than economic aspects

Nedumaran et al. (2001) studied the performance and the socio economic impact of SHGs in Tamil Nadu and found that there was an increase of 23 per cent in the net income in the post SHG situation, compared to the pre-SHG situation. Social conditions of the members also considerably improved after joining the Self Help Group.

7. DATA ANALYSIS AND INTERPRETATION:

Region wise NPAs of Bank Loans to SHGs

Region	Loans Outstanding against SHGs-Position as on			Amount of NPAs as on			Percentage of NPAs to Loan Outstanding as on		
	31.3.2013	31.3.14	31.03.15	31.3.13	31.3.14	31.03.15	31.3.13	31.3.14	31.3.15
North Region	1178.28	1160.68	1100.64	81.55	129.87	150.46	6.92	11.19	13.67
N E Region	993.27	796.76	753.8	51.33	68.23	66.96	5.17	8.56	8.88
Eastern Region	4629.8	5538.13	4944.63	337.08	570.56	547.42	7.28	10.3	11.07
Central Region	2780.29	2776.85	2696.66	367.03	479.76	508.98	13.2	17.28	18.87
Western Region	1363.78	1467.52	1640.46	112.14	126.57	182.26	8.22	8.63	11.11
Southern Region	25394.59	27635.36	31791.33	1263.59	1411.93	1476.57	4.98	5.11	4.64
All India Total	36340.01	39375.3	42927.52	2212.72	2786.92	2932.65	6.09	7.08	6.83

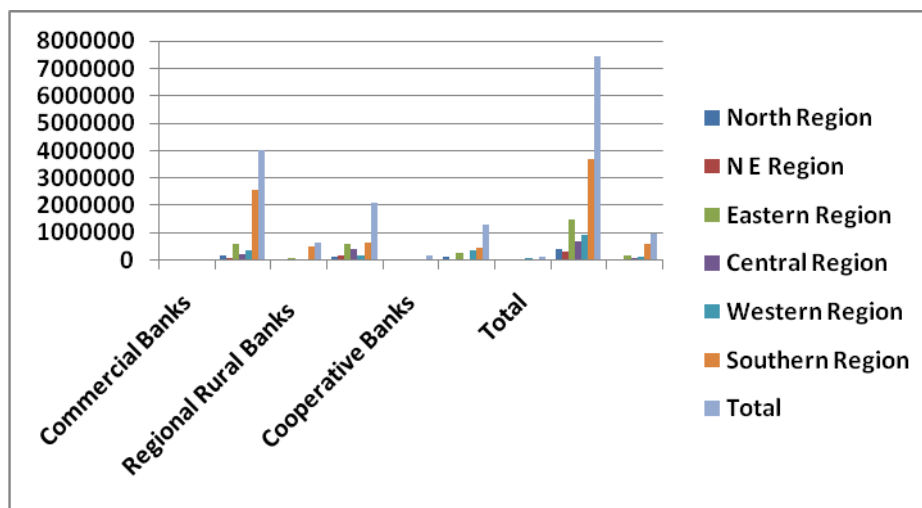


INTERPRETATION:

- The percentage of NPA’s loan under Northern Region increased in the year of 2013 to 2014 by (4.27 %) and again increased by (2.48%) in 2015.
- The percentage of NPA’s loan under Northern Eastern Region by (3.39%) from the year 2013 to 2014 and again slightly changed in year 2015 by (0.32%).
- The percentage of NPA’s loan under Eastern Region increased by (3.02%) from the year 2013 to 2014 and slightly increased in year 2015 by (0.77%).
- The percentage of NPA’s loan under Central Region increased by 4.08% in 2014 and slightly increased by (1.59 %) in 2015
- The percentage of NPA’s loan under Western Region increased by (0.41%) in 2014 and in 2015 by (2.48 %).
- The percentage of NPA’s loan under Southern Region increased by (0.13 %) in 2014 and in 2015 by (0.47 %).

Progress under Microfinance - Savings of SHGs with Banks Region-wise/ Agency-wise position as on 31 March 2016

Region	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount
North Region	151187	13909.23	98521	7732.99	115500	6652.54	365208	28294.76
N E Region	98483	7463.44	189590	5108.84	28226	309.84	316299	12882.12
Eastern Region	597399	70039.42	614451	52475.76	256936	30140.8	1468786	152655.6
Central Region	245202	30106.79	399748	47647.75	40979	1301.27	685929	79055.81
Western Region	366427	34734.63	167280	15626.26	363247	42630.1	896954	92990.9
Southern Region	2564112	506892.12	642170	67394.13	490042	49576.14	3696324	623862.4
Total	4022810	663145.63	2111760	195985.73	1294930	130610.2	7429500	989741.5

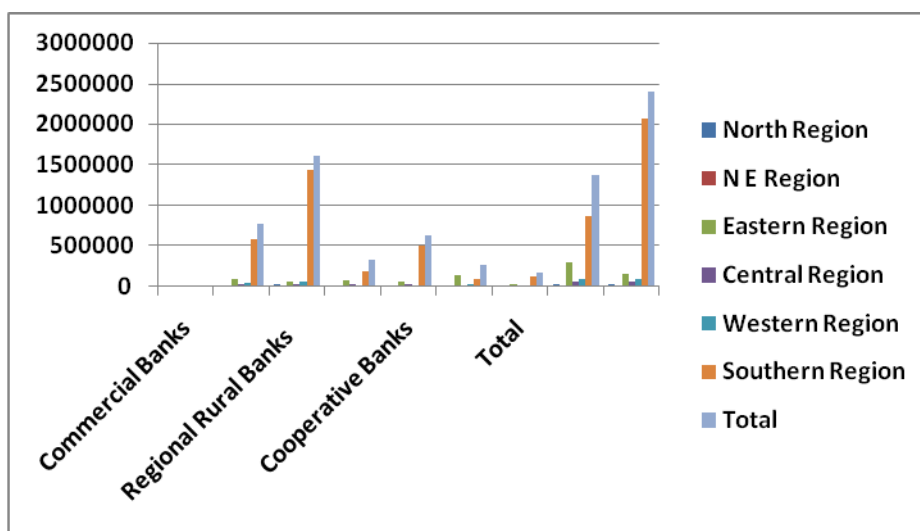


INTERPRETATION:

- Micro finance savings in Northern Region the amount is leading by commercial banks other than rural banks and co operative banks
- In North Eastern Region the savings amount is lead by commercial banks and than rural banks and co operative banks
- In Eastern Region the micro finance savings is lead by commercial banks and than rural banks and co operative banks
- In Central Region micro finance savings is lead by Regional Rural Banks and than commercial banks and co operative banks
- In Western Region co operative banks are in lead position in savings other than rural banks and commercial banks
- In Southern Region the savings amount is lead by commercial banks and than rural banks and co operative banks

Progress under Microfinance – Savings of SHGs with Public Sector Commercial Banks as on 31 March 2016

Region	Details of SHGs Saving linked with Banks			Out of Total SHGs- Under NRLM/SGSY & other Govt. Sponsored Prog. Scheme			Out of Total SHGs - Exclusive Women SHGs		
	No. of SHGs	No. of Members	Savings Amount	No. of SHGs	No. of Members	Savings Amount	No. of SHGs	No. of Members	Savings Amount
North Region	127700	1437225	12434.22	55786	609790	5777.56	101015	1147857	9612.03
N E Region	98407	1050957	7460.1	69304	729972	4870.82	71148	745833	5839.45
Eastern Region	591294	6632047	70013.09	309920	3298083	35611.96	510050	5646816	58151.26
Central Region	237935	2680667	29572.09	120434	1342827	12608.84	138272	1520616	16381.82
Western Region	332657	3590617	31104.14	131740	1351584	11076.92	260362	2797695	23992.36
Southern Region	235618	28898144	488969.1	534960	6532104	88075.96	2143573	25925073	430418.4
Total	374411	44289657	639552.8	122214	13864360	158022.1	3224420	37783890	544395.4

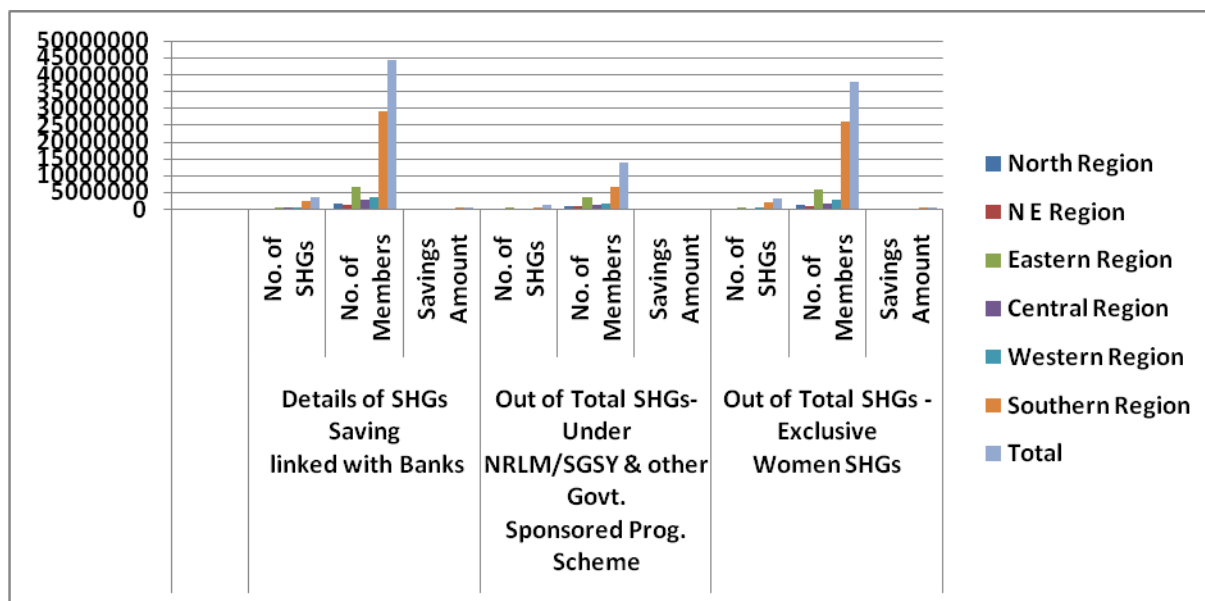


INTERPRETATION:

- In Northern Region the savings amount under public sector commercial banks mainly progressed by the women SHG ‘s other than NRLM /SGSY & other govt schemes
- In North Eastern Region from the total saving amount by public sector commercial banks major part is from the women SHG’s.
- In Eastern Region most of the savings are incurred by women SHG,s
- In Central Region major part of the SHG’s are linked with banks and most of the savings are incurred from the other Govt. sponsored schemes .
- In Western Region out of the bank savings more than 50% are from the women SHG’s
- In Southern Region from the total savings of bank >90% are from women SHG’s.

Progress under Microfinance - Savings
of SHGs with Private Sector Commercial Banks as on 31 March 2016

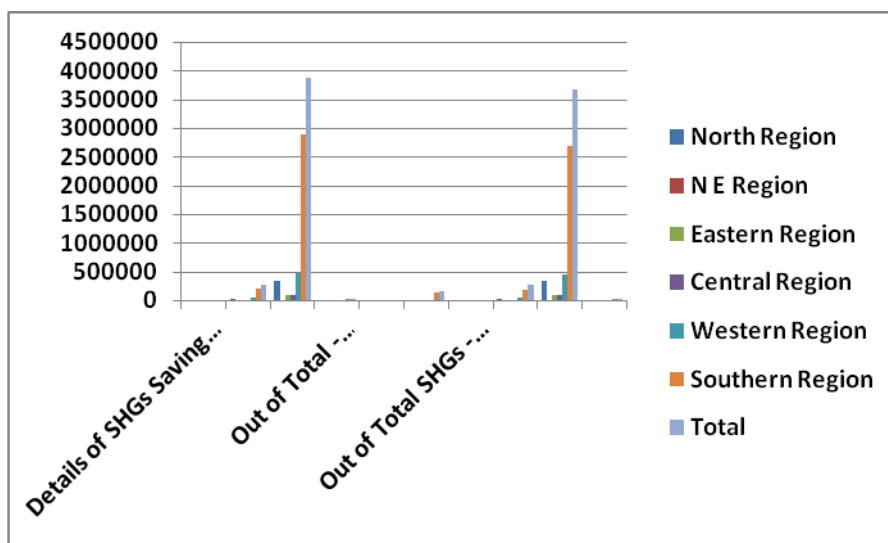
Region	Details of SHGs Saving linked with Banks			Out of Total -UnderNRLM/SGSY & other Govt.Sponsored Prog.			Out of Total SHGs - Exclusive Women SHGs		
	No. of SHGs	No. of Members	Savings Amount	No. of SHGs	No. of Members	Savings Amount	No. of SHGs	No. of Members	Savings Amount
North Region	23487	336604	1475.01	677	10155	31.26	23357	334674	1469.13
N E Region	76	899	3.34	21	315	0.41	32	459	0.42
Eastern Region	6105	91314	26.33	20	300	3.3	6092	91202	25.91
Central Region	7267	96693	534.7	37	555	4.55	7265	96673	534.17
Western Region	33770	460013	3630.49	12	170	0.09	33662	458933	3617.4
Southern Region	207944	2896752	17923	10176	140423	387.45	188384	2682877	15599.45
Total	278649	3882275	23592.87	10943	151918	427.06	258792	3664818	21246.48



INTERPRETATION:

- In Northern Region savings with private sector banks are gradually increasing in 2015 From the total savings of private sector banks more than 90% are from women SHG's
- In North Eastern Region from the total savings of banks there is equal ration of women SHG's and other Govt. sponsored schemes
- In Eastern Region the major savings are from women SHG's
- In Central Region more than 98% are from the women SHG's
- In Western Region only 0.99% are from the Govt.schemes remaining are from the women SHG's
- In Southern Region again the major savings are incurred from the women SHG's

Region	Details of SHGs Saving linked with Banks			Out of Total - Under NRLM/SGSY & other Govt.Sponsored Prog.			Out of Total SHGs - Exclusive Women SHGs		
	No. of SHGs	No. of Members	Savings Amount	No. of SHGs	No. of Members	Savings Amount	No. of SHGs	No. of Members	Savings Amount
North Region	98521	1048600	7732.99	31494	306523	2237.6	80891	875814	6311.61
N E Region	189590	2115223	5108.84	77327	118537	2370.06	145878	1639387	4084.01
Eastern Region	614451	7386990	52475.76	345508	4122458	27948.63	551934	5415050	47215.1
Central Region	399748	4234673	47647.75	241787	2515554	24970.93	197928	2055452	21848.2
Western Region	167280	1907856	15626.26	33870	457682	4866.88	148806	1663908	11796.3
Southern Region	642170	8295341	67394.13	98581	1130403	9029.29	627950	8077977	47826.8
Total	2111760	24988683	195985.7	828567	8651157	71423.39	175338	1972758	139082

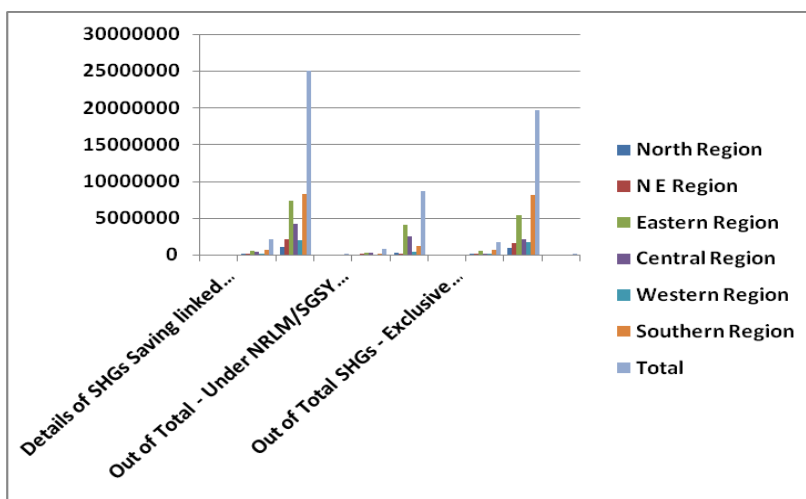


INTERPRETATION:

- Micro finance savings under SHG’s in regional rural banks In Northern Region 80% of the savings are from women SHG’s and remaining are from other govt. schemes
- In NE Region the savings ratio is 60% -40% between women SHG’s and NRLM/SGSY
- In Eastern Region again women SHG savings are the higher in RRB’s
- In Central Region the savings from the govt schemes and NRLM are slightly greater than women SHG’s
- In Western Region the savings are 80% from the govt sponsored schemes.
- In Southern Region the higher savings are from women SHG’s.

Progress under Microfinance - Savings of SHGs with Co-operative Banks as on 31 March 2016

Region	Details of SHGs Saving linked with Banks			Out of Total - Under NRLM/SGSY & other Govt.Sponsored Prog.			Out of Total SHGs Exclusive Women SHGs		
	No. of SHGs	No. of Members	Savings Amount	No. of SHGs	No. of Members	Savings Amount	No. of SHGs	No. of Members	Savings Amount
North Region	115500	1205757	6652.54	9436	88034	642.53	105814	1095483	5917.08
N E Region	28226	398038	309.84	20070	282595	171.87	16891	240170	156.84
Eastern Region	256936	2447007	30140.38	13785	146661	2484.93	231418	2235911	25906.42
Central Region	40979	441933	1301.27	10542	93882	242.43	30059	323904	974.4
Western Region	363247	4636412	42630.01	44153	494964	4176.1	246852	3169104	29880.74
Southern Region	490042	6847833	49576.14	102485	1610275	10167.72	384045	5035896	33729.67
Total	1294930	15976980	130610.2	200471	2716411	17885.58	1015079	12100468	96565.15



INTERPRETATION:

- Savings of SHG’s in co operative banks in Northern Region the savings are from women SHG’s
- In N E Region 60% are from other schemes and 40 % are from women SHG’s
- In Eastern Region major savings are done by the women SHG’s
- In Central Region the major savings are again from the women SHG’s
- In Western Region the savings incurred by women SHG’s are more than 90 % than the other govt schemes
- In Southern Region also the women SHG’s are In the first position

8. FINDINGS

- In Bank loans to SHG’s through different Agencies there is a gradually increase in percentage from the year 2013 to 2015 except in commercial banks (public sector) as the percentage decreased slightly from the year 2014 to 2015.
- NPA’s loans under different Regions there is a huge increase in the Northern Region from last 3 years other than the remaining Regions while it slightly increased in all the Regions.
- Microfinance Savings in most of the Regions are lead by commercial banks and in Central Region Regional Rural banks are in lead position and in Western Region Co operative banks are in lead position.
- Progress under Microfinance savings in public sector commercial banks in most of the region are incurred by women SHG’s whereas only in Central Region most of the savings are incurred by Govt. schemes.
- Progress under Microfinance savings in private sector commercial banks except in N E Region the Remaining all regions most of the savings are incurred from women SHG’s where as in N E Region the savings from women SHG’s and NRLM/SGSY are in equal proportion.

- In Central and Western Regions the savings in Regional Rural banks are mainly from the Govt. sponsored schemes where as in remaining Regions savings are from women SHG's.
- In savings of Co operative banks the major part is from women SHG's in all the Regions
- There is a major progress from women SHG's other than govt schemes in all the Regions.

9. SUGGESTIONS

- The loans distributed to different agencies are increased form years 2013 to 2015 ,these increase we can see in private sector commercial banks ,RRB's and cooperative banks if it would be also increased in public sector commercial banks then it would be increase the performance of SHG's.
- Not only the bank loans increased but also NPA's loans also increased to many SHG's but there is a slight increase in most of the Regions if I would be gradually increase then the performance of SHG's would be much better .
- Microfinance savings in most of the Regions are mainly leading by the commercial banks if the remaining agencies like RRB's and cooperative banks also increase savings in all the Regions so it would be results in increase in performance of SHG's,
- Progress under Microfinance savings through different agencies like commercial banks ,RRB's, cooperative banks the major savings are done with the women SHG's in most of the Regions if it would be increases in coming years there will be a chance for increase in employments of women and women education

10. CONCLUSION

The challenges and issues of concern faced are skewed growth of the programme in different regions, lack of proactive approach of the banks, lure of subsidies of government, political patronage and the resultant pitfalls, lack of handholding support for livelihood activities, rising Non-Performing Assets (NPAs), sustainability issues and the need for seamless Management Information System. There have also been issues of poor quality of SHGs, multiple membership, over financing and lack of oversight on the part of banks.

It is envisioned that the entire eligible poor households in the rural hinterland will be covered under SHG Bank Linkage Programme. This mammoth task calls for a comprehensive Action Plan, a robust technological intervention to address the issues of large numbers and MIS. Innovations to develop range of savings & credit products and livelihood models tailor made for the SHG members has to form a major part of the future plan. Mature SHGs already participating in livelihood activities may become more sustainable as part of producer groups.

Presently, out of 76.97 Lakh SHGs only about 58% SHGs are having credit outstanding. As the SHG members generally belong to economically backward households and need supplementary income support, credit linkage of SHGs are imperative. Therefore, appropriate strategies and necessary steps need to be initiated to enhance the credit widening and credit deepening process so that maximum number of households get benefit from easy and adequate access to institutional credit and can venture in economic activities.

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