

CHAPTER –IV
WORKING AND PROBLEMS OF
SHGS

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CHAPTER IV

WORKING AND PROBLEMS OF SHGS

4.1. INTRODUCTION: -

India is economically and socially developing country. For Indian government, it is difficult to assist financially in a single time to make stronger to be a well build economic country since it is not having sufficient fund to provide desired areas or sectors. Even though Indian government has taken many steps to improve economic condition but unfortunately it is unable to meet desired amount of achievement because of so many internal and external reasons. To become developed, our government has to concentrate first on rural and semi urban places development since India is having nearly 70% of the villages and 26% of population still comes under below poverty line, So next question is how to bring them above poverty line, so that we can see 0% poverty nation (India) in the world. For this financial and non-financial assistance has to pass through grass root level, for that our Indian government has founded so many plans. Among them one is formation and working of Self Help Groups. After consideration of working of SHGs and organization and financial aspects of self-help groups in Andhali village, an attempt has been made in this chapter to discuss the working and problems of SHGs.

4.2. WORKING OF SELF HELP GROUPS: -

There are no uniform rules and regulation for the SHGs, and they may vary from group to group. The promoter of the group formulates the rules and regulations, which may be suitable for the all groups, are summarized below.

1. Group Formation: -

SHGs divided in to two types that is 'ABOVE POVERTY LINE' (APL) and second is 'BELOW POVERTY LINE' (BPL). The promoters should conduct this, and a suitable poverty assessment method should be used for the purpose. To facilitate sustainability, the total number of members of the group should range between 10 and 20. The age limit for membership will be 21 to 60. The group must be a homogeneous one though not necessarily from the same caste or religion. The target group must be the poorest. An only single member is allowed from a family in one SHG.

2. Meetings:-

The group must meet monthly for collection of savings and repayment of loan amount and for discussing all other matters. The group meetings need to be conducted at president's house, members of groups or gram panchayat with a certain discipline in relation to regularity, time and items to be discussed. During meeting all SHGs members sit in circular shape and president of SHG comes at the center and put various points in front of SHG members for discussion.

3. Group Savings

The group members must be encouraged to save as much as each can without it being a uniform amount for all. Usually the SHGs start off with a minimum savings of all members. As the years pass, they may opt for optional savings according to the capacity of each member.

4. Group Common Fund: -

The amount such as fines imposed on members, grants from the NGOs, bonuses for various programmes and service charges on external loans should be put into the common fund of the groups. All common expenses related to the groups may be met from this common fund.

5. Rotation of Group Fund: -

All savings and excess of common fund would be rotated as short-term loans amongst the members at rate of interest decided by the majority members of groups and loan is given to needy members on the priority basis.

6. Books and Registers to be maintained: -

The books and registers to be maintained by treasurer/literate members of group to ensure proper accounts are given below for transparency. Attendance register, Minutes book, Savings ledger, Loan ledger, General ledger, Cash book, Individual pass book, Receipt book and Payment voucher etc.

7. Training:-

The staff of NGO, DRDA and bank staff imparts training of skill development, self-employment like agarbatti making, soap making, making dairy products etc. through MICON and entrepreneurship development. For start his own business for the betterment of life.

8. Annual Auditing:-

A qualified auditor should audit the accounts of the groups annually. The self-help groups should meet the audit cost. But most of SHG could not audit annually.

4.3. PROBLEMS OF SHGS OF WOMEN IN ANDHALI VILLAGE:-

SHGs face many problems in their day to day operation. These problems are inter-related and inter dependent. These problems vary from SHGs to SHG as each SHG is autonomous in its work. These problems are summarized after considering importance of SHGs in the aspects of human resource development.

These problems are classified as:-

- 1) Problems related with SHG members.
- 2) Problems in working of SHGs.
- 3) Problems Of government. Officers.
- 4) Problems About bank linkage.
- 5) Problems Of facilitators.
- 6) Others Problems.

4.3.1. Problems related with SHG members:-

1) Absence of qualified and committed chairpersons' and secretaries-

It is observed that educational qualification of most of the chairpersons' and secretaries is very poor. The highest educational qualification is H.S.C. Around 10 chairpersons' has education qualification up to 7th std. So, they are not able to write the records and minutes of the monthly meetings which many times raise question marks and atmosphere of unfaithfulness, ultimately the group splits. Similarly they do not give sufficient time for their group and group activities many chairpersons' and secretaries are on these posts for more than 3-4 years or since the inception of the group. Other members are not ready to accept this post or kept away by using social status. There should be rotation of these posts for capacity building of members.

2) Illiterate members-

It is observed that most of the SHG members are illiterate. Around 59 members out of 100 members who taken have education up to 10th std. the poor literacy rate and low education qualification are main hurdles in the progress of SHGs. 2 percent respondents have responded that they have problems regarding illiterate members.

3) Lack of awareness about monthly meetings-

It is seen that SHG members are not aware of monthly meeting. They do not realize its importance. They consider meetings as a place of gathering for settling money related transaction i.e. collection of savings, loan installments, etc. They do not realize that it is a proper platform for them to solve various social, economic problems by exchanging views. It is properly said that meetings is the very spirit of SHGs. It is found that 90 percent respondents are said that 'YES' they have attend SHGs meeting regularly and 10 percent respondents are said that 'NO' they have not attend SHGs meeting regularly.

4) Quantitative growth -

There is only quantitative growth of SHGs. They are formed by giving targets to various field workers. They have not considered other social factors relevant for the formation of groups i.e. community, blood relation, place of origin, economic status, activity etc. A due recognition is not given to the natural bonds and affiliations existing within the society, as a result of this the group are not homogeneous and not functioning properly, similarly, a support system is also not developed for nurturing them.

5) Absence of regular source of income –

It is observed that majority of SHGs members are agriculture labours. They do not get regular income as this work is seasonal and the rate of wages is low. This affects their regular savings as they do not have alternative source of income.

6) Non awareness about training-

It is found that SHGs members are not serious about trainings. As large numbers of members is illiterate, they do not understand importance of

training as a tool of capacity building. 10 percent respondents have responded that they have problem regarding non awareness about training.

7) Lack of confidence-

As majority of SHG members are illiterate and from weaker sections of the society, they are lacking in confidence and because of this they hesitate to participate in meetings, trainings or orientation programmes. Lack of confidence is a problem responded by 2 percentage SHGs women's.

8) Lack of entrepreneurship awareness-

It is expected that all the members should participate in all the activities related to their socio-economic upliftment organized by government NGOs and banks. Now ever, it is seen that most of the members remain indifferent about the working of their SHG. They are reluctant to learn new things and to undergo training on various skills of entrepreneurship they are not ready to take risks. 11 percent respondents have answered that they have problems regarding lack of entrepreneurship awareness.

9) Improper use of revolving fund: -

The revolving fund should be used for meetings needs of members both consumption and production as and when they dries. It should be used as a tool for building and strengthening the base of working capital, but, it is seen that large numbers of SHGs have distributed revolving fund equally among the members which has led to the failure of the very purpose of revolving fund.

4.3.2. Problems in working of SHGs-

1) Non availability of proper place for meetings:-

It is observed that majority of monthly meeting of SHGs are held in the house of chairpersons' and secretary. Around 80 percent SHGs held their meetings at the residence of both chairpersons' and secretary. This affects the attendance as the meetings place is not adequate and some subjects cannot be discussed in front of others who are not members of SHGs. This affects the process of social mobilization.

2) Poor savings-

The groups have not increased their monthly saving after their formation. This has adversely affected the formation of group corpus.

Similarly they are not receiving adequate amount of revolving fund as there is direct relation between group saving and a revolving fund. 12 percent respondents have replied that they have problems relating to poor savings.

3) Lack of audit-

There are no systems for internal as well as external audit of self-help groups. So they do not know their mistakes, short comings, irregularities in time which can be rectified so, the irregularities which can be rectified are continued and the groups have failed. Hence internal and external audit is very necessary for effective working of SHG.

4) Lack of proper guidance-

It is expected that the bank officials, extension officers should participate in some meetings of SHGs which is not happening, similarly, the field functionaries like gramsevakas, anganwadi sevikas are not attending the meetings of SHGs, so, the SHGs, are not receiving proper directions in time and they are not aware of changing guidelines. As a result of this, groups are unable to take benefits of schemes of assistance offered to them.

5) Poor financial management-

Some groups have diverted the funds for domestic purposes like marriage, construction of house; to meet social obligations etc. it resulted in failure of the activity.

6) Concentration on single activity-

The women SHGs in Andhali village have mostly concentrated on breeding business. They have to purchase fodder and as the cost of fodder is high, the activity is not economically beneficial. All members in the SHGs do not have the same caliber and expertise. But they are forced to take the activity which is selected for cluster. It is seen that members are not keen and interested in doing the activity which is not of their interest.

7) Inadequate financial assistance: -

It is found that in most of the SHGs, financial assistance provided to them is not adequate to meet their actual requirement.

8) Non keeping of proper records-

Majority of SHGs members', chairpersons' and secretaries, are illiterate or less qualified and are not aware about record keeping. In 20

percent SHGs records are written by outsiders. The SHGs took help of facilitators or others which involves gramsevikas, anganwadi sevikas etc. the outsiders do not write records regularly, since they have not attended the meetings, they do not know the things actually taken place in the meetings, so, the records are not kept properly and authentically.

9) Exploitation by strong members-

In some SHGs strong members are trying to make money by exploiting the ignorant and illiterate members. They are taking internal loans and revolving funds majority times and lending it to outside persons to earn profit.

10) Non co-operation of financial institution-

The financial institution especially scheduled and nationalized banks were not providing serious attention to SHGs while providing finance and other helps. Even when the group becomes eligible for group loan in the beginning or middle of the year, they were sponsored and financed at the end of the financial year. Similarly, they were taking very long period i.e. about 1-2 year for release of second installment. Due to this the project cost is increased.

11) Absence of timely grading-

It is seen that grading is not done at regular intervals from the year 2011-2014. The banks are not participating in the process of grading of SHGs. As a result of this, the groups have not received financial assistance when it was needed and they have stopped functioning.

4.2.3. Problems Of government officers-

1) Inadequate support from banks and line departments-

The banks and other line departments did not consider SHGs seriously while providing finance and other helps. It is observed that bankers were not participating in grading SHGs. They have not tried to change or suggested a change in the unit costs of the project. The line departments have shown less interest in the identification of key activities and preparation of project report. 17 percent respondents have replied that they have problems relating to inadequate support from banks and line departments.

4.2.4. Problems About bank linkage-

1) Non-co-operative attitude of financial institutes–

It is expected that the bank should sanction the loan within 15-30 days from the receipt of application, but it was seen that bankers take 4-6 months to sponsor and finance the project. Many times they did not communicate the queries in loan applications to the groups. Since the majority of SHG members are illiterate, it is expected that the bankers should give monthly statements of saving account, group loan account to SHG members. It was seen that these instructions were not adhered by bankers. Consequently, the groups did not get up-to-date information about their bank account which created confusion in the members. Sometimes, they have appropriated the amount of monthly saving of SHG to loan account without giving notice to SHG.

4.2.5. Problems Of facilitators-

1) Lack of proper training-

Initially the groups were formed by anganwadi sevikas, but they have not received proper training regarding social mobilization, conducting group meetings maintenance of records etc. so, they are not able to satisfy queries and answer the question asked by the SHG members.

2) Over burden of work-

The anganwadi sevikas and gramsevika have to perform various duties of their mother department. Similarly they are also involved in the implementation of various govt. programmers e.g. pulse polio immunization programme, total sanitation campaign etc. so they cannot work with empathy and professionalism.

3) No payment of work-

So far anganwadi sevikas have played vital role in the social mobilization of rural poor and organizing them in self –help groups. But they have not received any kind of remuneration or incentive. So they are not actively participating today.

4.2.6. Others Problems-

1) Male domination-

Today women are heads of their house hold but they still cannot overcome male domination and patriarchal system in Andhali village. They are considered subordinated to men and not allowed to participate in social activities. In many communities women are not allowed to express themselves in front of men.

2) Unawareness –

The poor women from Andhali village are not totally aware of their rights and privilege as they are not identified as an independent person they are not considered in decisions making process. This can be concluded from the fact that about 80 members SHGs (80 percent) have not participated any of the exhibition held at Taluka, District, and State of National levels.

3) Absence of encouragement-

Women in Andhali village have talents. It needs to be harnessed by encouragement and support. So far an integrated effort in that direction is not made i.e. arranging workshops for women, gatherings at regular interval etc.

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