

CHAPTER - III

PERFORMANCE OF

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3.1 Introduction

Self Help Groups have been formed in the urban as well as rural area of Shirol Taluka with the assumption that, whenever a homogeneous group of poor people shares an environment and common needs, they are bound to take up activities jointly, which are meant for the welfare of the whole group. This chapter includes the credit requirement of women and process of fulfillment and also ability of Self Help Groups & banks to meet the same. It deals with the performance of the Self Help Groups formed by the researcher under Self Help Group – Bank Linkage Programme through Public Sector Banks in Shirol Taluka of Kolhapur District. Performance details were done with the help of the books and registers maintained by the banks and Self Help Groups. The information given by the group leaders, members and Bank officers also required for this research. This chapter discussed under the following heading.

3.2 Thrift and Credit Activities:-

The activities of the selected Self Help Groups are basically related to the promotion of thrift among the members with income generation view. The bank provides finance to the members to fulfill the financial requirements of members.

The savings and lending's procedures adopted by groups were very simple and were based on mutual trust and confidence of the members. As a democratic body, all the members had equal opportunities to express their opinions. Decisions were to be made unanimously after thorough discussion among themselves. The purpose of loans provided was need based and prioritization among different purposes and members was collectively decided. The details of thrift and credit activities of the Self Help Groups are dealt with under the following sub-headings.

3.2.1 Reasons for forming Self Help Groups:-

Self Help Groups are the financial support of the needy members. It is necessary to find out why the Self Help Groups are formed. Every group has a vision behind its formation. It is a good platform to money savers women. The actual reasons forming Self Help Groups is a necessary part of this research study.

The Table – 3.1 gives the reasons mentioned by the members for forming the Self Help Groups.

Table No. 3.1
Reasons for forming Self Help Groups

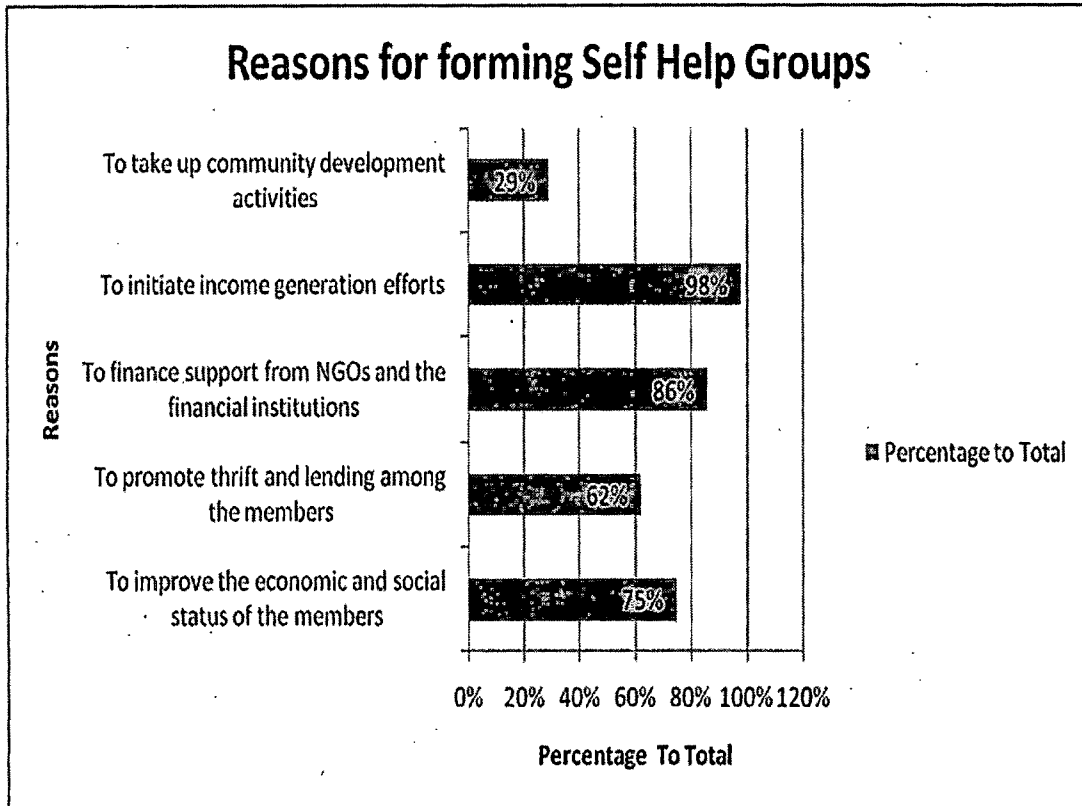
Sr. No.	Reasons	No. of SHG Members (N : 721)	Percentage to Total
1.	To improve the economic and social status of the members	541	75%
2.	To promote thrift and lending among the members	447	62%
3.	To finance support from NGOs and the financial institutions	620	86%
4.	To initiate income generation efforts	707	98%
5.	To take up community development activities	210	29%

(Source: Field Survey)

The table no. 3.1 reveals the reasons for forming Self Help Groups that 541 members stated the reason of improvement in economical and social status of them. Avery member has different reasons to form the Self Help Groups out of 721 members 620 members stated the reason to finance support from bank. 707 majority members have a strong reason to form the Self Help Groups that is to generate the income by starting various businesses by getting credit from the groups. 447 members stated the reason that they promote thrift and lending among the members and themselves also. Most of the members stated more than two

reasons for forming the Self Help Groups. Every member has a basic reason to generate the income and improve the status in society.

Figure No. 3.1
Reasons for forming Self Help Groups



It has been noted that 75% of the groups reported that they initiated the groups in order to improve the economic and social conditions of their members, 62% of the groups stated that they joined the groups solely to promote and develop thrift and lending among the members. 80% of the groups were started only to avail loans from other financial institutions, 98% to start income generation activities because income generation is a main aim of women members to form Self Help Groups. And 29% members show the reason to take up community development programme. Here the very less percentage shows by members because it is not a motive or encouragement to the members. The above reasons are evinced by the members to form the Self Help Groups but every member has its own reason to form and join the Self Help Groups. The vision behind the formation of Self Help Groups is to generate the income by self help.

3.2.2 Motives in joining the Self Help Groups:-

Motivation is a primary need of empowerment. There are some motives which encourages the members to join Self Help Groups. Every member can have a different motive to join Self Help Groups.

Prime motives in joining Self Help Groups as stated by its members is presented in Table 3.2

Table No. 3.2

Prime Motives Stated by Members in Joining the Self Help Groups

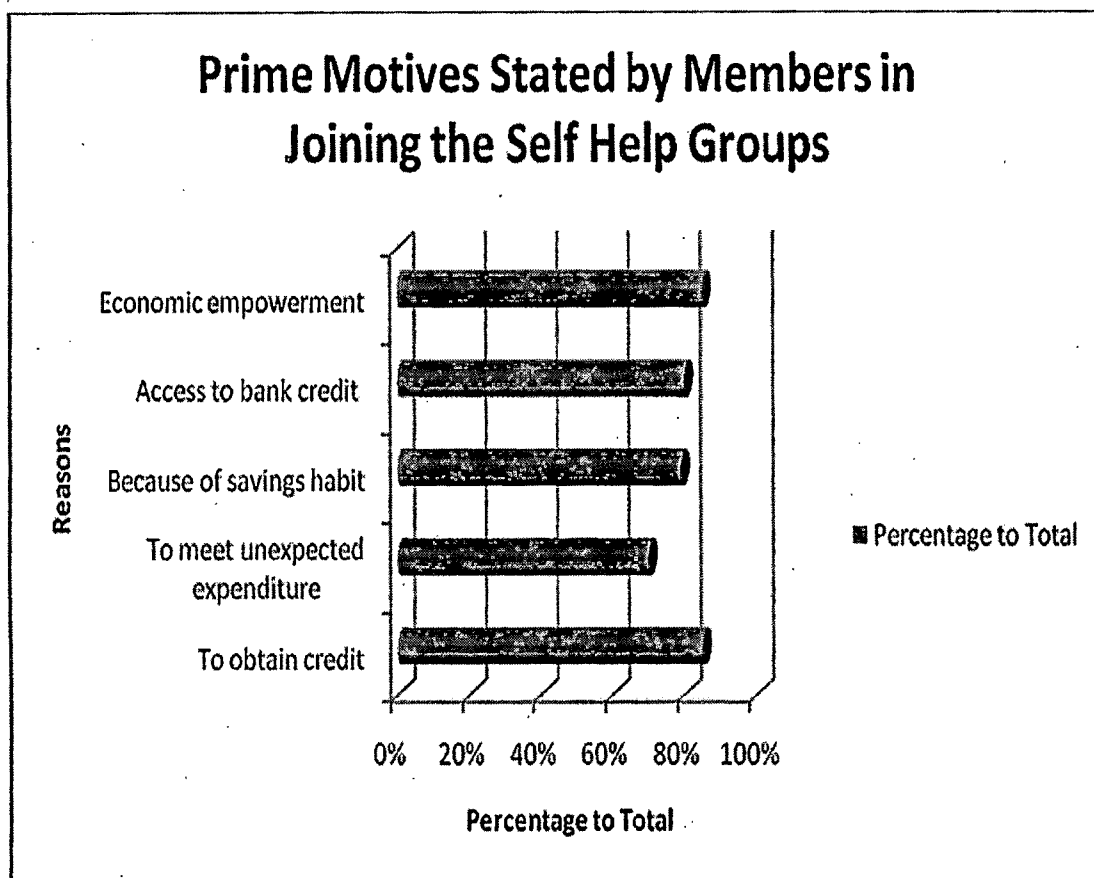
Sr. No.	Reasons	No. of SHG members (N:721)	Percentage to Total
1.	To obtain credit	613	85%
2.	To meet unexpected expenditure	504	70%
3.	Because of savings habit	570	79%
4.	Access to bank credit	577	80%
5.	Economic empowerment	613	85%

(Source: Field Survey)

It reveals from the table no. 3.2 that 613 members out of 721 has a motive to obtain credit and for the progress of their financial condition from Self Help Groups. 570 members have a motive to join the Self Help Groups because of savings habit. Savings and thrift lending is a main purpose of Self Help Groups. Every woman can have any need or any problem when she needs credit or money to solve that sudden problems or unexpected expenditures such as – health problems, children’s education etc. the procedure of Self Help Groups is that collect the monthly savings of women members as thrift and lend the money internally to the needy members which is beneficial to the Self Help Groups and the members also because the minimum interest rate of bank. Every respondent

member has different motives to join the Self Help Groups. Every member stated more than one motive to join the Self Help Groups

Figure No. 3.2
Motives in joining the Self Help Groups



It is observed from the above figure no. 3.2 that majority of the members 85% joined the Self Help Groups because to obtain credit and for the economic empowerment these both are the two prime motives for joining Self Help Groups. This is for other reasons like fostering the saving habit 79%, to meet unexpected expenditure 70% and access to bank credit 80%.

3.2.3 Sources of Income for Thrift:-

Thrift collection is a main base of loan repayment and the security from outstanding loan. Every member has saving a fixed amount of money as thrift and lends internally at a fixed rate of interest from the members. Thrift is one of the foundations of Self Help Group edifices. Sources of income of thrift contributions made by Self Help Group members are reported in Table 3.3.

Table No. 3.3

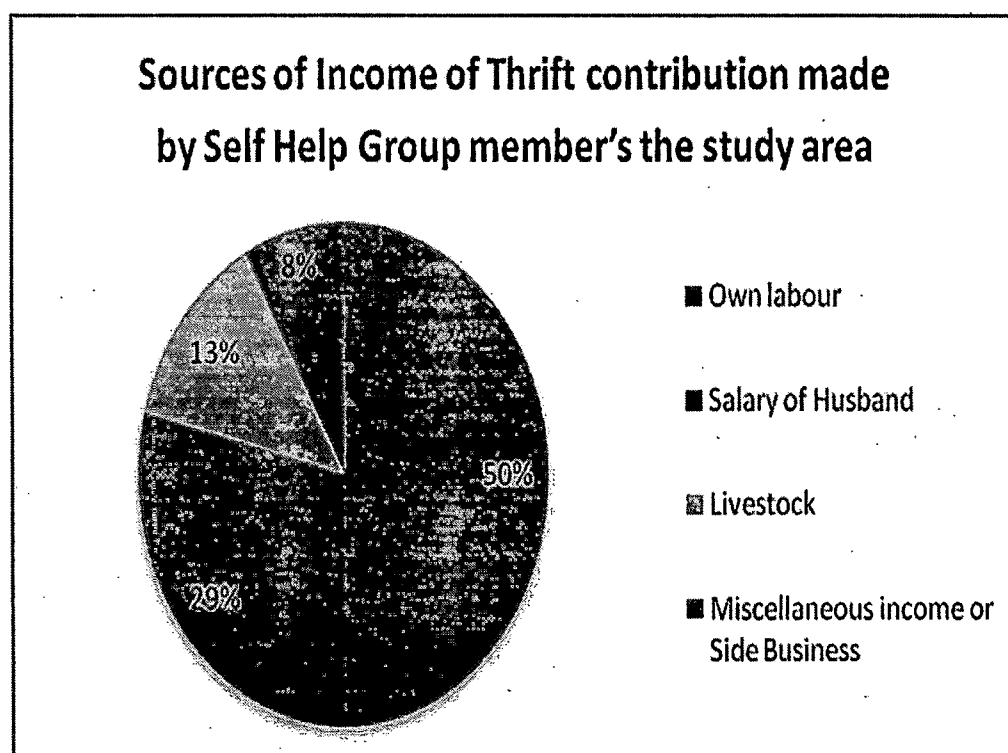
**Sources of Income of Thrift contribution made by Self Help Group member's
in the study area**

Sr. No.	Sources	No. of SHG members (N:721)	Percentage to Total
1.	Own labour	360	50%
2.	Salary of Husband	210	29%
3.	Livestock	94	13%
4.	Miscellaneous income or Side Business	58	8%

(Source: Field Survey)

It is seen from the table no. 3.3 that the income from own labour is the major source of savings for thrift collection. Most of the women members are working in unorganized sector like – Tobacco Industry; Household chores etc. can easily mobilize monthly thrift by their own income which is 50%. 29% members has a source of thrift from husband's salary. Shirol Taluka is a rural area and 13% women members save monthly thrift from livestock. 8% women members has some small petty shops and side business such as – selling of Ghee, Milk, Cloths etc. they collected thrift from their side business.

Figure No. 3.3



It is seen from the above figure no. 3.3 that income from own labour was the major source (50%) because most of the women members are working in unorganized sector like Tobacco industry in Jaysingpur and household chores etc., salary of husband (29%), livestock (13%) Shirol Taluka is a rural area where women are engage in dairy farming activities therefore selling of milk, ghee, butter are the income sources of women members from livestock and miscellaneous income (8%) towards thrift contribution.

3.2.4. Quantum of Savings: -

Savings is an essential part of Self Help Groups. Women members save a determined amount of money for thrift collection. Savings is a main way of joining Self Help Groups and to pay the amount of loan.

The amount saved every month is detailed in table no. 3.4.

Table No. 3.4.

Amount of Savings

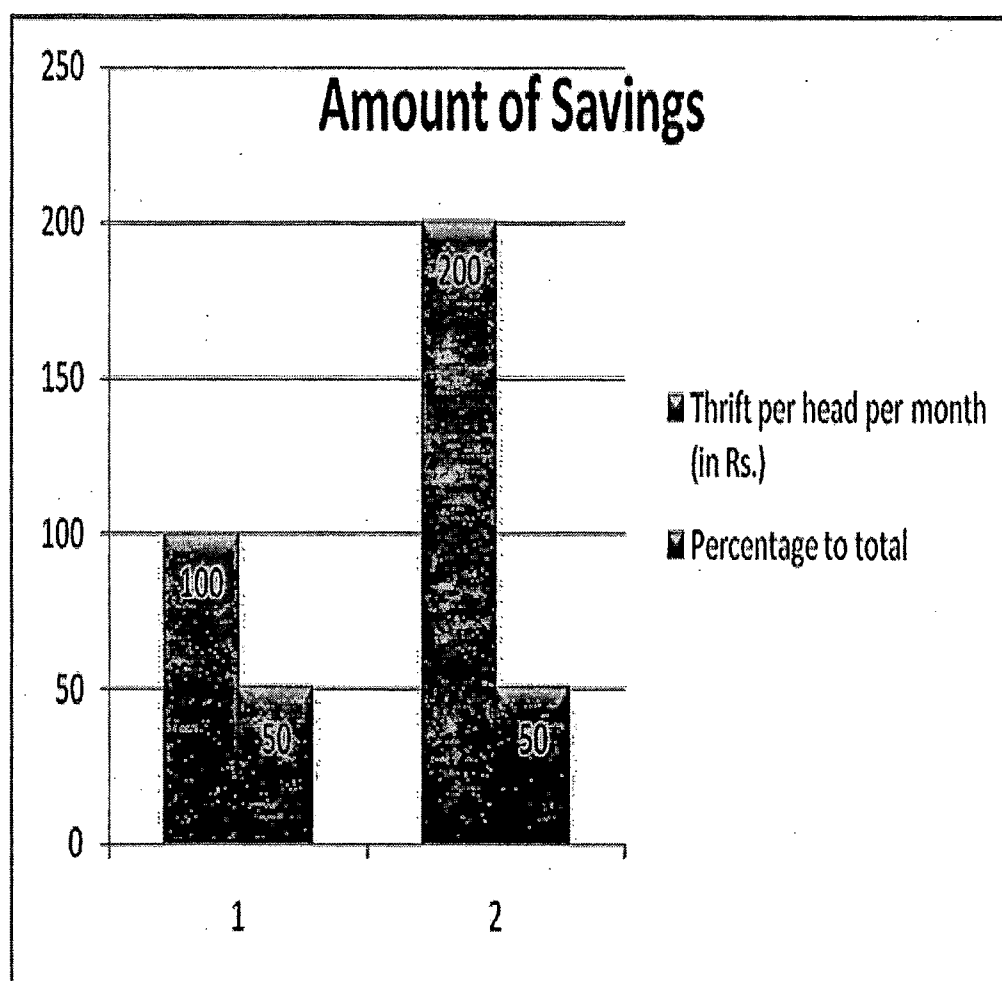
Sr. No.	Thrift per head per month (in ₹.)	No. of SHG Members (N:721)	Percentage to total
1	100	360	50%
2	200	361	50%
	Total	721	100%

(Source: Field Survey)

In this study there are 721 women members of 40 Self Help Groups. The table no. 3.4 reveals that out of 721 members 360 members of Self Help Groups saves Rs. 100 per head per month. The low income family members save low level of savings Rs. 100. Remaining 361 members saves money from husband's income and in addition from own income also Rs. 200.

The figure no 3.4 shows quantum of money saved by the members ranged from ₹. 100 to ₹. 200 per head for month. The low Income family members save low level saves of ₹. 100 which is 50%. The members who saves money from husbands income and also own ₹. 200 are 50% also.

Figure No. 3.4



3.2.5 Details of Internal Lending: -

a) Lending Norms: -

Self Help Group members borrowed a huge amount of money from Self Help Group for various domestic purpose, such as setting up petty shop, fruit stalls, dairy farming, tailoring, cloth selling and buffalo buying etc.

A large member of borrowers utilized the loan for business purposes such as setting up petty shop, fruit stalls, dairy farming, tailoring, Buffalo buying, manufacturing of noodles, chilli powder, papad, pickles etc. and so on. The members generally a grad to divide group loans in rotations on the basic of consumption / business priority without involving themselves in conflicts when all were in need of loans. The decision making powers rested with the members. The maximum repayment period for the loan was fixed at 12 months. In extreme cases, if the loan was not repaid in the scheduled month, the least interest due was

to be paid for that month. Discussions with members showed that group pressure would be brought through not amounting to coercion, upon the defaulting members. The interest rate charged did not vary among the groups members showed maturity in running the organization. Though they were entrusted with the power of fixing their own rate of interest and were aware of using it as a regulatory tool for rationing credit, they did not want to cause much inconvenience to their members by hiking interest rates. The Self Help Groups charged a uniform interest rate of 24%, irrespective of the loan amount. The numbers of installments for the repayment of the loan were usually fixed by the groups. The repayment of loan started in the month following the loan disbursement.

b) Quantum of Internal Lending : -

After formation of Self Help Groups the bank provides finance to the Self Help Groups. After financing by the bank to Self Help Groups the members can get the credit.

The details of quantum of lending disbursed by the group are given in table no 3.5.

Table No. 3.5
Quantum of Internal Lending

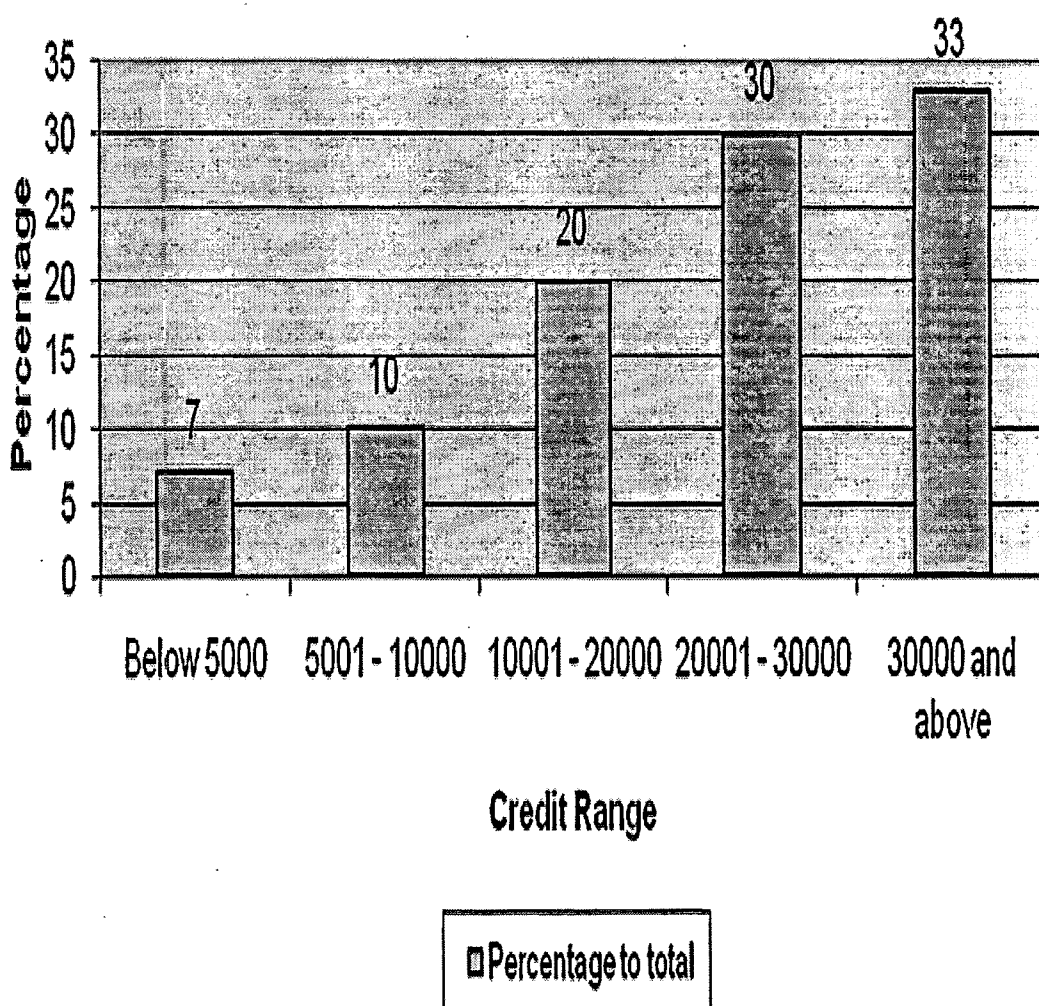
Sr. No.	Thrift per head per month (in ₹)	No. of SHG Members (N:721)	Percentage to total
1	Below 5000	50	7
2	5001 - 10000	72	10
3	10001 - 20000	144	20
4	20001 - 30000	216	30
5	30000 and above	234	33
	Total	721	100%

(Source: Field Survey)

The above table no. 3.5 discloses the data related to the amount of internal lending to the members from the respective Self Help Groups. 50 members received ₹. 2000, ₹. 3000, and ₹. 5000 also. Below ₹. 5000 is a small amount of loan which is generally used by the members for the purpose of petty shops. ₹. 5001 to ₹. 10000 money lent to 72 members which used for cloth and jewellery

selling by the members. 144 members received ₹.10001 to ₹. 20000. ₹. 20001 to ₹. 30000 amount lent to 216 members by Self Help Groups which is generally used for purchase of noodles, chilli powder, chips making machines. 234 members received the internal lending amount of ₹. 30000 and above. This highest amount of loan used by the members for the purpose of income generation like buffalo buying or purchase of above manufacturing machines etc.

Figure 3.5
Quantum of Internal Leading



The above figure no 3.5 reveals that in the case of 7% Self Help Group members had lent below ₹. 5000, another 10% had lend out between ₹. 5000 to ₹. 10000. A majority of the groups i.e. 33% had given ₹. 30000 as credit to its members 20% of the groups that is 40 members had given financial assistance

ranging between ₹10001 to ₹ 20000 and 30% members between ₹ 20001 to ₹ 30000.

According to the needs of respective members they get the loan from Self Help Groups. The amount range of internal lending determined by the members of the groups. According to the need and demand for the credit the members get the loan from Self Help Groups.

c) Purpose of Credit Availed :-

Income generation and to fulfill the financial requirements the members of Self Help Groups demand for credit. The main aim of micro credit is to improve the income and status of women in society. There is another purpose of credit utilization is for domestic consumption, education, family health and repayment of old debts. The empowerment of women is generally based on productive utilization of credit.

There are 721 members every member has a different purpose to get the credit. Shirol Taluka is known as rural area where women are engaged in domestic matters. Half of total sample has a purpose of income generation to utilize the credit by different sources. It is a platform to women members to give the proper way to their savings and improve their status in society. Proper credit utilization is a necessary part for loan repayment. The purpose of microfinance is productive utilization of credit which is considered by the Self Help Groups. Rural area and development are the base of economic development of country. The use of finance and repayment of loan are the key factors of Self Help Groups. The performance of Self Help Groups depends upon the use of credit and income generation for the loan repayment and self development. The satisfactory group performance is the indicator of sound financing system.

Purpose wise number of Self Help Group members who availed credit from Self Help Group during 2011 -2012 is as under

Table No. 3.6

**Purpose wise number of Self Help Group members who availed credit from
Self Help Groups in the study area**

Sr. No.	Purpose	No. of SHG Members (N:721)	Percentage to total
1	Income Generating Activities like -		
	1.1. Petty Shop	86	12
	1.2. Buffalo Buying	72	10
	1.3. Tailoring	94	13
	1.4. Cloth Selling or Jewellery Selling	137	19
	A. Sub Total	389	54
2	Domestic Consumption	108	15
3	Family Health	84	11.5
4	Festivals / Ceremonies	68	9.5
5	Repayment of old debts	72	10
	B. Sub Total	222	46
	Total (A+B)	721	100

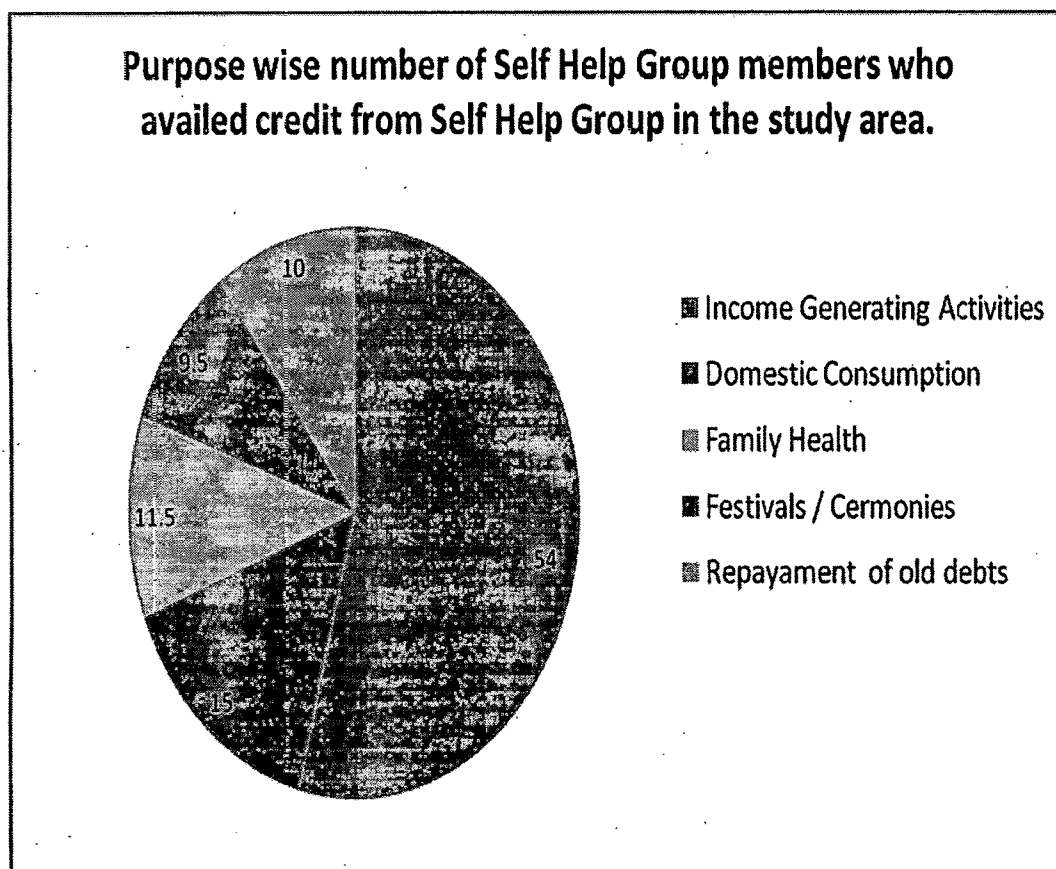
(Source: Field Survey)

The table no. 3.6 reveals that 86 members starting their petty shops after getting the credit by Self Help Groups. Shirol Taluka is a rural area where 72 members utilize the credit for Buffalo buying to generate the income. 94 members are investing the loan amount in cloth or jewellery selling business. The maximum number of members utilizes the credit for purchase of sewing machines, noodles machines, chips making machines and chilli powder making machines. Who are 137 members out of 721 members.

108 members get the credit for the domestic consumption. 84 members utilize the credit for their family health. 68 members have the purpose to get the loan for celebration of festivals and ceremonies. 72 members repay the old debts from the credit given by Self Help Groups.

Figure 3.6

Purpose wise number of Self Help Group members who availed credit from Self Help Group in the study area.



It is seen from the above figure no 3.6, 54% of Self Help Group members had availed credit for initiating income generating activities. Income generation or self employment is a way to Self Help Group members for fulfills their financial requirements and needs. There proportion is more than half of total sample. A significant proportion 15% of Self Help Group members availed credit for domestic consumption. Family Health - 11.5%, Festivals – 9.5% and Repayment of old debts - 10% were other purpose for which Self Help Group members were reported to have availed credit from Self Help Groups. The purpose wise loan disbursed by Self Help Groups is a criterion for internal lending by the Self Help

Groups. The recovery of loan is based on the purpose of credit utilization and income from that particular project.

Conclusion: -

Self Help Groups is a suitable means for the empowerment of women. The Self Help Groups starting playing an important role in the rural development. It is a voluntary group in a particular village. Bankers need to enhance their knowledge of the Self Help Groups. Bankers at the operational level need understand that saving and credit groups, mahila manalies, mandals etc., are also Self Help Groups. While adopting the SHG-Bank-Linkage-Program, bankers need to be flexible in their approach. For e.g. SHGs may be larger in size than the banker's requirements in which case the bankers need to work with NGOs to lend shape to their requirements. Those who are below the poverty level joined together under one banner. They pay some subscription towards savings and with this accumulated amount; credit is given to group members at a very low rate of interest for starting new business.

The above analysis revealed that the services such as business loan, consumption loan, loan for the settlement of old debt and for other purpose to their members. According to the lending norms the members get the credit facility to fulfill their financial requirement.
