



A study on loan utilisation of self help groups [SHGs]

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Abstract

Self Help Group is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amount of money regularly, which is deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group. Throughout history, people have formed groups with others who have something in common with them, and oppressed people have joined together to overcome the conditions they face. Self-help groups have distinct characteristics, the philosophies of the self-help movement overlap with various other ways of working. In the past two decades, the self-help movement has mushroomed. Self-help group is about people coming together with others who are affected by a particular issue to support each other and to work together to change the disadvantage affecting them.

Keywords: SHG, men, loan etc.

Introduction

SHG is a media for the development of saving habit among the women. It enhance the equality of status of women as participants, decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life. SHGs are considered as one of the most significant tools to adopt participatory approach for the economic empowerment of women. It is an empowerment of women. It is an important institution for improving the life of women on various social components. The basic objective of an SHG is that it acts as the forum for members to provide space and support to each other. It comprise of very poor people who do not access to formal financial institutions. It enables its members to learn to co-operate and work in a group environment. SHG is a mechanism to extend mutual help and support through sharing ideas, experiences, information, other service and resources. Self-help group play a vital role in engaging people in the business even if they are uneducated. The level of self-employment is low among women. Self-help group is a self-governed, peer-controlled, small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. Funds for credit activities are coming through regular savings deposited by all of its members on a weekly or fortnightly basis.

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Statement of the Problem

Self Help Groups are a boon to the rural people. It can easily approach the banks and other institutions to get a loan. The SHGs get loan from credit institutions then they refinance it with the members in the groups. All the members are responsible to repay the loan to the banks. Self-help groups build on the strengths of their members. Banks play a vital role in developing self-help groups by providing loans to the members. The study has been undertaken to understand the benefit achieved by self-help group members because of the loan facilities and to analyse their ability for repayment of loan in this part of the country.

Objective of the study

The study has been carried out with the following objectives:

- To understand the socio-economic profile of selected SHGs and its constituent members.
- To find out the quantum of loans availed and the level of loan utilization.
- To ascertain the general attitude of SHG members towards the loan process adopted by banks and other financial institutions.

Scope of the Study

The study brings out the level of loan utilization with reference to respective Self Help Groups. It also brings out the attitude of Self Help Group members in the selected study area.

Limitations of the study

1. It is a micro level study & hence the findings are applicable to the period of study only.
2. The findings of the present study are location specific.

Methodology

i) Selection of Sample

Udumalpet town was selected for the study. Adopting purposive sampling method SHGs functioning in and around Udumalpet town were selected for the study. A sample consisting of 50 respondents belonging to these SHGs were selected using convenient sampling method.

ii) Collection of Data

The primary data required for the study was collected through the use of structured questionnaire. The questionnaire framed was pre-tested with a sample of 5 SHG members. The satisfactory responses of the pilot-study enabled the researcher to finalize the questionnaire.

iii) Consolidation and Tabulation of Data

The information collected through the questionnaire was analyzed and consolidated into a master table. From the master table the various tables shown in the study were prepared.

iv) Statistical Tools Used

Simple percentage analysis was used for analysis of the tabulated data.

Pictorial representation were used at appropriate places.

Findings

The main objective of the study was to find out the socio-economic profile of selected SHGs and general attitude of SHG members towards the functioning and performance of the SHGs over various issues. The primary data was used for the study. The collected data was consolidated, processed and tabulated. The findings of the analysis are summarized as follows:

Socio-economic profile of the respondents

- Majority of the animators as well as members of SHGs are middle aged.
- Majority (80%) of the animators and members of SHGs are educated.
- Women from nuclear families show more interest in joining SHGs.
- Members of SHG are divided more or less equally with respect to their occupation, whereas animators are mostly engaged in own business.
- Sixty percent of the respondents stated that friends motivated the formation of SHGs.

Profile of the selected Self Help Groups (SHGs)

- Majority (44%) of the SHGs are engaged in trading business.
- Most (60%) of the SHGs selected for the study have more than 10 members.
- Majority (52%) of the SHGs are more than 5 years old.
- It is observed that only 2 of the selected SHGs have monthly income above Rs.10,000.
- Majority (84%) of the SHGs have got term loans from commercial banks.
- Majority (76%) of the respondent's primary motive for joining SHG is to earn additional income.

- Most (80%) of the selected SHGs savings is on monthly basis.
- Majority (92%) of the respondents felt that government based scheme of SHG is better.
- Members who are in SHG for more than 5 years have repaid more than 90 percent of loan.
- SHGs engaged in Service business have more number of loans outstanding.
- Majority, SHGs who received loan amount less than Rs.25, 000 has more number of loans outstanding.
- Members of SHGs were highly satisfied with respect to loan sanctioned to them by the commercial banks.
- SHGs who received the loan amount more than 50,000 had made full investment.

Suggestion

Suggestions On the basis of the above findings and observations, the following suggestions have emanated, which may be helpful in strengthening SHGs and taking strategic decisions on Poverty Alleviation Programmes in the State.

1. More supportive and patronizing attitude on the part of the Government, NABARD, NGOs and Banks are highly essential for the members to develop their entrepreneurial abilities and skills. Separate departments have to be formed in these institutions for the development of microfinance and Microenterprises in the state.
2. Measures to attract the illiterate and the poorest section of the rural people to SHG have to be taken.
3. Group concept can change the lives of the tribal folk also. Voluntary agencies should be able to play a significant role in improving and developing the living conditions of the tribal folk. Help of animators of Integrated Tribal Development Project (ITDP) and the services and resources of Scheduled Tribes Department and various other government departments can be availed for this purpose.
4. Belts of lower income people have to be identified in their meagerly represented areas and brought within the span of SHGs.
5. Small responsible jobs requiring collective effort may be entrusted to SHGs thus helping the members to earn additional income.
6. Attractive saving schemes and insurance schemes, if introduced for SHG members, will enhance their thrift habit.
7. It is good to formulate a common policy for the formation of SHGs and frame directives related to membership, meetings, registers, accounts, audit etc. of the SHGs.
8. The members can be made socially committed by making sure their involvement in government schemes like poverty eradication programmes.
9. Recent technological know-how has to be provided to SHGs to increase the quantity and quality of their products. More active involvement of private sector enterprises is needed.
10. Adequate training must be provided to the members. Moreover, income generating activities at the individual and group level has to be promoted.
11. Adequate marketing facilities have to be made available. The Government or NGOs shall take the initiative at the

Panchayath level so that the members can sell their products at a reasonable price.

12. A team of experts may be set, for giving necessary counseling for the members.
13. Formation of federations, regional level committees etc. are very important for monitoring, training and evaluating the groups.
14. The groups are to be directed to maintain the registers, conduct meetings, audit the accounts and submit monthly, half yearly and annual statements of accounts to the NGOs and banks.
15. A system for monitoring the functioning of the groups, checking the registers and accounts and auditing the accounts periodically has to be introduced.

Conclusion

Conclusion SHGs can play an effective role in achieving the long cherished objectives of poverty alleviation and rural development through their diversified programmes. The formation of common interest groups has had a substantial impact on the lives of its members. Empowerment of women and the inculcation of financial training and discipline amongst the poor will undoubtedly have long term socio-economic benefits.

Still, there are key areas of SHG management that need to be improved. SHGs must be self-managed units, independent of promoting institutions, with proper accounts, audit and credit management ability. Over dependence on leaders is a major problem faced by the SHGs in Udumalpet. The leader also becomes autocratic, interfering with each and every decision of the members. This system of spoon feeding cannot be considered as a positive sign. Strategy of democratic style of leadership with co-operation, unity, and mutual understanding from the part of each and every member in group activities, seems to be the ideal mechanism for making the groups self-reliant.

Identification of the deserving one is very important in the case of monetary aspects. Loans and other benefits of SHGs sometimes flow away bypassing the poorest to the powerful and least needy of the members. This process of marginalization may lead to the destruction of the whole process. There is a need to pay considerable attention to this aspect, for achieving the real goal of overall development of the weak and poor section of the society.

Whatever be the short comings, the impact of SHG programme on socio-economic conditions of the members have been invariably an improvement from the pre-existed status of the rural poor in Udumalpet. The programme has created a new system that value women, putting the needs and issues of women at the top of the agenda. It is a unique system for poverty eradication involving poor women who work together in order to bring a positive shift in their socio-economic status. It can be hoped that the SHG programme could bring about radical changes in the lives of the poor sections of the society in the years to come.

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