

## **A STUDY ON THE PERFORMANCE OF SELF HELP GROUPS IN MYSORE DISTRICT**

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### **ABSTRACT**

*In recent times, innovative efforts have been going on in the direction of institutionalizing the rural people especially the weaker and the marginalized sections of the community and micro enterprise promotion. People in the development field feel that it is a pre-requisite for empowering the rural poor, promoting sustainable development of rural economy and to reduce the rural-urban disparities. The current SHG strategy is therefore mobilization of village women for saving and credit, and economic empowerment of rural women through micro-enterprises. The efforts put in by different promotional agencies are expected to result in starting of micro-enterprises which open the avenues for profitable livelihood opportunities to the poor women households in the rural area.*

### **INTRODUCTION**

Finance is indispensable to any economic activity. The basic philosophy of rural finance is the dispensation of loans at a concessional rate through administrative control targeting the underprivileged sections of the society, especially the women. There were 58.74 crores women living in India out of the total population constituting 121.05 crores as per 2011 census of India ([www.census2011.co.in](http://www.census2011.co.in)). Though women constitute a significant number in the total population, still remain outside the ambit of institutional finance. In order to give a new approach to rural finance, National Bank for Agriculture and Rural Development (NABARD) had introduced the 'Self Help Groups' (SHGs) in 1992 which is generally treated as finance to a small group. This new approach, in other words, is known as 'micro credit'.

### **SHGS AND MYRADA EXPERIENCE**

The emergence of the concept of Self Help Groups (SHGs), as we know it today in India, is an outcome of several experiments conducted at the Savings and Credit Management Groups (SCMG), sponsored by Mysore Resettlement and Development Agency (MYRADA) ([www.myrada.org](http://www.myrada.org)). After experimentation with the cooperatives in some projects, MYRADA felt that a shift to an alternative credit system for the poor was required along with the efforts to make the existing delivery system, not only more appropriate and effective but also willing to accept and relate to an alternative system with its own rules and management.

It was in this MYRADA project, that National Bank for Agriculture and Rural Development (NABARD) experimented the pilot project for the development of the SHG system in India. In 1986-87, NABARD supported and funded an action-research project on SCMG of MYRADA, for assessing its adequacy as an instrument to help the target groups. The main objective of this pilot project was to evolve supplementary credit strategies for meeting the credit needs of the poor by combining flexibility, sensitivity, and responsiveness of informal credit system with the financial resources of the formal credit institutions. Government, financial institutions and the NGOs made efforts, often in partnership, to develop new financial delivery approaches combining the safety and reliability of formal finance with the convenience and flexibility that are typically associated with informal finance.

### **INITIATIVES OF NABARD**

During 1991-92, NABARD launched 92 pilot projects on linking SHGs with Banks, in various parts of the country. In July 1991, RBI advised the banks to participate in the pilot project and to extend finance to SHGs as per the norms and guidelines of NABARD. In February 1992, detailed guidelines were issued to the commercial

banks, explaining the modalities of the pilot project. Later the scheme was made applicable to RRBs and Cooperative Banks in May 1993. The NABARD guidelines to banks for implementation of the pilot project allowed ample flexibility to the participating banks to innovative responses and observed variations in the grassroots level situations. It aimed at providing credit to the informal SHGs of rural poor, through the banking system, with minimal documentation and simplified procedures. NABARD's mission under SHG - Bank linkage programme aimed at the economic empowerment of the rural poor by improving their access to the formal credit system through various credit innovations in a cost effective and sustainable manner ([www.nabard.org](http://www.nabard.org)).

## REVIEW OF LITERATURES

Keshava , A. K. Mehta and Gill H. K. (2010) indicated that about 37 per cent members had either started new economic activities or expanded the economic affairs after joining the groups. Average monthly income obtained from new activities was Rs. 2600. About 59% respondents started economic activities related to agriculture and allied sector. Around 53% of group members, who started new activity, did all the arrangements of procuring raw materials to marketing of final product. About 82 % respondents, who faced financial problems in running the activity, relied on group savings for taking loans.

Rajendran K. and Raya R.P. (2010) viewed that micro credit initiatives brought psychological and social empowerment than economic empowerment. The respondents of Natrampalli block were well empowered than their counterparts in Nemili block even though both the blocks have same level of socioeconomic conditions. Age and education were not having any influence on empowerment as well as on managerial skill development among rural women. Impact of micro finance was appreciable in bringing confidence, courage, skill development and empowerment but there was no positive impact in sustainable rural development especially reduction of poverty, creation of employment opportunities and creation of assets in rural areas. There was appreciable development in planning, coordination, decision making and financial skills among the leader respondents. But the effect of micro finance on communication, competency, technical, marketing and entrepreneurial skills were moderate only. There was a definite improvement of managerial skills, psychological wellbeing and social empowerment among rural women as a result of participating in micro credit through SHG programme.

Sushil Kumar Mehta and others (2011) revealed that the rural people have been vastly benefited by microfinance. It has helped them in their socio-economic upliftment. The rural poor now feel that they can also be partners in the process of rural development by joining in the SHG movement. The training of the members by the NGOs had increased their confidence, restored self-worth and improved their social concern about the neighbours. This study has also indicated that even though the members have joined the SHGs for various reasons, all of them have one common goal, which is seeking a better standard of living via a better organization that works for their benefits. Hence, it was concluded that the SHGs have proved that they could serve as an alternative instrument of financial intermediation for the poor.

Sahu Lopamudra1 and Singh Suresh (2011) highlighted that SHGs were the key instruments in women's empowerment which were generally facilitated and supported by NGOs. NGOs advised and trained in a variety of on and off farm income-generating activities. SHGs had played very important role in supporting women by strengthening their earning ability, boosting their self-confidence and promoting regular savings. Thus the participants had economic security, easy credit accessibility, better decision making in family, improved family environment (relative freedom from domination), increased mobility and improved political and legal knowledge. SHGs have provided women a common platform to discuss and solve their individual and community problems.

Anita Makkar and Sharmila Kumari (2012) revealed that SHGs have been identified as the potential pathway to alleviate poverty. The numbers of poor women enrolling in SHGs have been increasing remarkably all over rural India. SHGs have all the potential to bring powerful impact on women's empowerment. To reduce poverty by enabling the poor household to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihood on a sustainable basis, through building strong grass-root

institutions of the poor (SHGs) were the main motive of the most of the employment schemes. Thus SHGs have been showing the way ahead to alleviate the poverty of India along with women empowerment.

### **STATEMENT OF THE PROBLEM**

In recent times, innovative efforts have been going on in the direction of institutionalizing the rural people especially the weaker and the marginalized sections of the community and micro enterprise promotion. People in the development field feel that it is a pre-requisite for empowering the rural poor, promoting sustainable development of rural economy and to reduce the rural-urban disparities. The current SHG strategy is therefore mobilization of village women for saving and credit, and economic empowerment of rural women through micro-enterprises. The efforts put in by different promotional agencies are expected to result in starting of micro-enterprises which open the avenues for profitable livelihood opportunities to the poor women households in the rural area (Ravichandran K. & Revathi Bala .M (2008).

It has been the dream of the voluntary agencies and bankers to develop the ordinary women in our rural areas and in the urban slums in to citizens with dignity and capable of earning breads. These people of small means are almost all times, at the control of the landlords, moneylenders and other men of means, who always exploit rather than helping them to come up in their life. The SHGs promoted with the major object of extricating the vulnerable from the clutches of these merciless people. The SHGs become strong and vibrant social and economic movement in the country. As a result, programmes targeting these women are being formulated and implemented both by government and non-government organizations with the active financial support from the national level financial institutions and the international donor agencies. They encourage these groups to promote micro entrepreneurial activities. Some made success in their endeavour and others are striving to succeed in their attempt. This study is conceived to ascertain the factors contributing to the success or failure of the SHGs based enterprises promoted by NGOs.

### **OBJECTIVES OF THE STUDY**

The study is conducted with the following objectives

1. To study the overall socio economic status of the SHG members
2. To understand the lending and recovery practices adopted by the members of SHGs in Mysore
3. To identify the problem faced by the SHG Members to starting Micro enterprises

### **METHODOLOGY**

Primary sources of data were used for the study. For the study, sample of 150 respondents from the Mysore representing 30 SHGs were purposively selected and the data required for the study were collected from them by administering a well prepared Interview Schedule.

### **THE FINDINGS OF THE STUDY (Table-1)**

1. Majority of the women SHG members belonged to 30-40 years of age group. So, the women have gained sufficient experience to run the micro enterprises.
2. The majority of SHG women under the study belonged to Hindu religion.
3. Majority of SHG women represented the backward community followed by scheduled caste and most backward communities.
4. All the SHG members were married and majority of the SHG members lived in independent nuclear families.
5. Most of the SHG members in the study villages lived in tiled and pucca houses.
6. The educational level of the respondents showed that majority of them were illiterate (52.7%) and as such the poor literacy status was likely to have its influence on the performance of the SHG women as entrepreneurs.
7. Majority of the groups were able to mobilize enough money for lending to their own members and to maintain financial relation with banks, to enable themselves to borrow sufficient money whenever they need it for on-ward lending to their members.

8. Most of the SHG members felt that the objective of the SHG was to generate self-employment.
9. Majority of the women members of the groups were having weekly savings habit and they were able to save more amount in a short span of time.
10. Most of the SHG members preferred Hotel and Petty shop business, as they were living in villages in and around Mysore having more number of moving populations.
11. Most of the respondents of SHGs worked as non-farm sector labour before having membership in SHGs. After becoming the SHG members, they performed different trades which are also categorized as non-farm sector activities.
12. SHG promoted NGOs played a major role in the formation of idea for the trade and for starting the business by the SHG women, who did not have any idea regarding the trades.
13. Most of the SHG members felt that self-motivation and self-initiative are two important traits required for starting the micro-enterprises.
14. The study revealed that the SHG women's interest, their exposure and familiarity to trade were found to be the prompting factors. The influence of friends and family in the selection of trade remained as a secondary factor.
15. The SHG members of the groups benefited much with financial assistance given by the SHG for starting the micro enterprises.
16. Majority of the groups were strong enough to supply credit to the members for pursuing micro traders of their interest.
17. The study found that every three out of four women were getting the guidance of NGOs and Voluntary Organizations by virtue of being the members of the SHGs.
18. The study revealed that the micro enterprises taken up by the women helped to increase their standard of living and to have surplus in the form of additional savings for meeting the domestic expenses.

### THE PROBLEMS FACED BY SHG WOMEN ENTREPRENEURS

Though the NGO trained and assisted women, the women were facing many difficulties in running the enterprises. SWOT analysis depicted that the strengths and opportunities of the women entrepreneurs were as a result of the strong support of NGO. But the weaknesses were due to the low level of competencies of women involved in the micro enterprises. If they work hard with higher need for achievement, surely they can come out of all weaknesses and escape from all threats in future and stand in the market in their own skill and capacity.

#### SWOT Analysis

<b>Strengths</b>	<b>Opportunities</b>
<ul style="list-style-type: none"> <li>✓ Monetary and moral support of NGO</li> <li>✓ Ability and skill development</li> <li>✓ Free initial capital support</li> <li>✓ Assured regular wages</li> <li>✓ Revolving fund to SHGs</li> <li>✓ Constant motivation</li> <li>✓ Proper keeping and maintenance</li> <li>✓ Technical support</li> <li>✓ Quality maintenance</li> <li>✓ Marketing linkages with all groups</li> </ul>	<ul style="list-style-type: none"> <li>✎ High level of awareness</li> <li>✎ Separate identity</li> <li>✎ Communication</li> <li>✎ Linkage with all groups</li> <li>✎ Socio-cultural changes</li> <li>✎ Increase in standard of living</li> </ul>

Weakness	Threats
<ul style="list-style-type: none"> <li>➤ Hesitation for door-to-door sales</li> <li>➤ Family tie-ups and tradition</li> <li>➤ Low level of literacy</li> <li>➤ Ignorance and lack of capabilities</li> <li>➤ Poor socio-economic milieu</li> <li>➤ Lack of social independence</li> <li>➤ Opposition for free mobility from family members to learn more skills</li> <li>➤ Fear to handle machineries</li> <li>➤ Poor observation and learning capacity</li> </ul>	<ul style="list-style-type: none"> <li>✧ Withdrawal of NGO support</li> <li>✧ Stoppage of assistances through projects</li> <li>✧ Competition</li> <li>✧ Innovative Products</li> <li>✧ Lack of advertisement</li> <li>✧ Lack of advertisement</li> <li>✧ Physical inabilities to handle machineries</li> <li>✧ Increasing technology</li> </ul>

## CONCLUSION

From the above it can be concluded that the involvement of women in the SHG activities help them to get exposure in different trades, avail necessary financial assistance, guidance from the NGOs in the starting maintaining and sustaining the entrepreneurial activities. Self-initiative and self-motivation were found as the important traits for becoming a successful entrepreneur. The women who preferred non-farm sector trades were now successful in earning sufficient income to overcome their poverty.

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## ANNEXURE

**Table – 1**

S.No.	Variables		No. of Respondents	Percentage
1.	Age	20 – 30	46	30.6
		31 – 40	95	63.3
		41 and above	9	6
2.	Religion	Hindu	124	82.6
		Christian	7	4.7
		Muslim	19	12.7
3.	Community	BC	75	50.0
		MBC	34	22.7
		SC	41	27.3
4.	Family type	Joint	34	22.7
		Nuclear	116	77.3
5.	Type of House	Pucca	59	39.3
		Tiled	82	54.7
		Tatched	9	6
6.	Educational Status	Illiterate	79	52.7
		Middle	53	35.3
		High School	16	10.7
		UG	2	1.3
7.	Occupation	Flour Business	29	19.4
		Milk business	23	15.3
		Sweet Stall	9	6
		Tailoring	15	10
		Hotel and Petty Shop	54	36
		Fancy Store	15	10
		Cycle Store	5	3.3
S.No.	Variables		No. of Respondents	Percentage
8.	Age of the SHG	Below one year	4	2.7
		2 – 4 years	69	46.0
		5 – 7 years	77	51.3
9.	Opinion on the Objectives of the Group	Enhance family income	55	36.7
		Generate self-employment	62	41.3
		To borrow in need of urgency and loan	24	16.0
		Social development	9	6.0
10	Savings of the Group	Monthly	29	19.3
		Weekly	120	80.0
		Fortnightly	1	0.7
11	Traits required for starting Enterprises	Self-motivation	72	48
		Skill development	15	10
		Initiative	53	35.3
		Hard work	10	6.7
12	Source of Loan	Loan from SHG	137	91.3
		Loan from Bank	8	5.3
		Loan from SHG and Bank	4	2.7
		Own capital and loan from SHG	1	0.7



S.No.		Variables	No. of Respondents	Percentage
13	Source of marketing	Own	90	60.0
		Through shops	34	22.7
		Through village cooperatives	23	15.3
		Through NGO	3	2.0
14	Community Activities	Rally	6	4
		Rain water harvesting	2	1.3
		Teaching	14	9.3
		Sanitation	3	2.0
		Awareness program	1	0.7