EFFECTIVENESS OF LINKAGE BETWEEN SELF HELP GROUPS AND PRIMARY AGRICULTURAL COOPERATIVE SOCIETIES IN COIMBATORE DISTRICT

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Introduction
In India, microfinance methods for the conventional cooperatives like   PACSs[1] face severe challenges. Microfinance groups like the SHGs need considerable resources for their emergence and sustenance (GOI: 2015-16). Formal institutions like cooperatives may not be able to promote such groups on a large scale unless supported by suitable and competent agencies. Though the principles of SHGs are compatible with the original conception of credit cooperatives, in reality there is a mismatch. Therefore, both in the formation SHGs and in their working, cooperatives may face many contradictions posing difficulties for their actual integration in a meaningful way. Like for example, while a formal cooperative works on the basis of limited liability, SHG is supposed to adopt the principle of unlimited liability. Similarly, a cooperative is a member-owned organization with ability of democratic governance and accountability. But an SHG is an informal body whose members may not be able to exercise the same rights as that of a original member unless provide for legally (Jeevanandham S.& Murugesan P. :2015).

Besides, cooperatives are no longer the sole agencies in the field of rural credit in the country. The field is dominated by commercial banks and regional rural banks which have much other strength than cooperatives (Ravichandran & Revathi Bala: 2008). Cooperatives which have lost their pre-eminent position now have to compete with other formal agencies which are also keen to scale up their microfinance interventions given the perceived benefits. Cooperatives may have to show or provide added benefits to the microfinance groups capitalizing on their original strengths of local feel and democratic governance (Nirmala V., Sham Bhat K. & Bhuvaneswari P.:2004).

Functioning of SHGs in Coimbatore District
The emergence SHGs in Coimbatore District ensure the best satisfaction of the poor women in catering their subsistence and consumption needs. The SHG movement in the district had a greater vision of upliftment of the economic conditions of women and downtrodden. So, the SHGs have emerged as a popular and novel method of working based on the principle of 'by the people, for the people and of the people'. At present, there are 5615 SHGs functioning in Coimbatore District.

Objectives of the Study
1. To identify the effectiveness of group lending by PACCSs in Coimbatore   District
2. To examine the problems encountered by the women SHGs while availing micro credit through PACCSs

Hypotheses of the study
Ho: There is no significant difference in the Annual income, Annual expenditure, movable assets, immovable assets and the total savings of the family before and after joining the SHG.

Methodology
Field survey method was followed for this study. Both primary and secondary sources of data have been used for the study. Secondary data were collected from various annual reports, audit reports, journals and other library sources. Multi stage sampling technique was followed for the study. In the First Stage, Coimbatore district was purposively selected which consists of 10 taluks. In the second stage, one PACCS was purposively selected from each taluk which has higher number of SHGs linked. Among 10 taluks, 7 taluks have been selected for an in-depth study. In The rest of three taluks, PACCS did not exist in two taluks (Coimbatore south and Valparai) and no SHGs linked with PACCS in one taluk (Sengodagoundenpudur). In the third stage, 75 women SHG borrowers from 7 taluks have been randomly selected from each PACCSs. Finally the sample size of the present study was 525. Simple Percentages, Paired t-test and Regression analysis have been used to analyze the data.

Socio – Economic Status of the SHG members
Majority of the young and middle age group respondents and married respondents benefited out this linkage. Above 60 percent of them have primary level education. Most of them followed the nuclear family system and they have one or two

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[1] *Gross root level short term cooperative credit institutions are called as Primary Agriculture   Cooperative Societies (PACSs) at National level and Primary Agriculture   Cooperative Credit   Societies (PACCSs) at State Level.*

dependents in their family. These respondents have regular saving habits. Most of them have borrowed from PACCSs ranging Rs.50000 to Rs.150000 in the study areas. Only 23.8 percent of them have borrowed above Rs.150000 (Table - 1).

Effectiveness of group lending approach before and after joining in SHGs
The average annual income of the family before joining in SHGs stood at Rs.83725.71 which was increased to Rs.98005.71 after joining in SHGs. The average annual expenditure of the family before joining in SHGs stood at Rs.61523.81 which was reduced to Rs.57211.43 after joining in SHGs. The average total movable assets of family before joining in SHGs stood at Rs.38114.29 which was increased to Rs.56390.48 after joining in SHGs. The average total immovable assets of family before joining in SHGs stood at Rs.54556.19 which was increased to Rs.67350.48 after joining in SHGs. The average total savings of family before joining in SHGs stood at Rs.9169.05 which was increased to Rs.21610.48 after joining in SHGs.

The effectiveness of group lending was analyzed by adopting Paired sample t-test. Paired sample t-test is used in 'before - after' studies, when the samples are the matched pairs, on when it is a case-control study. The hypothesis has been framed that there is no significant difference in the Annual income, Annual expenditure, movable assets, immovable assets and the total savings of the family before and after joining the SHG. Since the calculated value was higher than the table value it was inferred that the mean Annual income, Annual expenditure, movable assets, immovable assets and the total savings of the family differed significantly before and after joining in SHGs. So, the hypothesis was rejected (Table - 2 to Table - 6).

Regression Analysis
Regression analysis was applied to find the effect of the variable viz., Total immovable assets of family-After joining (Rs.000s), Total savings-After joining (Rs.000s), Age, Loan amount borrowed by the group from PACCSs (Rs.000s), Marital status, Total annual expenditure of family-After joining (Rs.000s), Number of dependents, Loan amount borrowed by the individual from PACCSs (Rs.000s), Educational level, type of the family, Monthly Contribution to group, Total movable assets of family-After joining (Rs.000s)
on the effectiveness of Group lending. The results arrived are discussed hereunder:

It was observed from the table-14 that the multiple correlations between the selected independent variables and effectiveness of group lending (Dependent) was 0.846, which indicated that there was a high level of correlation between the independent variables and the dependent variables. The F-test value showing 107.261 was significant at 1% level. The R^2 value (0.715) indicated that 71.5 percent of variation in effectiveness of group lending was influenced by the related independent variables (Table - 7).

Individually, from the regression coefficients, it was found that Total immovable assets, total savings after joining in SHGs, Age, Total annual expenditure, Educational level, type of the family, Monthly contribution to group and total movable assets have a positive effect on effectiveness of group lending whereas the loan amount borrowed by the group from PACCSs, marital status, number of dependents and the loan amount borrowed by the individual from PACCSs had negative effect on the effectiveness of group lending. These independent variables have significantly influenced the effectiveness of group lending at 1 % or 5 % level significance as indicated by t-test results.

Conclusion
The SHGs have emerged as a popular and novel method of working based on the principle of 'by the people, for the people and of the people'. The attempt to marry microfinance with the cooperatives has created a `win-win' situation both for the cooperatives and the resource poor so that they are able to get access to the formal sources. The service of PACCSs is remarkable in Coimbatore District. Effective linkage between PACCSs and women SHGs encourage the rural women to get adequate support and assistances for starting home based enterprises. This linkage was quite appreciable in the study area in bringing effective social impact and group cohesiveness. Increase in movable and immovable assets, maintenance of savings and loan from cooperatives for indulging in income generating activities are the major benefits derived from the respondents due to the SHG-bank linkage in the study areas.

Up to Rs.50000	177	33.7
Rs.50001-100000	151	28.8
Rs.100001-150000	72	13.7
Above Rs.150000	125	23.8
Total	**525**	**100.0**

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Table – 1,Socio – Economic profile of the respondents Groups borrowings from PACCSs

Age Wise distribution of Respondents		
20-30	179	34.1
31-40	205	39.0
41-50	52	9.9
51-60	89	17.0
Marital Status of Respondents		
Single	76	14.5
Married	449	85.5
Educational Qualification of Respondents		
Primary school level	316	60.2
Middle school level	97	18.5
Secondary school level and above	112	21.3
Number of Dependents of Respondents		
One	324	61.7
Two	197	37.5
Three	4	0.8
Type of Family Wise Distribution of the Respondents		
Joint	85	16.2
Nuclear	440	83.8
Monthly group Contribution of respondents		
Rs.100	435	82.9
Rs.150	5	1.0
Rs.200	85	16.2

Table –

2,Annual income of the family -Before and after joining SHGs

Annual income of the family	Mean	S.D	No.
Before joining SHGs	83725.71	32008.30	525
After joining SHgs	98005.71	33081.12	525

Paired Sample t- Test

T	df	Table value	Sig.

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30.552	524	2.585	**

Table – 3,Annual expenditure of the family -Before and after joining SHGs

Total annual expenditure of family-	Mean	S.D	No.
Before joining	61523.81	18972.10	525
After joining	57211.43	30771.80	525

Paired Sample t- Test

T	df	Table value	Sig.
5.252	524	2.585	**

Table – 4,Total movable assets of the family -Before and after joining SHGs

Total movable assets of the family	Mean	S.D	No.
Before joining	38114.29	18991.92	525
After joining	56390.48	20389.10	525

Paired Sample t- Test

T	df	Table value	Sig.
47.189	524	2.585	**

Table – 5,Total immovable assets of the family

Total immovable assets of family-	Mean	S.D	No.
Before joining	54556.19	32250.02	525
After joining	67350.48	34676.19	525

Paired Sample t- Test

T	df	Table value	Sig.
52.230	524	2.585	**

Table – 6,Total savings of the family -Before and after joining SHGs

Total savings of the family	Mean	S.D	No.
Before joining	9169.05	9566.85	525
After joining	21610.48	20482.04	525

Paired Sample t- Test

T	df	Table value	Sig.
14.122	524	2.585	**

Table – 7,Dependent variable: Effectiveness of group lending

Independent variables	Regression Coefficient (B)	Std. Error	Beta	t	Sig.
(Constant)	-3.354	8.526			
Total immovable assets of family-After joining (Rs.000s)	.127	.010	1.028	13.327	**
Total savings-After joining (Rs.000s)	.113	.018	.538	6.181	**
Age	.082	.014	.184	5.720	**
Loan amount borrowed by the group from PACCSs (Rs.000s)	-.012	.002	-.276	-6.070	**
Marital status	-3.282	.628	-.269	-5.229	**
Total annual expenditure of family-After joining (Rs.000s)	.020	.007	.146	3.048	**
Number of dependents	-1.432	.377	-.168	-3.794	**
Loan amount borrowed by the individual from PACCSs (Rs.000s)	-.154	.025	-.618	-6.287	**
Educational level	2.554	.378	.486	6.765	**
type of the family	23.380	2.680	2.010	8.724	**
Monthly Contribution to group	6.269	1.241	1.081	5.051	**
Total movable assets of family-After joining (Rs.000s)	.035	.015	.165	2.268	*

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