Ground Realities of Self Help Groups–Bank Linkage Programme: An Empirical Analysis of Haryana Region

*Ms. Suman Gulia

Assistant Professor, UIMT, Universal Group of Institutions,
Lalru, Punjab, India
E-mail: sim_gulia@yahoo.co.in

Abstract—*A self-help group is a village-based financial intermediary committee usually composed of 10–20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can be found in other countries, especially in South Asia and Southeast Asia. Members also make small regular savings contributions over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro-credit. The present study differs from earlier studies as it covers twenty nine quality parameters to evaluate the quality of SHGs based on survey of literature. Further, this paper identifies the reasons for the formation SHGs and the problems faced by them in the study area. The study is undertaken in Sonepat, Karnal, Kurukshetra, Panipat and Ambala Districts of Haryana during 2015-17. It is observed that due to fast growing of the SHG-bank linkage programme, the quality of SHG has come under stress. Some of the factors affecting the quality of SHGs are the target oriented approach of the government in preparing group, inadequate incentive to NGO's for nurturing their groups etc.*

Keywords: *Micro Finance, Quality Parameter, Quality Issues, Quality Assessment Tools.*

1. INTRODUCTION

A self-help group is a village-based financial intermediary committee usually composed of 10–20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can be found in other countries, especially in South Asia and Southeast Asia. Members also make small regular savings contributions over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro-credit.

Self-help Groups (SHGs) are playing a major role in removing poverty in the rural India today. The group-based model of self-help is widely practiced for rural development, poverty alleviation and empowerment of women. Self-help as a strategy for social development places emphasis on self-reliance, human agency and action. Many public sector banks that were in the forefront of SHG bank linkage are approaching MFI for identifying a suitable agency to nurture their credit linked SHGs. There is an increasing concern among bankers about the quality of SHGs being promoted by themselves or by other promoters.

2. REVIEW OF LITERATURE

Sa-Dhan (2003) made a comparative study of assessment tools developed by various organization viz. NABARD, BASIX, MYRADA, CARE, APAMAS etc. and have identified eight broad thematic areas with various indicators and their benchmarks.

Reddy (2005) observes that the state of SHGs identifies key areas of weakness which undermine the sustainability of SHG movement. He identifies the major areas such as financial management, governance and human resource ranges from weak to average quality for a majority of SHGs.

Singh (2006) also studied SHGs programme of Peoples Education and Development Organization and makes an attempt to evaluate social and economic impact on households of SHGs members.

Kumar (2010) while comparing the differences in quality of SHGs between SHGs under the umbrella of federations and other SHGs which are not part of federation observes that federation type SHGs are functioning well.

3. OBJECTIVES OF THE STUDY

The objectives of this paper are-

1. To study the grass root issues relating to quality assessment of SHGs.

2. To access the normal practices of SHGs in the study area.

3. To access the problems of SHG members in the study area.

4. RESEARCH DESIGN AND METHODOLOGY

The research design and methodology devised in this paper is being presented which has been designed keeping in mind the focused objectives and with the aim of acquiring accurate and authentic data. The study was restricted to only Sonepat, Karnal, Kurukshetra, Panipat and Ambala Districts of Haryana region. Data has been collected from both primary and secondary sources. A set of questionnaires are being prepared for assessing the quality of the SHGs of the study area. These questionnaires are framed suitably by studying the existing literature of quality assessment. The enlisted quality assessment variables are identified and tabulated in Table 1 below:

Table 1: Selected Quality Assessment Indicators

Sl. No.	Indicators	Weight
I	**Organizational Capacity**	
1	Kind of rules and regulation for running the group	Oral = 1 ; Written = 2
2	Practice of update rules	No = 0; Yes = 1
3	Attendance in meeting	< 50% members = 1 50- 75% members = 2 > 75% members = 3
4	Selection of group leaders	Nominated by SHPI/NGO/bank staffs = 1 Nominated by members = 2 By election = 3
5	Practice of rotating leadership	No = 0 ; Yes = 1
6	Decisions take by consensus	No = 0 ; Yes = 1
7	No major disagreement that divides members	No = 0 ; Yes = 1
8	Transparency in operation	No = 0 ; Yes = 1
II	**Savings and Credit**	
9	Regularity in savings	< 50% members contribute regularly = 1 50-75% members contribute regularly = 2 > 75% members contribute regularly = 3
10	Revision of mandatory savings	No = 0 ;Yes = 1
11	Members deposit savings	House-to-house to get the contribution = 1; Deposit in Accounts/ SHG =2
12	Fixation of rate of interest	By group representative or NGO/Bank/ Promoter = 1; By all group members meeting = 2
13	Rate of Interest	Uniform = 1 ; According to purpose = 2
14	Decision on who is to be given loan	As decided by group representative elected) = 1 Through group meeting = 2
15	Keeping emergency funds	No = 0 Yes = 1
16	Loan recovery	Below 50% =1; 50% - 75% = 2; Above 75% = 3
17	Group loans is only for productive purposes	No= 1 ;Yes = 2
III	Financial Management	
18	Record/Book keeping	Representative of outside SHG = 1; Group representative or a literate member = 2
19	Level of maintenance of records	Not maintained at all = 0; Incomplete & irregular = 1; Regular, accurate & update = 2
IV	Micro Enterprise Development	
20	Acquired vocational skills	≤ 25% = 0 ; 25- 50% = 1 50- 75% = 2 ; > 75% = 3
21	Started new micro-enterprises	No = 1; Yes = 2
V	Awareness and Attitudes	
22	Social and community action by SHG	No = 1; Yes = 2
23	Aware about issues of social harmony and social justice	≤ 25% = 0 ; 25- 50% = 1 50- 75% = 2 ; > 75% = 3
VI	Networks and Linkages	
24	Organised community events	No = 1; Yes = 2
25	Linkage with Banks/ Other agencies	No = 1; Yes = 2
VI	Empowerment and Influence	
27	Self Reliance in managing Social affairs	No = 1; Yes = 2
28	Self Reliance in managing economic affairs	No = 1; Yes = 2
29	Self Reliance in managing group affairs	No = 1; Yes = 2

Further, for suitability of the quantitative study under the selected Assessment Tool, the following scale is used keeping conformity with the above cited weighted scale presented in Table 2 below:

Table 2: Rating Grade Scale

Aggregate Weighted Score	Grade	Analysis Grade
50 & above	A	Good
30-50	B	Average
20-30	C	Poor
Below 20	D	Very Poor

5. PROBLEMS FACED BY THE SHGS:

The problems faced by the Self Help Groups are described in the following Table 3.

Table 3: Distribution of sample SHGs according to their response towards the problems faced by them

Sl. No.	Nature of Problem	No. of SHGs	Percentage
1.	Difficulty to Approach the Authorities for Getting Loan	18	12
2.	Poor Response of Authorities	28	18.67
3.	Delay in Sanctioning the Loans	32	21.33
4.	Inadequate Loan Amount	22	14.67
5.	Lack of Administrative Experience	27	18
6.	Lack of Cooperation Among Members	11	7.33
7.	Limited Number of Installments for Repayment of Loan	12	8
	Total	150	100

It is found from Table 4 that the major problem faced by the SHGs is delay in sanctioning the loan (21.33%) followed by poor response of authorities (18.67%), lack of administrative experience (18%), difficulty to approach the authorities (12%), inadequate loan amount (14.67%), limited number of installment (8%) and the problem of lack of cooperation among the members (7.33%).

6. CONCLUSIONS

The quality of groups is quite low in Sonepat, Karnal, Kurukshetra, Panipat and Ambala Districts as strict random selection of sample could be one of the reasons. Overall environment in the districts and popular perceptions about the status of SHG movement in the district appears to be aptly reflected by the grades of the groups. In most other studies, the quality of groups does not follow any definite pattern. Finally, it is observed that due to fast growing of the SHG-bank linkage programme, the quality of SHG has come under stress. Some of the factors affecting the quality of SHGs are (i) the target oriented approach of the government preparing group, (ii) inadequate incentive to NGO's for nurturing their groups, (iii) lack of proper monitoring, (iv) absence of quality enhancement mechanism etc.

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