



A STUDY ON ROLE OF SELF HELP GROUPS IN MICROFINANCE WITH SPECIAL REFERENCE TO THIRUVANANTHAPURAM DISTRICT

Shijina A.S

Assistant Professor
Department of Commerce
Mannaniya College of Arts & Science, Pangode

ABSTRACT

Microfinance has become an important tool for poverty alleviation and empowerment of women in Kerala. SHGs ensure women participation in the development of the country. A SHG is started because of unavailability of loans and other financial services to the poor people in rural areas and to eradicate by the working of an SHG. These SHGs are the financial relief for the illiterate assistance and also provide beneficial the rural people self reliant and giving a social commitment to its members. The main objective of the study is to analyze the present status and the role of SHGs in Microfinance. For this purpose, primary data were collected from fifty respondents of Trivandrum District of Kerala State, by administering a structured interview schedule among them. There are some issues with regard to unavailability of finance, sickness of micro entrepreneurs, lack of adequate savings, difficulties in repayment, misuse of loan funds and so on. This will be the barriers to the achievement of self help groups. This can be overcome through adequate government actions and necessary funding by various agencies.

1. Introduction

Nowadays microfinance has become an important tool for women empowerment, rural development and poverty alleviation. It is emerged as a panacea for eradicating poverty and the development of underprivileged group as they are facing many problems. .Micro-finance has become one of the most effective interventions for economic empowerment of the poor. In India

there is a tremendous increase in the number of micro financial institutions. Microfinance activities mainly done through self help groups and through these loans are provided to the needy people.

In India Self help groups represent unique approach to financial intermediation. SHG are mainly village based financial intermediary committee usually composed of 10-20 members of local women or men and mixed group not preferred. According to RBI self help groups may be of registered or unregistered group of micro entrepreneurs. In India many SHG are linked to banks for the purpose of providing micro credit. The members are micro entrepreneurs; they save small sums of money, mutually agreeing to contribute a common fund and to meet their emergency needs on the basis of mutual help. Their activities are for becoming financially stable by taking loan for making them employed.

Self help groups (SHGs) have emerged as popular method of working with people in recent years. Since SHG based micro finance programmes cover a large number of women, it is expected that such programmes will have an important bearing on women's empowerment. Self-Help Groups (SHGs) have emerged in order to help poor women to secure inputs like credit and other services. Micro finance and SHGs are effective in reducing poverty, empowering women, creating awareness and ensure sustainability of environment which finally results in sustainable development of the nation. To avert such a situation, growth with quality has become the paramount agenda of today among different stakeholders, as there is an over reaching concern about sustainability of the SHG movement in India. Self-help groups have been instrumental in empowerment by enabling women to work together in collective agency.

Micro finance through Self Help Group (henceforth SHG) has been recognized internationally as the modern tool to combat poverty and for women empowerment. The concept of SHG in India was introduced in 1985 and consequently a pilot scheme was started on Self-Help Bank Linkage programme. The Self Help Group Bank Linkage Programme was formally launched in the year 1992 as a flagship programme by NABARD and its policy support provided by the RBI. The programme envisages organization of the rural poor into SHGs for building their capacities to manage their own finance and negotiate credit on commercial terms. The poor are encouraged to voluntarily come together to save small amounts regularly and extent micro loans among themselves. Once the group attains required maturity of handling larger resources, the bank credit follows.

2. Objectives of the Study

The main objective of the study is to analyze the present status and the role of SHGs in Microfinance

3. Review of Literature

Swain Et.al (2007) studied Self Help Groups in 5 states such as Orissa, Tamil Nadu, Andhra Pradesh, Uttar Pradesh and Maharashtra. He concluded that there is significant increase in the level of women empowerment over a period of time (2000-2003). Dhara Et.al (2005) studied Self Help Groups in Hoogly district of West Bengal and found that the empowerment is only at elementary level since they are not confident to carry out activities on their own. Members are not aware of the banking procedure and leaders found that it is very difficult to maintain account books. Panda (2005) found that 94 per cent of borrowers are women, retention of assets has also been significantly higher, as evident from the fact that number of cattle owned by micro finance group members increased by 26 per cent annually compared to 50 per cent of the beneficiaries of IRDP who are not keeping assets for more than 2 years.

4. Methodology

The study accounts both primary and secondary data. Secondary data were collected from books, journals, magazines, newspapers, websites, etc. Primary data were collected from fifty respondents of Thiruvananthapuram District of Kerala State, by administering a structured interview schedule among them. Judgment sampling is used in selection of respondents.

5. Present Status of Self Help Groups

SHG is a village based financial intermediary committee usually composed of 10-20 local women or men. A mixed group is generally not preferred most SHGs are located in India. Through SHG can be found in other countries especially in south Asia and Southeast Asia.

Key instruments for supporting women's empowerment are SHG.s, where by 10-20 rural women from the same village mostly poor women come together to contribute two weekly or monthly dues as savings and provide group loans to their members. SHGs also known as mutual help mutual aid or support groups are group of people. SHG is a homogeneous group of micro entrepreneurs with affinity among themselves, voluntarily formed.

The current status of SHGs can be understood from the following table. It shows the progress of SHG savings with banks for three years such as 2012-13, 2013-14 and 2014-15. During the year 2012-13 there is a small decrease in number of SHGs. But in next year's, it shows an increasing trend; that is by 3.59%. In the case of savings also shows an increasing movement.

Table 4.1

SHG Savings with Banks as on 31st March

No in Lakhs

Amount in Crores

Savings	2012-13		2013-14		2014-15	
	No of SHGs	Amount	No of SHGs	Amount	No of SHGs	Amount
Total SHG No	73.18 (-8.1%)	8217.25 (25.4%)	74.30 (1.5%)	9897.42 (20.45%)	76.97 (3.59%)	11059.84 (11.74%)
All Women SHGs	59.38 (-5.7%)	6514.86 (27.6%)	62.52 (5.27%)	8012.89 (22.99%)	66.51 (6.38%)	9264.33 (15.61%)
Percentage of women groups	81.1	79.3	84.15	80.96	86.41	83.77

Source: NABARD

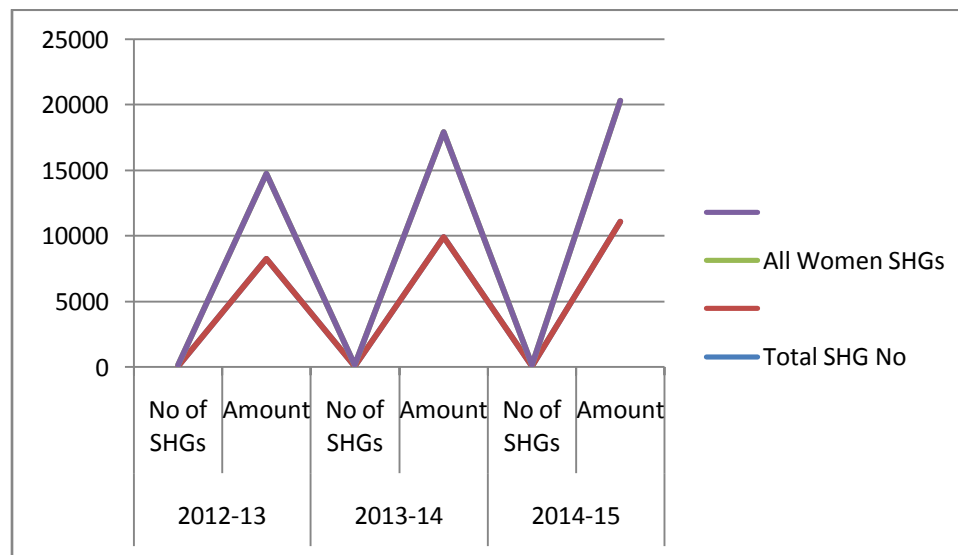


Figure 4.1
SHG Savings with Banks

6. Role of SHGs

The role of SHGs is studied with the help of primary data. They are:

5.1 Benefits

So many benefits are provided by the SHG for its members. It is very helpful to the members to raise their status.

Table 5.1
Benefits

Benefits	Weighted Score	Rank
Learn different skills	195	1
Increase awareness in many fields	192	2
Financial support	176	3
Increase savings	171	4
Improve savings	150	5

Source: Primary data

The table 5.1 shows that benefits of learn different skill has become the first position; increase awareness in many fields has become second rank and financial support third position. Increase savings and improve savings have secured fourth and fifth positions respectively.

5.2 Purpose of taking loan

SHG are taking loans from banks and other institutions for various purposes. The following table shows about it.

Table 5.2
Purpose of taking loan

Purpose	Nos	%
Purchase of raw material	9	18
Expansion activities	26	52
Individual needs of members	13	26
Others	2	4
Total	50	100

Source: Primary data

It is clear that from the table 5.2 that 52 per cent of SHGs are taking loans for expansion activities, 26 per cent for satisfying individual needs of the members, and 18 per cent take loans and utilized for purchase of raw material. Only 4 percent are taking loans for other purposes.

5.3 Problems faced in availability of finance

SHGs are facing so many problems in acquiring finance to their activities. Those problems are ranked in the following table.

Table 5.3
Problems faced in availability of finance

Problems	Weighted Score	Rank
High rate of interest	194	1
Availability of finance	185	2
Attitude of bank staff	142	3
Lack of awareness	122	4
Delay in processing	101	5

Source: Primary data

From the above table 5.3 shows that the problems of high rate of interest has come in the first position, Problems in availability of finance in second position, attitude of bank staff in third position, lack of awareness in fourth place and delay in processing in last place.

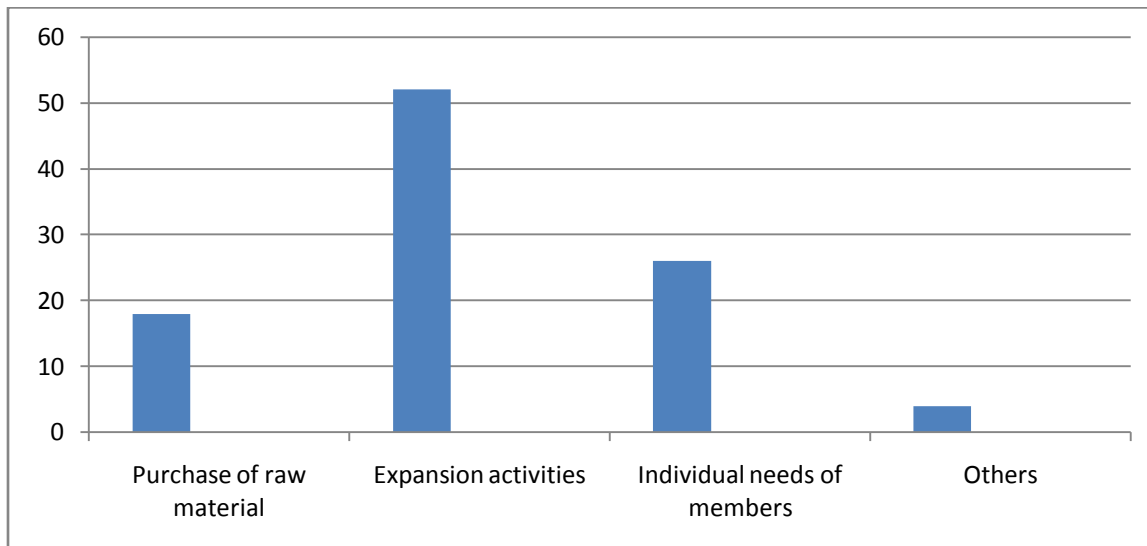


Figure 5.1

Purpose of taking loan

7. Conclusion

Microfinance has become an important tool for poverty alleviation and empowerment of women in Kerala. SHGs ensure women participation in the development of the country. A SHG is started because of unavailability of loans and other financial services to the poor people in rural areas and to eradicate by the working of an SHG. These SHGs are the financial relief for the illiterate assistance and also provide beneficial the rural people self reliant and giving a social commitment to its members. But in some rural areas there are some issues with regard to unavailability of finance, sickness of micro entrepreneurs, lack of adequate savings, difficulties in repayment, misuse of loan funds and so on. This will be the barriers to the achievement of self help groups. This can be overcome through adequate government actions and necessary funding by various agencies.

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