

MEMBERS SAVING HABITS BEFORE AND AFTER JOINING SHGs – A STUDY

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The Indian microfinance sector is dominated by two models: the self-help group (SHG)-bank linkage (SHG_BL) model and the microfinance institution (MFI) model. The SHG_BL program was introduced on a pilot basis in 1991-92 and was mainstreamed in 1996. An SHG is group of 10-20 low income women, living in the same neighborhood who come together to create a pool of savings that can be used for lending to members when the need arises. Often a voluntary agency (non-governmental organization or NGO) or a government agency act as a catalyst in the group formation process and also provide some basic training. The group meets regularly (weekly or monthly) in the same neighborhood and start saving. The monthly savings ranges between Rs. 20 and Rs. 100, depending on the capacity of the members. A savings account is opened in a nearby bank branch for depositing the amount collected. When the balances grow, the group starts giving small amounts (between Rs. 2,000- 3,000) as interest-bearing loans to individual members. The process continues; and a record is maintained by the group leader, giving the members experience in assessing individual credit-worthiness, monitoring and record keeping. The members also build up credit histories and acquire experience in keeping accounts and adhering to terms and conditions. After a few cycles of mutual savings and credit have been successfully completed, the group approaches a bank for funding. A grading system is followed, according to which banks assigns grades to SHGs based on various criteria, such as regularity of group meetings and the quality of record keeping by the group. SHGs which obtain more than the minimum score are advanced credit. The borrowing entity is the SHG, and the loan taken by it is distributed among the member's in a proportion decided by the group, taking into account each member's need and repayment capacity. Over a period of time, the NGO reduces its involvement with the group. Some NGOs though continue to meet the members of the SHG at least once a month to

monitor their performance and also provide inputs on other matters that they consider important for the socio-economic progress of the women, such as health-related information.

Poverty is the biggest challenge for a developing country like India as its development efforts focus to bring about a perceivable change in the quality of life of the people. A notable portion of our population suffers from malnutrition, unemployment, and poor health and hygiene conditions particularly, in the case of women, children and other backward sections of the society. In rural India, the high rates of illiteracy and low economic status of women trigger the need for increasing their earning by engaging in income-generating activities. In most of the developing countries greater emphasis is laid on the need for development of rural women and their active involvement in the main stream of development especially economically by providing them with more employment opportunities.

SHGs offer economic empowerment by inculcating the habit of thrift among the poor who were not supposed to have any savings in the past. They also lend money as and when need arises which help them to undertake income penetrating activities. Thus, the women enjoy economic independence when they gain power as a result of increased access to economic resources which bring gender equality and ultimately results in family well-being, the means of achieving economic empowerment are increase in their income, access to credit and ability to take decisions etc. Economic empowerment refers to earning power, collective bargaining for economic gains, control over resources viz., material or human, involvement in decision-making regarding economic aspects of development of skills in management. Economic empowerment means a process for redistribution of power between different groups in building confidence, self-assertion and courage.

Poverty Eradication: Majority of the women in rural India were below poverty line face with situations of extreme poverty and social discriminations. Macroeconomic policies and poverty eradication programmes will specially address the needs and problems of such women. There is improved implementation of programmes which particularly target the women. Thus, steps will be taken for mobilization of poor women and convergence of services by offering a range of social and economic services along with necessary support measures to enhance their capabilities.

Micro Finance : In order to enhance women's accessibility to credit and micro finance new micro finance institutions are set up and the existing micro credit organizations are strengthened. Other supportive measures would be taken to ensure adequate flow of credit through financial institutions and banks, so that all women below poverty line have easy access to credit.

Women in the Primary sector: A concerted effort is made to ensure that women in the agriculture and allied sectors, is receiving the benefits of training, extension and various programmes organized for the women beneficiaries. The programmes for training women in soil conservation, social forestry, dairy development and other occupations and allied activities like horticulture, livestock, animal husbandry, poultry, fisheries etc. will be organized to benefit women workers in the agriculture sector.

Women in the secondary sector: The major role-played by women in textiles, information technology and food processing and agro industry has been crucial to the development of these sectors. They would be given comprehensive support in terms of labour legislation, social security and other support services to participate in various industrial sectors.

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Support Services: The provision of support services for women, like child care facilities, including crèches at work places and educational institutions, homes for the aged and the disabled will be expanded and improved to create a positive environment and to ensure their full cooperation in social, political and economic life. Women-friendly personnel policies will be adopted to encourage women to participate effectively in the developmental process

Table No. 01
MEMBERS SAVING HABIT BEFORE AND AFTER JOINING SELF HELP GROUPS

Sl. No	Item	Saving Habit Before Joining Self Help Groups						Saving Habit After Joining Self Help Groups						t- test	P – value
		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	Mean Score	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	Mean Score		
1	Friends And Family	2 (1.12)	54 (30.34)	114 (64.04)	8 (4.49)	0 0	3.28	38 (21.35)	88 (49.44)	50 (28.09)	2 (1.12)	0 0	3.91	9.258	0.749003
2	Loan from group	8 (4.49)	32 (17.98)	66 (37.08)	68 (38.20)	4 (2.25)	2.84	36 (20.22)	84 (47.19)	46 (25.84)	12 (6.74)	0 0	3.81	11.414	0.599799
3	Security	0 0	26 (14.61)	62 (34.83)	68 (38.20)	22 (12.36)	2.52	62 (34.83)	50 (28.09)	38 (21.35)	26 (14.61)	2 (1.12)	3.81	9.962	0.564196
4	Regular Savings	2 (1.12)	40 (22.47)	64 (35.96)	44 (24.72)	28 (15.73)	2.69	88 (49.44)	62 (34.83)	18 (10.11)	10 (5.62)	0 0	4.28	8.189	0.601245

SAVING HABITS OF RESPONDENTS:

Every human being should save some amount out of his earnings to meet the future require requirements and also to meet the current requirements of his family. These savings may be done by the compulsions from friends and family, to get loans from Self Help Groups, to keep the as security for easy credits or the other members of the group may be encouraging them to save money. Hence the respondents from erstwhile Karimnagar District of Telangana were asked to state their opinion whether they have saving habit or not on a five point scale. The most preferred one should be rated as strongly agree and last preference by strongly disagree. The response for this question is placed in Table 01.

Friends and Family: The data in Table 1.1 relating to the saving habits due to compulsion of friends and family reveals that, 64.04 per cent of respondents neither agree nor disagree with statement followed by 30.34 per cent of respondents agree with the statement they save due to compulsion of friends and family before joining the Self Help Group. A very few respondents i.e. 1.12 per cent of the respondents agreed that they save due to compulsion of friends and family before joining Self Help Group. Whereas data pertaining to saving habit due to compulsion of friends and family after joining the Self Help group clearly indicates that 49.44 per cent agree and 21.35 per cent strongly agree that they save due to compulsion of friends and family. This shows that the saving habit of the respondents due to compulsion of friends and family has increased after joining Self Help Groups.

It is observed from the result of *t*' *test* that the calculated value (9.258) is greater than the Critical value at degrees of freedom $V = 4$ at 5 per cent level of significance and P-Value 0.749. Hence null hypothesis of no significant difference between saving habits due to compulsion of friends and family before and after joining the Self Help Group has been accepted and concluded that there is improvement in savings habits due to compulsion of friends and family after joining Self Help Groups in the opinions of respondents.

Loan from Group: The data concerning saving habits to loan from group reveals that, 38.20 per cent of respondents disagree with the statement followed by 37.08 per cent of respondents neither agree nor disagree with statement they save to taking loan from group before joining the Self Help Group. 4.49 per cent of the respondents agreed that they save to taking loan from group before joining Self Help Group. Whereas data pertaining to the saving habit to loan from group after joining the Self Help group clearly indicates that 47.19 per cent agree and 25.84 per cent neither agree nor disagree that they save to a loan from group. This shows that the saving habit of the respondents has increased after joining Self Help Groups.

It is observed from the result of *t*' *test* that the calculated value (11.414) is greater than the Critical value at degrees of freedom $V = 4$ at 5 per cent level of significance and P-Value 0.599. Hence null hypothesis of no significant difference between saving habits to take loan from group before and after joining the Self Help Group has been accepted and concluded that there is improvement in savings habits after joining Self Help Groups in the opinions of respondents.

Security to get easy credit: The data relating to the saving habits to provide them as security to get easy loan reveals that, 38.20 per cent of respondents disagree with the statement followed by 34.83 per cent of respondents neither agree nor disagree with statement they save to provide them as security to get easy loan before joining the Self Help Group. 14.61 per cent of the respondents agreed that they save to provide them as security to get easy loan before joining Self Help Group. Whereas data pertaining to saving to provide

them as security to get easy loan after joining the Self Help group clearly indicates that 34.83 per cent strongly agree followed by 28.09 per cent agree and 21.35 neither agree nor disagree that they save to provide them as security to get easy loan. This shows that the saving habit of the respondents for security purpose has increased after joining Self Help Groups.

It is observed from the result of *t' test* that the calculated value of 9.962 is greater than the Critical value at degrees of freedom $V = 4$ at 5 per cent level of significance and P-Value 0.564. Hence null hypothesis of no significant difference between saving habits to provide them as security to get easy loan before and after joining the Self Help Group has been accepted and concluded that there is improvement in savings habits to provide them as security to get easy loan after joining Self Help Groups.

Regular Savings: The data relating to the regular saving habits due to encouragement from members of the group shows that, 35.96 per cent of respondents neither agree nor disagree with statement followed by 24.72 per cent of respondents disagree with the statement they regularly save before joining the Self Help Group. 1.12 per cent of the respondents strongly agreed that they regularly save before joining Self Help Group. Whereas data pertaining to saving due to encouragement from members of the group after joining the Self Help Group clearly indicates that 49.44 per cent strongly agree followed by 34.83 per cent agree and 10.11 per cent neither agree nor disagree that they regularly. This shows that the regular saving habit of the respondents has increased after joining Self Help Groups due to encouragement from members of the group.

It is observed from the result of *t' test* that the calculated value (8.189) is greater than the Critical value at degrees of freedom $V = 4$ at 5 per cent level of significance and P-Value 0.601. Hence null hypothesis of no significant difference between regular saving habits before and after joining the Self Help Group has been accepted and concluded that there is improvement in regular savings habits after joining Self Help Groups in the opinions of respondents.

Conclusion: The above analysis gives the evidence of positive relation between saving habits improvement and membership in Self Help Group of members. The saving habits positivity leads to empowerment and quality of life in the entire family of SHG. The role of SHGs is very important in poverty elevation and improving the living standards of rural families in general and women members in particular.

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