

STUDY OF FINANCIAL STATUS OF WOMEN SHGs IN INDIA

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Abstract

In recent years micro finance became chief means of credit for rural poor, especially poor women. Micro finance is considered as an important mean to alleviate poverty. In majority of cases micro finance is extended by the Commercial Banks to the members of Self Help Group at a low transaction cost. Self Help Group which functioning as small cooperatives are running by women for women shake. In this paper an attempt is made to analyze the savings of SHGs, Bank-linkage and amount of loans outstanding with banks in aggregate vis-à-vis loans outstanding with banks under three agencies, viz., Commercial banks, Regional Rural banks, and Co-operative Banks during the study period 2017-2018.

Introduction

Villages are faced with problems related to poverty illiteracy, lack of skills health care etc. These are problems that cannot be tackled individually but can be better solved through group efforts. Today these groups known as Self help groups have become the vehicle of change for the poor and marginalized. Self-help group is a method of organizing the poor people and the marginalized to come together to solve their individual problem. The SHG method is used by the government, NGOs and others worldwide. The poor collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise. Thousands of the poor and the marginalized population in India are building their lives, their families and their society through Self help groups. The 9th five year plan of the government of India had given due recognition on the importance and the relevance of the Self-help group method to implement developmental schemes at the grassroots level.

Micro credits are small loans for women, who lack the means to be considered for loans through commercial banks. A lack of financial stability means a shortage of either surety or a stable monthly income. The idea is that individuals are able to get access to credits necessary for starting a small business and to generate income. Through increasing income the borrower can expand her enterprise and collect possessions. Access to financial services is thus argued to improve the economic situation of the poor.

In India Self Help Group Bank Linkage Program (SBLP) sponsored by National Bank of Agriculture and Rural Development (NABARD) is a successful microfinance model striving towards upliftment of poor.

The poverty alleviation effort, supported by providing credit through small cooperatives or Self Help Groups (SHGs) was introduced in India. Group lending, it was felt, could ensure a much higher level of loan repayment.

Self Help Groups are small co-operatives mostly credit co-operatives. This style of group functions initially instituted by Prof.Mohammed Yunus in Bangladesh and funded through Grameen Bank. Successful repayment of loans by poor people and meeting their varied and frequent credit needs are the pivotal of this scheme.

In India, the concept of group lending or small credit co-operatives was brought on a pilot basis through programmes like the “Development of Women and Children in Rural Areas (DWCRA)” and the “Maharashtra Rural Credit Project (MRCP)”. Seeing the success of these pilots in terms of repayment of the loans taken and participation by women, the concept was brought in, in the mainstream of poverty alleviation effort through the programme, “Swarna Jayanti Gram Swarojgar Yojana (SGSY)”, as a substitute for IRDP, the earlier poverty alleviation programme. SGSY is a poverty alleviation programme where in credit by commercial banks and subsidy by the government is provided to groups of rural poor women to undertake any economic activity. These groups can also thrift from their own funds and lend to their members. Credit for consumption purposes is allowed and so is multiple credit, allowing members to take repeated loans.

These small co-operatives, popularly known as SHGs, have now become a popular instrument world over, especially in developing countries for poverty alleviation. In India too, with a healthy repayment of loans, state governments and commercial banks are using this to meet their priority sector obligations. Microfinance in India in this form of small, women’s credit co-operatives has increased its outreach in several states.

Review of Literature

Roshni Rawat (2014) in his paper explains the role of SHGs in women empowerment by raising their socio- economic and political status in Derabassi block of Mohali (S.A.S Nagar) district in Punjab. The author has taken economic, social as well as political status of women into consideration as a tool for women empowerment. The study has been undertaken by collecting the primary data from 200 SHG members. The social impact of self-help group on women is compared with economic and political impact of self-help groups on women.

Lakhawat Saroj and Charan Shailendra Singh (2015) in their work studied the role of micro-finance through Self Help Groups (SHGs) in socioeconomic empowerment of women. The study has been carried out in Ajmer district of Rajasthan covering a sample of 75 beneficiaries, 8 SHGs, 4 villages, and 2 blocks. The authors conclude that the SHGs enabled women to aware about their rights, entitlements, taking part in various development programmes and economic activities for their substantial development. Thus, SHGs made noteworthy impact on women empowerment.

Narasimha B.C., et.al. (2016) in their research article explore the extent to which self-help groups are involved in health and also identify other possible methods to increase their involvement in health related matters. The study reveals that out of 98 women 95 were interviewed, 62.1per cent were literates, 65.26per

cent received economic help through this programme, 26.3per cent got importance in family as well as community, 21per cent had improvement in personal health, 68.4per cent of individuals self decides to seek medical care for health related issues. The authors conclude that Self-help group is a useful platform to enhance women's health through increased knowledge and awareness on health issues, and financial security during health emergencies etc. it's very active in providing income generating activities. However there is no much significant improvement in health behaviour or knowledge about health related issues.

Kanakalatha V., (2017) carried out her study with the objective of studying the effectiveness of SHGs in empowering women as well as the interest of rural women towards SHGs. Chi-square and Anova test have used to test the significance of the result and it was found that the women associated with SHGs have disclosed that have economically benefited them across the time of association with them but there is significant difference in the perception on the effect that SHGs had on various factors and socially and politically benefited by SHG across the time of association with SHG. The results of the study revealed that the SHGs have had greater impact on both economic and social aspects of the beneficiaries.

Arunkumar S., et.al. (2018) in their study made an attempt to analyze the role and performance of SHGs in promoting women's empowerment in Mettupalayam, Coimbatore district. The broad objective of their study is to analyze the operating system of SHGs for mobilization of saving, delivery of credit to the needy, management of group funds, repayment of loans, in building up leadership, establishing linkage with banks and examine the social benefits derived by the members. In order to collect and gather primary data, structured questionnaire survey methods were employed. Here the researcher has chosen 15 SHGs with 250 members. The study reveals that SHGs had set a new agenda for financial intermediation by banks in the form of micro-credit. By the formation of SHGs, credits are demanded for various purposes (domestic, health, festivals, repayment of old debts, investment, etc.). Habits of savings, economic independence, self confidence, social cohesion, asset ownership, freedom from debt, additional employment, etc. benefits are derived by the SHG members. The authors conclude that SHGs have served the cause of women empowerment, social solidarity and socio-economic betterment of the poor for their consolidation.

Results and Discussions

Self- Help Groups (SHG) were introduced in Andhra Pradesh, with the primary objective of focusing attention on the women beneficiaries of rural families living below the poverty line with a view to provide opportunities of self-employment on a sustained basis. Table 1 presents the progress made under microfinance savings of SHGs with different types of banks as on March 31, 2018.

Table 1
Progress under Microfinance - Savings of SHGs with Banks Agency-wise position as on 31 March 2018

(Amt. Rs lakh)

Name of the Agency	Total Savings of SHGs with Banks			Out of Total -Exclusive Women SHGs		Out of Total - Under NRLM/SGSY		Out of Total - Under NULM/SJSRY	
	No. of SHGs	Savings Amount	No. of Members	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount
Commercial Banks	4633712	1166422.45	57740730	3855391	1026017.11	2045509	645359.62	273235	97043.67
Regional Rural Banks	2 807744	580735.2	32380768	2393930	538187.37	1815500	358942.41	65137	31886.14
Cooperative Banks	1302981	212053.87	15469783	1140776	185581.56	322817	39101.3	86547	6149.77
Total	8744437	1959211.5	105591281	7390097	1749786	4183826	1043403.3	424919	135079.58

Source: NABARD Report on Status of Microfinance in India, 2017 – 18.

It is evident from table 1 that the lion share of SHG members savings were with the commercial banks. Among the total savings 52.99 per cent of SHGs and 59.54 per cent of SHG savings amount was with Commercial banks. The share of Regional Rural Banks in total SHGs savings stood at 32.11 per cent and total savings amount its share stood at 29.64 per cent. Among the total SHGs saving money 14.90 per cent were in the branches of cooperative banks. With regard to exclusive women groups more or less same trends were visible. With regard to NULM/ SJSRY groups the share of commercial banks further increased and stood at 64.30 per cent and 71.84 per cent in case of number of SHGs and total saving amount respectively.

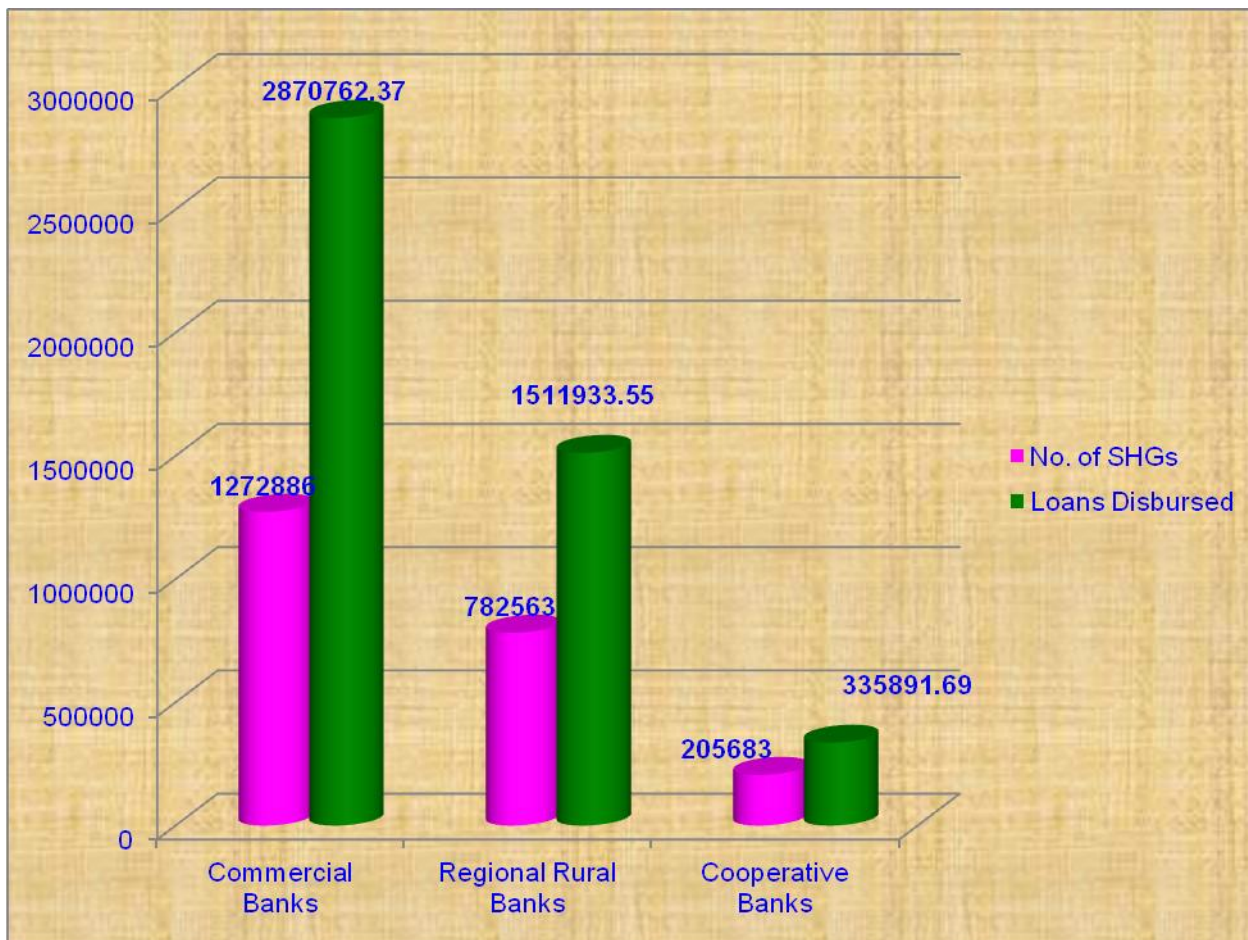
Bank Loans

Unlike previous financial interventions for economic development of the poor, the SHG – bank linkage programme aims, not only at one-time credit, but also at repeated doses of loans to poor rural women. Therefore it was important to analyze the access of SHGs to loans on a continuing basis or not. The agency wise bank-linkages of SHG is presented in figure 1.

Fig.1

Progress under Microfinance - Bank Loans disbursed to SHGs Agency-wise position during the year 2017-18

(Amt. Rs lakh)



Source: NABARD Report on Status of Microfinance in India, 2017 – 18.

It can be inferred from figure 1 that the loans extended to SHGs at national level the commercial banks playing pre-eminent role. Out of total SHGs that are linked to banks 1, 272, 886 SHGs constituting 56.29 per cent were financed by Commercial banks. With regard to loan amount disbursed to SHGs 60.84 per cent of amount was disbursed by commercial banks. The Regional Rural Banks disbursed loan amount of Rs. 1511933.6 to 782563 (34.61 per cent of total SHGs) SHGs in India. The loan amount disbursed by the Cooperative Banks is 7.12 per cent of total loan disbursed to SHGs. around 9.10 per cent of total SHGs were financed by Cooperative banks in India.

Outstanding Bank Loan

The data pertaining to bank loans outstanding against SHGs during the period from 2017-2018 has been presented in table 2.

Table

Progress under Microfinance - Bank Loans outstanding against SHGs Agency-wise position as on 31 March 2018

(Amt. Rs. lakh)

Sr. No.	Name of the Agency	Total Outstanding Bank Loans against SHGs		Out of Total -Exclusive Women SHGs		Out of Total - Under NRLM/SGSY		Out of Total - Under NULM/SJSRY	
		No. of SHGs	Loan Outstanding	No. of SHGs	Loan Outstanding	No. of SHGs	Loan Outstanding	No. of SHGs	Loan Outstanding
1	Commercial Banks	2904086	4874805.16	2593510	4475187.07	1492389	2325046.01	220826	418049.80
2	Regional Rural Banks	1658221	2273864.21	1532296	2182290.47	1158453	1362191.65	52237	99958.33
3	Cooperative Banks	458051	411175.75	423557	382695.66	141853	135291.79	17385	17054.71
	Total	5020358	7559845.12	4549363	7040173.20	2792695	3822529.45	290448	535062.84

Source: NABARD Report on Status of Microfinance in India, 2017 – 18.

It is evident from table 2 that outstanding loan of SHGs in India is high with Commercial Banks. The total outstanding loan of SHGs in India is Rs. 7,559,845, out of which Rs. 4,874,805 constituting 64.48 per cent was with Commercial Banks. An amount of Rs. 2,273,864 loans constituting 30.08 per cent were outstanding with Regional Rural Banks. The outstanding amount of SHG loan with Cooperative banks stood at Rs. 411175.8, which constitutes 5.44 per cent of total SHG loan amount in India. The total outstanding amount NULM/SJSRY groups are high with Commercial Banks.

Conclusion

The above analysis shows that the Commercial Banks have major share in procuring the saving amount of SHGs, disbursing loans and also with regard to outstanding loan amount with SHGs as on 31st March 2018. With regard to savings 59.54 per cent of SHG savings amount was with Commercial banks. Around 56.29 per cent of SHGs were financed by Commercial banks. Nearly 64.48 per cent of outstanding loans were with Commercial Banks. This can be attributed due to highest number of bank branches of commercial banks compared to other two types of banks i.e. Regional Rural Banks and Cooperative Banks..

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