

A STUDY ON THRIFT AND LENDING PERFORMANCE OF WOMEN SELF HELP GROUPS IN ATHOOR BLOCK, DINDIGUL

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Abstract

Women constitute nearly half of the rural population in India and play a vital role in Rural Economy. They expect that they are to be treated as equal partners along with the men in the development process. Women are now seen as economic actors with a particularly important role to play in the efforts to reduce poverty. It is accepted that their poverty and non access to various productive resources is related to their gender. It is necessary for programmes specially targeted for women has been emphasized. As a result of the poverty alleviation scheme, such Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self - employment (TRYSEM) and Development of Women and Children in Rural Areas (DWCRA) have been initiated. The Self Help Groups are engaged in thrift and internal lending. Rural poor women require small but regular and urgent loans where as their options are restricted to programmes designed and approved by the government which do not cater to their needs. Hence to bridge the gap between demand and supply of fund in the lower rungs of the rural economy the micro finance scheme of NABARD has made a smooth today in to the rural economy and generated self -reliance and self sufficiency in Indian rural scenario. It is also imperative to identify the problems faced by the SHG members while making their savings, with banks, and within the SHG members, and to offer solutions with the view to ameliorating the intensity of those problems. This study shows an overview of Thrift and lending performance of Women Self Help Groups in Athoor Block Dindigul.

Key Words: Women Self Help Groups, Thrift and Lending Performance, Development Programme

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Introduction:

“ The role of women in the development of Society is of utmost importance. In fact, it is the only thing that Determines whether a society is strong and harmonious, or otherwise. Women are the backbone of society.” Self Help Group (SHG) is a small voluntary association of 10-20 people either registered or unregistered preferably from the same socio-economic background. The main activity of the SHG is thrift and credit. The SHGs are then trained in different vocations and linked with the banks to start micro enterprises either in groups or individually based on their interests and viability of the vocation. In order to achieve the independent movement of Rural people, with reference to improve their socio-economic status, the self help groups have been formed.

Successful working of Women Self Help Groups in Tamil Nadu and successful implementation of social development programme such as Mahila Samakhya, some part of DWCRA and programmes under taken by NABARD and RMK for women's development and empowerment highlighted the need for a change in women's traditional roles and for organising them into small homogenous women self-help groups, training them to increase their productions skill and productivity and equipping them through skill upgradation, entrepreneurship training etc to undertake more remunerative on-farm and off-farm activities. The main characteristics of WSHGs are :-

- i. Transparency in /operations.
- ii. Revolving conflicts through collective leadership and mutual discussions
- iii. Autonomous, Non- political and no outside influence.
- iv. Improving base funds by THRIFT, INTERNAL LENDING and mobilizing external funds like loans / grants / donations, etc.
- v. Credit decision as per consensus in group meetings and credit delivery on the spot.
- vi. Mutual trust and confidence and loans to members without collateral.
- vii. Recovery through PEER PRESSURE.
- viii. Democratic financial management system.
- ix. Autonomous, Non- political and no outside influence.
- x. Capacity building among members to interact with outsiders without fear or favour.
- xi. Small, timely and need based credit delivery at the door step.

xii. Repeat loaning with impressive recovery and Involvement in social and cultural activities in the villages.

The WSHGs collect from its members a savings amount weekly (sometimes monthly). The members are advised to save small amounts everyday from their expenditures and accumulate their weekly savings. The savings are voluntary (thannarvasemippu). While the monthly savings amount has been very little at the time, the WSHG was formed, like Rs. 20 to Rs.25 per month. It has increased to Rs 40, Rs 50 or even Rs 100 a month. The savings per month amount to Rs.800/- Rs.1000/- and Rs. 2000/- respectively for 20 members. In six months time, which is the minimum time required to have the savings, WSHG can lend the savings amount available for internal lending which will be about Rs. 5000/- Rs.6000/- or Rs. 12000/- respectively.

The members are expected to involve themselves in continuous savings. Interest will be given for the amount saved. If there is any occasion to come out from the group, the member's savings will be returned with or without interest. If the outgoing members have got any loan from the group, the member will be permitted to go out of the group only when the loan is repaid. Interest on loan from the group is fixed by the group. Women Self Help Group will develop its financial sources from its own savings, banks and Non-banking financial institutions.

The Indian microfinance is dominated by Women Self Help Groups and their linkage is with banks. With the launching of NABARD's pilot scheme, gained concepts like self-reliance, self-sufficiency, and self help at its core loans under microfinance programmes are very small, in hundreds of rupees by Indian standards. Micro-finance continues to target the rural and urban households, with emphasis on women borrowers, credit follows thrift. If banks provide proper training for skill and entrepreneurship development, the WSHG members would be able to diversify in to income generating activities, thus improving their credit absorption capacity substantially.

The WSHG members do take loans from their savings to do petty economic activities. Bank loans definitely strengthen the WSHGs and their empowerment process. When getting loans by WSHGs is delayed, disillusionment sets in among the members and WSHG leaders. So loans have a place and a role. But seeing the WSHG formation, and using the WSHGs, only as potential recipients of loans take up economic activities it would be a great mistake. The vibrance of the WSHG is in its social gender empowerment dimension. The

amount borrowed under internal lending system ranges from Rs 500/- to Rs. 2000/- . A few borrowings are even more than Rs 5000/- The repayment is according to the amount borrowed, and it is generally five to ten monthly installments. The repayment capacity is assessed first before lending. The interest earned is also added to the savings amount and is lent. It is a revolving fund. The interest is used in different ways. Primarily, it is added to the savings and lent.

The group's unexpected expenses are paid from this amount. The amount is used to pay for the annual excursions the group undertakes annually. It pays for the uniforms for the group members. In respect of a few groups, the interest has been divided among the members according to the savings of the members. The activity of savings and credit makes an WSHG function as a mini bank. There are more than one hundred and twenty thousand mini banks in TamilNadu, and more are under formation every day.

Thrift and lending performance

The WSHG promotes small savings with a bank among its members. This common fund is in the name of the WSHG. All loans within the group and from the banks are given with minimum documentation and without any security. The inter loans among the WSHG's for consumption and productive purposes are small, frequent, of short duration and at low interest rates. The groups meet and save regularly, recording all the transactions in their account books. After 6 months of formation the WSHG become eligible for loan from the banks, to start new enterprise.

Review of Literature

Sen Manab, (2010)¹, in his work "Self-Help Groups and Micro Finance: An alternative socio-economic option for the poor" has undertaken a study in Noida district and has found that individual loans are mostly used for productive and consumption purposes, and the interest rate charged on individual loans are generally high to cover expenses of SHGs including the risk premium. The rate of recovery is also found to be very high, compared to the rate of recovery of formal institution system, and group development has been an instrument for change in quality of life of the poor people.

Annual Report of NABARD, (2011)², studied the impact of microfinance on the living standards of the SHG members with the objective of analyzing the betterment of household by gaining access to microfinance and to find out how for the SHG bank linkage programs has lightened the burden of life for the average member of a SHG. The study covered 223 SHGs

spread over 11 states with 560 respondents. The positive results identified by the researcher were, wholesome changes in the SHG member's standard of living, in terms of ownership of assets, increase in savings, income generating activities and income level. The study concluded that the involvement of members in the group have significantly improved their self confidence. The feeling of self worth and communication with others, improved through SHG formation. Group members were assertive in confronting social evils and problem situation, resulting in reduction of family violence.

Malaisamy, and Srinivasan, R., (2014)³, in their study “An economic appraisal of repayment and overdue position of self-help groups and PACB beneficiaries in Madurai district, Tamil Nadu”, have analyzed the repayment and transaction cost in self-help groups(SHG) in rural areas vis-à-vis the co-operatives functioning in Madurai district of Tamilnadu. The results have found that majority of the members of PACBs availing loans have been willful defaulters which has not only denied them future loans but also affected the regular repayers. This tendency has not been observed in SHGs. A comparison of overdues of SHG beneficiaries with those of co-operatives shows that the latter had a high level of overdues (Rs.4,884) per household as compared to the former (Rs.1,012). The regression analysis reveals that 53 per cent of the variation overdues as the position has been explained by debt-asset ratio, educational level of the beneficiaries and membership of SHGs due to high interest charges as compared to the co-operatives.

Sarker, Debnarayan, (2016)⁴, in their study, “ A study of SHG-NGO and SHG-Non-NGO models of rural micro financing in West Bengal”, studied the working of SHGs financed by a SHG-NGO, the Tajmahal Gram Bikash Kendra (TGBK), an agency of Rastriya Mahila Kosh in Howrab district of the state. In a comparative study of SHG-PACs model which points out that 50 per cent of the SHGs are credit linked, 92 percent of the total members are women and about 89 percent of the members belong to the Schedule Castes and Scheduled tribes. He said that micro financing of SHG-NGO model is not only more popular but productive, in terms of mobilization of savings and disbursement of credit. He suggests that there should be a change in the strategy of SHG-non-NGO model of micro financing to bridge the gap between savings-linked SHG and credit-linked SHG, and to increase the supply of credit substantially with the increase of SHGs in the state.

Statement of the problem

The Women Self Help Groups are engaged in savings and internal lending. Rural poor women require small but regular and urgent loans where as their options are restricted to programmes designed and approved by the government which do not cater to their needs. There is a need to understand the extent to which rural women are being helped by the WSHGs to face the challenges posed by the society. In a real situation, it is necessary to identify the thrift and lending performance of WSHGs, in order to know the economic status of rural poor WSHG members. It is also imperative to identify the problems faced by the WSHG members while making their savings with banks, and within the WSHG members, and to offer solutions with the view to ameliorating the intensity of those problems. This study made an attempt to study the thrift, and lending performance of women self help groups, internally and externally.

Objectives of the Study

- To study the origin and development of the Women Self Help Groups in India, in TamilNadu and in Dindigul District.
- To study the savings and lending performance of Women Self Help Groups in Athoor Block.
- To find out Problems faced by Women Self Help Groups members, while making savings, and getting loan from the Banks in Athoor.

Scope of the study

This study is made from the point of view of the SHGs regarding thrift performance internal and external lending pattern of SHGs, problem faced while making thrift, and in getting internal and external loan from banks.

Methodology

It is an empirical study based on survey method. The data have been collected both from primary and secondary sources. Primary data were collected from the Animators and Members of SHGs through interview schedule. Secondary data were collected from journals, magazines, Annual reports and websites etc.,

Sampling Design.

The present study is based on random sampling. From the Universe, 150 respondents were selected. This study has been considered to be effective to analyze the thrift and lending performance of Women Self Help Groups.

Table 1 : WSHGs linkage with banks

Name of the Bank	India	TamilNadu
Commercial Banks	5,61,061	52,433
RRBs	4,77,340	27,743
PACBs	98,759	7,953
Total	11,37,160	88,129

Source:- Co-operative Perspective, vol-38, April 2014

In TamilNadu 88,129 SHGs have linkage with banks as at the end of March 2014. The SHGs had linkage with all the three sectors namely, commercial banks, the private and public sector, the Regional Rural through the District Central Co-operative Banks of the districts. In TamilNadu out of 88,129 SHGs, 52,433 are assisted by commercial banks, 27,743 and 7,953 SHGs are assisted by RRBs and PACBs (through respective CCBs) respectively.

Table 2: Performance of WSHGs In Dindigul District

S.No	Performance of SHGs	October 2014	Upto 2015
1	Registered NGOs	19	19
2	Total SHGs Formed	89	5258
3	Total members	1180	9308
4	Total SC and ST Groups	6	1738
5	Total SC and ST Groups	102	27007
6	Eligible groups for getting loans	44	4425
7	Unregistered NGOs	734	800
	Total numbers	10910	12000

Source: Dindigul District, MahalirThittam, Annual Report 2014-15

It should be noted that more than 80 per cent of WSHGs are established in rural areas and another 20 per cent are established in both urban and semi urban areas. The NGOs and Government should take necessary steps to establish more WSHGs in urban and town areas.

Table 3 : Problems in Getting Back the Savings From Bank

S.No	Problems	No. of respondents	Percentage (%)
1	Irresponsibility of bank officials	15	10
2	Lengthy banking procedures	30	20

3	Taking more time in banks	30	20
4	Objection by the bank official for getting back	75	50
	Total	150	100

Source :Primary Data

Table 3 shows that half of the respondents (50 per cent) opined that the bank officials object to the WSHGs while getting back their savings, because most of the WSHGs members are below poverty line (BPL) and they are in difficult position to save even a minimum amount in a month. Thus the bank officials refuse to give back their savings. 20 percent of the respondents faced the problems of lengthy banking procedures and taking more time in banks respectively. The main reason is that most of the WSHGs want to withdraw the amount immediately after they deposit the same money. Groups come to the banks at a time as a gang which may lead to inconvenience to the bank employees. These situations may lead to the WSHG members to get back their savings from the Bank.

Table 4 : Reasons for Joining As Self Help Group Member

Statement	No. of Respondents	Percentage
Abolishment of Kandhuvati	30	20
Able to meet emergency expenses	12	8
Not able to save from within their savings	24	16
Due to Poverty	84	56
Total	150	100

Source:- Primary Data

The above table shows that , out of 150 respondents, 8 per cent of respondents opined that they are able to met emergency expenses. And 56 per cent of respondents opined that due to poverty, they have become members of Self Help Groups. It is clear that a person may not only have a single reason, but may have varied reasons to be an SHG member.

Table 5 : Thrift performance of Self Help Groups

Duration	No. of Respondents	Percentage
Monthly	108	72
Weekly	42	28
Daily	-	-
Total	150	100

Source:- Primary Data

From the above table it is clear that nearly three-fourth of the respondents have monthly thrift performance, whereas, 28 per cent follow the weekly savings pattern. Most of the respondents prefer monthly thrift, since it will be a convenient one for them to save. But at the same time the members should be encouraged to have weekly savings in order to avoid unnecessary expenses by them.

Table 6 : Amount of Savings made by SHG Members

Amount of Savings	No. of Respondents	Percentage
Below Rs. 5,000	27	18
Rs. 5,000 – Rs. 10,000	30	20
Rs. 10,000 – Rs. 15,000	45	30
Above Rs. 15,000	48	32
Total	150	100

Source:- Primary Data

The above table depicts that majority of the respondents (32 per cent) have saved earlier. 30 per cent of the respondents are able to save from Rs 5,000 to Rs. 10,000 and 18 per cent of the respondents are coming under below Rs. 5,000.

Table 7 : Purpose of Internal Lending to SHG Members

Purposes	No. of Respondents	Percentage
To meet family expenses	20	13.33
To relieve from individual credit burden	60	40
To do business	33	22
To do agricultural activities	17	11.34
To do industrial activities	20	13.33
Total	150	100

Source:- Primary Data

The above table shows that, out of 150 respondents 60 respondents (40 per cent) were getting relieve from individual credit burden and 17 respondents(11.34 per cent) were to do agricultural activities. From that we can clear those other purposes also.

Table 8 : Opinions Regarding Benefits of SHGs

Levels of respondents	No. of Respondents	Percentage
Highly Satisfied	27	18
Averagely Satisfied	51	34
Not Satisfied	72	48
Total	150	100

Source:- Primary Data

It is clear that only 18 per cent of the respondents fall in the category of Highly Satisfied and 34 per cent of respondents fall in the Averagely Satisfied category and the remaining 48 percent of the respondents fall under Not Satisfied category.

Chi – Square Test

Chi-square is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis. The chi-square test is always testing what scientists call the null hypothesis, which states that there is no significant difference between the expected and observed result (Kothari, C. R. 2002).

$$\text{Chi – Square Test} = \frac{(O - E)^2}{E}$$

E

H_0 – There is no significant relationship between Banks and Savings pattern of SHGs.

Chi – Square Test of association between Thrift Performance and Linkage with banks

	Savings patter(Monthly)	Savings pattern (Weekly)	Total
Private Bank	12	108	120
Government Bank	138	42	180
Total	150	150	300

$$\text{Degrees of freedom} = (C-1)(R-1)$$

$$= (2-1)(2-1) = 1$$

Table Value of Chi – Square for 1 degree of freedom at 5% level of significance is 3.841. The Calculated value is more than the table value. Therefore the null Hypothesis is rejected and hence we can conclude that there is Significant relationship between thrift performance and linkage with banks.

Findings :

- In TamilNadu out of 56,129 SHGs, 52,433 are assisted by commercial banks, 27,743 and 7,953 SHGs are assisted by RRBs and PACBs respectively.
- It should be noted that more than 80 per cent of WSHGs are established in rural areas and 20 per cent are established in both urban and semi urban areas.
- Table 3 shows that half of the respondents (50 per cent) opined that the bank officials object to the WSHGs while getting back their savings, because most of the WSHGs members are below poverty line (BPL) and they are in difficult position to save even a minimum amount in a month.

- It is depicted that out of 150 respondents, 8 percent of respondents opinioned that they are able to meet emergency expenses. And 56 percent of respondents opinioned that due to poverty, they have become members of Self Help Groups.
- It is clear that nearly three-fourth of the respondents have been following monthly saving pattern, whereas, 28 per cent follow the weekly savings pattern.
- It shows that majority of the respondents (32 percent) have saved earlier under above Rs. 15,000 and 18 per cent of the respondents are coming under below Rs. 5,000.
- Out of 150 respondents 60 respondents (40 per cent) were getting relieve from individual credit burden and 17 respondents(11.34 per cent) were to do agricultural activities.
- It is clear that only 18 percent of the respondents fall in the category of High level and 34 percent of respondents fall in the medium level category and the remaining 48 percent of the respondents fall under Low level category.
- The null Hypothesis is rejected and hence we can conclude that there is significant relationship between thrift performance and linkage with banks.

Conclusion:

The well to do or wealthy persons should come forward to donate enough funds to SHGs to strengthen their equity fund. This will help them not only to meet their emergency expenses but also to start their own ventures. Thus they may become small entrepreneurs. “Unity is Strength” the SHG members should have Co-operation among them. Out of 150 respondents 52 per cent of the respondents are satisfied by deriving the benefits through Self Help Groups. Most of the respondents (72 per cent) thrift their fund on monthly basis. This will enable them to raise their life at high standard level.

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Web Sites

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