



CRITICAL ANALYSIS OF MICROFINANCING SCHEME OF SHG WITH SPECIAL REFERENCE TO NAGPUR CITY

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ABSTRACT

In India 70% of its population lives in rural area and 60% depend on agriculture sector (according to the World Bank reports), in the current scenario it is analyze that the Agriculture sector is facing various problems & challenges. To remove such problems & challenges Micro-finance plays an important role to create better opportunity to small venture and to remove the poverty. Microfinance is an effective tool for generating employment and create new opportunity it also provide various financial service such as deposits, loans, payment services, money transfers, insurance, savings, micro-credit etc. to the low and poor individual income. There are various model and approaches that characterize the microfinance sector in India the one of them is Self Help Groups (SHGs). In India Noble laureate Mohammad Yunus pioneered it as Self Help Groups (SHGs) in 1970s. In this paper a critical analysis of Micro financing scheme of SHG has been done by taking examples of impact evaluation studies and an empirical case study of SHG.

Key words: SHG, Microfinance, Poverty

INTRODUCTION

With the emergence Microfinance, a wave of progress was imagined in the world with which low-income households will be having permanent access to a range of good quality financial services to finance their income generating activities, to build assets, to stabilize consumption and to protect against risks. Services of microfinance include savings, credit, insurance, and

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money transfers. It allows social development of unprivileged people by protecting, diversifying, and increasing their sources for income by bringing them out of hunger and poverty. The ability to borrow a small amount of money to take advantage for income generating activity, to pay for school fees, or to bridge a cash-flow gap can be a first step in breaking the circle of poverty. (KAUR, 2012)

Self Help Group Model

A self-help group consists of 10-20 members drawn from a relatively homogeneous economic class (i.e. poor), selected on the basis existing affinities and mutual trust; members meet regularly at a fixed time and place and pool their savings into a common fund from which they take need based loans. The group develops its own rules and regulations and sanctions for violations; the meeting procedures and processes, leadership change norms, intensive training and handholding, are designed to enable SHGs to function in a participatory and democratic manner. The objectives of the SHGs go beyond thrift and credit and include the overall development of members in the social, political, cultural and economic arena; thus the SHGs are 'credit plus' institutions (Fernandez, 1998). SHG has emerged as the 'Indian model of microfinance'. It is so popular in India that government programmes have SHG as the core of their strategy. (Sindhav, 2017)

1. Aim of the Study

This study aims to look into the problems & prospects of SHG members in the Nagpur City.

2. Research Objectives

The specific objectives of the study are following:

1. To analyze the personal profile of the members of SHG.
2. To study the reason behind the Joining of SHG.

3. Hypotheses of the Study

H1. Microfinance leads to economic empowerment of members before and after joining SHG.

H2. Microfinance helps in promoting entrepreneurship and leadership qualities among the beneficiaries before and after joining SHG.

H3: "There is no significant change in the social empowerment of women members before and after joining the SHG.

4. Review of Literature

1. Kondal's (2014): Paper confines itself to study women empowerment through SHGs in Andhra Pradesh. In the study simple statistical tools are adopted. Based on the analysis of women empowerment through SHGs in Gajwel, the major finding of the study is that there is a positive impact of SHGs on women empowerment in Gajwel Mandal of Medak District in Andhra Pradesh.

2. Dhaiya et al. (2014): In their study attempt to evaluate the level of women's economic empowerment through SHG i.e., income, expenditure and saving of the member after joining SHG. The study was conducted in Sirsa district. The study is based mainly on primary data collected through well-structured scheduled and pre tested survey. For analysis of the study average and percentage method was used. The study revealed that SHGs positively improved the economic empowerment of women because of in both blocks the SHGs member's income has increased after joining the SHGs and the family expenditure of SHGs members has also increased in both blocks due to positive change in the SHG member's income.

3. Kumar Vipin (2015) study concluded that the SHG's and MFI's are playing a vital role in delivery of microfinance services which leads development of poor and low income people in India. However, slow progress of graduation of SHG members, poor quality of group functioning, dropout of members from groups etc., have also been reported various study findings in different parts of the country, which need to be taken into account while designing the road map for the next phase of the SHG programme. (MOHD, 2018)

4. Selvakumar (2015): Studied women empowerment through self-help groups in Krishnagiri district of Tamil Nadu. The information required for the study has been collected from both the primary and secondary sources A multistage random sampling method has been followed. Average and percentage analysis was carried out to draw meaningful interpretation of the results. Garret ranking technique was used to find the reasons for joining the Self-help group. Factor analysis was used to measure and determine the relationship between the observed variables. The results of the study revealed that the SHGs have had greater impact on both economic and social aspects of the beneficiaries.

5. Research Methodology

The proposed study is on Self Help Groups has been choosing through Survey Method of 100 Respondents. This study has sample based study, the universe or a population is Nagpur City. The primary data have been collected by the well-structured questionnaire, interview and observation, some data which have been necessary, collected from secondary sources and pertinent literature have been compiled, analyzed and review accordingly.

6. DATA ANALYSIS:

Table 1: Age of the Self- help Group Members

Sl. No	Age	No Of Members	Percentage
1	18-30	25	25%
2	31-40	45	45%
3	41-50	20	20%
4	ABOVE 50	10	10%
TOTAL		100	

Table: 1 Shows the Age of the self Help Group out of all 100 respondents 25% of them have a place with the age of 18-30 years, 45% are 31 to 40 years of age, 20% of them have a place with age group of over 41-50 years and staying 10 % of them have a place with age of over 50 years. Mainly the respondent falls under the age group of 31 to 40 years.

Table 2: Literacy Levels of the Self-Help Group Members

Sl. No	Literacy Level	No of Members	Percentage
1	Illiterate	25	25
2	Primary education	65	65
3	Secondary level	10	10
Total		100	100

Table 2., show that 25% Members are Illiterate, 65% Members are Primary education, 10% members are educated up to secondary level and only. To finish up education level of the SHG Members is exceptionally low.

Table 3: Issues & Problems of SHG Members

Sl. No	Issues & Problems	No of Members	Percentage
1	Problems of Marketing	14	14%
2	Problems of Finance	43	43%
3	Problems relating to Raw material	15	15%
4	Problems on political interference	20	20%
5	Other problems	8	8%
Total		100	100

Table 3. Show the issues & problems facing by SHG Members 14% Members facing the problems of marketing due to the level of illiteracy. 43% Members facing the finance problem because of lack of help and lack of co-operative behavior of brokers. 15% Members facing problems relating to raw material. 20% Members facing issue on political interference and 8% members facing other problems, it means that majority of the members facing the problems of Finance.

Table 4: Reason to join SHG

Sl. No	Reasons	No of Members	Percentage
1	Self-employment	25	25%
2	To increase income	15	15%
3	To take loan	15	15%
4	To improve standard of living	42	42%
5	Others	3	3%
Total		100	100

Table 4 shows the reason to join SHG membership out of 100 respondents 25% Members join SHG for self-employment. 15% join to increase income, 15% join to take loan, 42% Members join SHG to improve their standard of living and 3% members have other reason. It means that majority of the members have join SHG only to improve their Standard of Living because their current income is not sufficient for better standard of living so they use SHG for such purpose.

H1:- “Microfinance leads to economic empowerment of members before and after joining SHG”

Economic parameters	Before joining SHG		After joining SHG	
	No.	Mean	No.	Mean
Level of Demand	42	0.42	78	0.78
Level of Income	40	0.40	70	0.70
Saving	22	0.22	56	0.56
Growth in Asset	10	0.10	40	0.40
Cash balance	18	0.18	38	0.38

Source: primary data collection

The calculation of t test at a significant level of 0.05 % is 2.9658. This value is more than table value of 0.5. Thus it is concluded that Microfinance leads to economic empowerment of members before & after joining SHG.

H2. “Microfinance helps in promoting entrepreneurship and leadership qualities among the beneficiaries before and after joining SHG”.

Entrepreneurship & leadership Parameters	Before joining SHG		After joining SHG	
	No.	Mean	No.	Mean
Self Confidence	20	0.20	56	0.56
Involvement in decision making	28	0.28	68	0.68
Communication Skills	20	0.20	42	0.42
Risk taking	18	0.18	20	0.20
Future oriented	24	0.24	24	0.24
Profit Oriented	28	0.28	32	0.32
Persistent	36	0.36	34	0.34
Hard work	42	0.42	62	0.62

Source: Primary Data Collection

The calculation of t test at a significant level of 0.05 % is 2.588640. This value is more than table value of 0.5. Thus it is concluded that Microfinance helps in promoting entrepreneurship and leadership qualities among the beneficiaries before and after joining SHG.

H3: “There is no significant change in the social empowerment of women members before and after joining the SHG

Social parameters	Before joining SHG		After joining SHG	
	No.	Mean	No.	Mean
Communication with outsiders	56	0.56	76	0.76
Importance of Opinion in society	22	0.22	18	0.18
Increase in social status	20	0.20	20	0.20
Able to do self-shopping	18	0.18	20	0.20
Permission to go outside	20	0.20	20	0.20
Celebration of festivals	24	0.24	40	0.40
Access to medical facilities	36	0.36	48	0.48
Access to water facilities	28	0.28	40	0.40
Access to sanitation facilities	34	0.34	62	0.62

Source:- primary data collection

The calculation of t test at a significant level of 0.05 % is 2.664186. This value is more than table value of 0.5. Hence a null hypothesis is rejected. Thus it is concluded that there is significant change in the social empowerment of women members before and after joining the SHG.

FINDING:

The members of self-help group has joined SHG only to improve their standard of living because their current income is not sufficient for better standard of living so they use SHG for such purpose also use SHG to satisfy their day to day need and wants or to increase their income and saving. Through the analysis of primary data it can be said that their cash balance has increased. Some of them have increased asset also. But the problem is that they have taken loan from SHG for unproductive purpose and so that the objectives of Microfinance may not fulfilled. Majority of the respondents are belonging to Primary education and they don't have proper skill and knowledge so it is necessary to provide proper training & programme by Bank officials. The members of SHG also facing various issues and problem which are related to marketing, Finance, raw material & political interference but the majority of respondents facing the problems of Finance as per the communication with beneficiaries they said that the Fund of SHG is not sufficient for the growth of business and so members of SHG have use another unproductive source of finance which is highly rate of interest. Many respondents have agreed that their SHG lack the administration and its policy is not transparent.

CONCLUSION:

Self Help groups as per the research are successful in Nagpur City especially among women. These programs have uplifted the woman economically and socially in the society. Women are an integral part of the economic development of the country therefore the government should give equal importance to the women contributors and their well-being in the society.

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