

REACTIONS OF SHG MEMBERS TOWARDS FUNCTIONING OF SELF HELP GROUPS

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ABSTRACT

In India, NABARD initiated SHGs in 1986-87. In Punjab too, the concept of SHG is gaining huge popularity, of late. The present study was focused on studying the reactions of SHG members regarding the advantages of SHGs, problems faced by them and to measure the perception of SHG members about factors contributing to their group success. The study represented all the 17 districts of Punjab. Multistage random sampling technique was used to select 222 SHGs and 888 SHG members from 74 blocks selected randomly out of total 140 blocks. The majority of the respondents indicated that SHGs had helped them in improving their economic status and improving their saving habits. Higher percentage (approx. 80 percent) of respondents faced the problem of 'lack of incentive for regular repayment' followed by 'lack of confidence in elected leaders'. Further, nearly 80 percent of respondents remarked that good leadership and more number of trainings were the important factors that lead to group success. The empirical data revealed that majority of members were sharing credit equally among themselves. Therefore, they should be trained to use credit for the purpose of meeting emergencies and exigencies of needy members.

INTRODUCTION

Self Help Group is a small voluntary association of poor people, preferably from the same socio economic background. They come together for the purpose of solving their common problems through self and mutual help. Usually the number of members in one SHG does not exceed twenty. The concept of self help groups (SHGs) gained significance, especially after 1976 when Professor Mohammed Yunus of Bangladesh began experimenting with micro credit and women SHGs. In India, NABARD initiated SHGs in the year 1986-87. But the real impact was witnessed after 1991-92 with the linkage of SHGs with banks.

SHGs which are also called thrift and credit groups not only provide the members with an opportunity to mobilize tiny savings and access to timely credit but lend a forum to discuss and analyze social and economic situation to arrive at the root causes of their problems and strive to find and implement situations. Since majority of these groups are that of women they provide a forum to

them to raise their collective voice against common oppression and exploitation, to understand individual and common problems and improve their skills and capacities to manage resources.

Also, they enhance the equality of women as participants, decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life (Jain, 2003).

The basic principles of the SHGs are group approach, mutual trust, group cohesiveness, spirit of thrift, demand based lending, collateral free loan, peer group pressure in repayment, skill training, capacity building and empowerment.

In Punjab, the formation of SHGs was slow to come about initially but has now gained huge popularity over the last decade. So, the present study was attempted to study the reactions of members towards advantages of SHGs, to explore the problems faced by SHG members in its functioning, and to study the perception of SHG members regarding factors contributing to group success.

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RESEARCH METHODOLOGY

The present study based on survey research design covered all the 17 districts of Punjab. It adopted multistage random sampling technique. In the first instance, out of total 140 blocks representing all the 17 districts, 50 percent of the blocks from each district were randomly selected. To make a discrete number, odd number of blocks in each district was rounded off to the next number. Thus, 74 blocks got selected eventually instead of 70. At the second stage, three credit linked SHGs from each selected block were so chosen at random that they represented different institutions i.e. NGOs, GOs and Banks that promoted them. Thus, number of selected SHGs was calculated to be 222 (74 x 3 = 222). Out of these 222 SHGs; seven were NGO promoted self help group (NGOPSHGs), 36 were bank promoted self help group (BPSHG) and 179 were those promoted by Government organizations (GOPSHGs). Four SHG members from each SHG were selected randomly which comprised a sample of 888 SHG members (222 x 4 = 888). The data were collected through interview schedule from SHG members. Checklist and rating scales were used for studying the advantages of SHGs, factors contributing for success of the group and problems faced by SHG members regarding the functioning of SHGs. Data were analyzed by using appropriate

statistical procedures such as frequencies, percentages and Z-tests.

RESULTS AND DISCUSSION

Members reaction towards advantages of SHGs

Data in Table 1 depict the reaction of members towards the advantages that accrue from the membership of SHGs. Majority of the respondents irrespective of the group affiliation expressed their opinion that SHGs helped them in improving their economic status. It was also reported by cent per cent respondents that formation of SHGs had resulted in improving their saving habits. Other major advantage that was reported by 85.71 per cent NGOPSHGs, 78.91 per cent GOPSHGs and 80.56 per cent BPSHG was extrication from the clutches of money lenders who charged higher rate of interest from them. However, significant institution wise differences were found in availing advantages especially that of availing loan from bank. This was found true of members belonging to BPSHG who could easily avail loan facility as is evident from data in Table 1. It was obvious that since banks themselves were promoting these SHGs they did not create any problem for them whereas, in case of GOPSHGs the access to credit was not that simple and the procedure was found to be tedious.

Table 1. Members reactions towards advantages of SHGs

Indicator	Type of promoting institution			z-value		
	NGOPSHGs (n ₁ = 28)	GOPSHGs (n ₂ = 716)	BPSHG (n ₃ = 144)	NGO/GO	NGO/ Bank	GO/Bank
It helps to improve my economic status	21 (75.00)	583 (81.42)	118 (81.94)	0.85	0.85	0.15
It Improves my social recognition	22 (78.57)	487 (68.01)	102 (70.83)	1.18	0.84	0.66
I can avail loan easily	10 (35.71)	236 (32.96)	76 (52.76)	0.30	2.65***	4.51**
Savings in bank/groups are used in emergency	23 (82.14)	565 (78.91)	116 (80.56)	0.41	0.20	0.44
It reduce our dependency on money lenders	24 (85.71)	630 (87.98)	130 (90.27)	0.36	0.72	0.78
It helps in protesting against gambling/drinking	5 (17.86)	145 (20.75)	18 (12.5)	0.31	0.76	1.17**
It increase saving	2 (7.14)	716 (100)	144 (100)	0	0	0

Figure in parentheses indicate percentages, *** Significant at 1% level of significance, ** Significant at 5% level of significance

Further the data revealed that nearly 80 per cent of the respondents felt that savings of the group could prove to be useful during emergencies. Another advantage that nearly 18 per cent of SHG members reported was that of collective group power and action due to which women had been successful in protesting against few cases of gambling and drinking in the village.

The findings corroborated with those of Kumaran (2002) who reported that 95.7 per cent of the respondents admitted that SHG membership 'promoted saving habits' and 92.2 per cent felt that it free make them from debt.

Problems faced by SHG members concerning functioning of group:

Data in Table 2 reveal that a considerably high

percentage (of approximately 80 per cent) of respondents faced the problem of 'lack of incentive of regular repayment'. Further, 'lack of confidence' in elected leaders was reported by 67.86 per cent NGOPSHG, 72.76 per cent GOPSHG and 68.50 per cent BPSHG members.

Regarding 'lack of guidance and support from the promoting agency' significant institution-wise differences were found. Only 10.21 per cent of respondents from NGO promoted SHGs reported this as a problem whereas 64.94 per cent of respondents from GO promoted SHGs and 45.83 per cent of Bank promoted SHGs reported this as a problem. It can therefore be inferred that NGOPSHGs were regularly receiving guidance whereas GOPSHGs and BPSHG were not that regular in providing guidance.

Table 2. Problems faced by SHG members in functioning of SHGs

Problems	Type of promoting institution			z-value		
	NGOPSHGs (n ₁ = 28)	GOPSHGs (n ₂ = 716)	BPSHG (n ₃ = 144)	NGO/GO	NGO/ Bank	GO/ Bank
Lack of confidence in elected leaders	19 (67.86)	521 (72.76)	98 (68.5)	0.57	0.02	1.15
Improper utilization of funds by leaders	9 (32.14)	377 (52.65)	64 (44.44)	2.13**	1.21	1.80
Inequity in issuing loans	16 (57.14)	441 (61.59)	85 (59.3)	0.47	0.19	0.58
lack of incentives for regular repayment	22 (78.57)	576 (80.45)	118 (81.94)	0.25	0.42	0.42
Lack of guidance and support from the promoting agency	3 (10.71)	465 (64.94)	66 (45.83)	5.83***	3.47***	4.31***
Duration of meeting is too long	12 (42.86)	288 (40.22)	62 (43.5)	0.28	0.02	0.63
Misunderstanding among group members	17 (60.71)	429 (59.92)	83 (57.63)	0.08	0.30	0.51
Pressure from the family to go for a loan	19 (67.86)	116 (80.56)	116 (80.56)	2.55**	1.50	1.49
Information about transaction not shared with members	13 (46.42)	514 (71.79)	89 (61.80)	5.53***	1.51	2.39
Lack of support from family members to join SHG activities	10 (35.71)	286 (39.94)	52 (36.11)	0.45	0.04	0.86

Multiple response (Figure in parentheses indicate percentages), *** Significant at 1% level of significance, ** Significant at 5% level of significance

Further, 32.14 per cent NGOPSHG, 52.65 per cent GOPSHG and 44.44 per cent of BPSHG reported the 'improper utilization of funds by group leader'

and 'duration of meeting being too long' as problems.

Table further suggests that nearly 60 per cent

of the respondents reported 'inequity in issuing loans' among the SHG members as a problem. Information about transactions not shared with members was a problem faced by 71.79 per cent of respondents from GOPSHGs, 61.80 per cent of respondents from BPSHG and comparatively lower percentage (46.42) of respondents from NGOPSHGs. Z-value was found to be significant in case of NGO/ GOPSHGs and Bank/GOPSHGs. Besides, about 37 per cent of respondents also reported 'lack of support from family members to join SHG activities' as their problem.

Members perceptions about factors contributing to group success

Table 3 illustrates the member's perceptions on factors behind group success. These factors were categorized into external and internal factors. It was brought out that the role of promoting agency was not confined to mere mobilization of rural women folk. The promoting agency was also expected to inculcate in them a spirit of self help and mutual help and a profound understanding of the mission and goals of the SHGs.

Findings revealed that about 67.885 per cent of the respondents from NGOPSHGs groups reported that support from bank in opening bank account and availing loan was among the external

factors which contributed towards the group success. Nearly 76 per cent of respondents from GOPSHGs and 60.42 per cent from BPSHG shared this perception. Also, 'guidance from promoting agency' was also cited as major factor contributing to group success by 57.14, 61.87 and 63.19 per cent of respondents from NGOPSHs and BPSHG, respectively.

Table further indicates that while considering the internal factors contributing to group's success, group wise variation was not observed. Nearly 80 per cent of respondents remarked that effective leadership and more number of trainings were the most important factors that lead to group success. However, about 70 per cent of the respondents also reported that co-operation among group members' and 'transparency in transactions' were essential success related factors leading to smooth functioning of SHGs. Optimum size of the group was also considered as one of the factors leading to group success by nearly 50 per cent of the respondents.

Findings of the study are in track with those of Anand (2002) who pointed out that co-operation among members, good leadership and transparency in decision making were essential for smooth functioning and sustainability of SHGs.

Table 3. Members perception about factors contribution to group success

Factor contributing to group success	Type of promoting institution z-value					
	NGOPSHGs (n ₁ = 28)	GOPSHGs (n ₂ = 716)	BPSHG (n ₃ = 144)	NGO/GO	NGO/ Bank	GO/ Bank
External factor						
Guidance from promoting agency	16 (57.14)	443 (61.87)	91 (63.19)	0.51	0.60	0.30
Support from bank	19 (67.85)	544 (75.97)	87 (60.42)	0.98	0.74	3.86***
Flexibility in loan	8 (28.57)	207 (28.91)	46 (31.94)	0.04	0.35	0.73
Internal factors						
Good leadership	21 (75.00)	587 (81.98)	109 (75.69)	0.94	0.08	1.75
Co-operation among group members	17 (60.71)	501 (69.97)	102 (70.83)	1.05	1.06	0.21
Homogeneity among group members	7 (25.00)	214 (29.89)	38 (26.93)	0.56	0.15	0.84
Optimum size of group	14 (50.00)	393 (54.88)	80 (55.55)	0.51	0.54	0.15
Transparency in transactions	18 (64.28)	515 (71.92)	93 (64.58)	0.88	0.03	1.77
Regularity in conducting	10 (35.71)	202 (28.21)	46 (31.94)	0.86	0.39	0.90
More number of trainings	22 (78.57)	579 (80.86)	119 (82.64)	0.30	0.51	0.50

Figure in parentheses indicate percentages, *** Significant at 1% level of significance, ** Significant at 5% level of significance

CONCLUSION

The result of the study proved that formation of SHGs had helped women in improving

their economic status and saving habits. Regarding the problems faced by them, it was reported that lack of incentive for regular repayments and lack of

transparency in transaction were identified as major problems by SHG members and difficulties in establishing linkages between SHGs and banks still persist. So, NABARD should take steps to eliminate harassment caused to the SHG leaders at the time of bank linkage. Besides, SHGs require proper guidance and regular visits by the promoters i.e. GOs, NGOs and Banks for achieving cohesiveness and smooth functioning SHG activities is most vehemently expressed concern.

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