

MAJOR PORTFOLIOS AND CONSTRAINTS IN MICROFINANCE THROUGH RRB'S IN UDAIPUR DISTRICT OF RAJASTHAN

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ABSTRACT

The present study pertains to Udaipur district of Rajasthan. Mewar Aanchalic Gramin Bank (MAGB), Udaipur which is the Regional Rural Bank for the district was purposely selected. On the basis of maximum number of branches of MAGB in two tehsil were selected. Two Self Help Groups (SHGs) were randomly selected from the each branch (six) of MAGB. Total 12 SHGs were selected and from each SHGs, 5 member beneficiaries were selected for the investigation. Thus, total 60 member beneficiaries were finally selected from branches of MAGB. Both primary and secondary data were collected and tabular analysis was done. The portfolio of lending by Mewar Aanchalic Gramin Bank (RRB) in the selected branch to the SHG was found in five major categories which were agriculture, manufacturing, personal needs, petty business and others. The highest share was observed in agriculture by all branches (about 57 per cent) as it was the priority sector in the study area. The most acute problem observed by beneficiaries towards microfinance was the lack of time to participate in all the activities of the SHGs. That highest Garrett's score i.e. this can be stated because less number of people who were monitoring the SHGs.

INTRODUCTION

India is known as country of villages. About 70 per cent of the population resides in villages. Though the task of rural development is gigantic it is necessary to develop rural sector in a sustainable manner. The development of rural economy has been accepted as an integral aspect of the main strategies in the five year plans. Agriculture, contributes 13.9 per cent to the GDP in the year 2010-11 (Economic Survey 2012) and it also provide raw materials to agro-based industries like cotton textiles, jute textiles, sugar, edible oils etc.

Poor people are unable to meet their basic needs for food, clothing, shelter and minimum health care. Since 1947, the absolute number of poor has doubled despite the significant growth in agricultural production and employment over the past six decades of development planning. Rural poverty continues to pose the greatest challenge in India. "Our Objective is to ensure that we can come back to higher growth not for one or two years but on a sustainable basis for 7-10 years till we come out of poverty and back-

wardness" (Mukhrejee, 2010).

Thus, microfinance is defined as the provision of thrift, credit and other financial services such as money transfer and micro insurance products for the poor to enable them to raise their income levels and improve their living standards (Karmakar, 2008). Microfinance is a successful tool for eradicating poverty in India. Microfinance has made tremendous strides in India. It has become a household name, in view of the variety of benefits reaped by the poor from microfinance services. Self-Help Groups (SHGs) have become the common vehicle of development process, covering all development programmes. SHG-Bank Linkage Programme launched by NABARD way back in 1992 synthesizing formal financial system and informal sector has become a movement throughout the country. It is considered as the largest microfinance programme in terms of outreach in the world and many other countries are keen to replicate this model. At present, a large number of Self-Help Promoting Institutions (SHPIs), all the banking agencies and Microfinance Institutions

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(MFIs) are pursuing this programme for upliftment of the poor.

In Rajasthan, micro finance is almost synonymous with Self Help Groups. Approximately 3,60,689 SHGs were found up to March, 2010 out of which 1.5 lakh SHGs were of women. Department of women and child development has promoted about 50 per cent of these groups. Other government departments under developmental schemes like SGSY, Watershed Development etc, have organized another 20-25 per cent groups. (Singh and Bhargava, 2010).

This is the right as well as crucial period to have a close look on the performance of micro finance in the state of Rajasthan. Keeping in view above the facts, present research study was undertaken to study the major portfolios and constraints in microfinance through RRB's in Udaipur district of Rajasthan.

RESEARCH METHODOLOGY

The present study pertains to Udaipur district of Rajasthan. Mewar Aanchalic Gramin Bank, Udaipur which is the Regional Rural Bank for the district was purposely selected. Udaipur district consists of ten tehsils out of which two tehsils viz., Girwa and Mavli were selected purposely on the basis of maximum number of branches of Mewar Aanchalic Gramin Bank (RRB). Thus, the total branches of Mewar Aanchalic Gramin Bank (RRB) were namely Debari Kanpur, Sakroda, Mavli, Fetahnagar and Intali. Two Self Help Groups (SHGs) were randomly selected from the each branch of Mewar Aanchalic Gramin Bank of selected tehsils. Total 12 SHGs were randomly selected and from each SHGs, 5 member beneficiaries were also randomly selected for the research investigation. Thus, total 60 member beneficiaries were finally selected from branches of Mewar Aanchalic Gramin Bank (RRB). Both primary and secondary data were collected and tabular analysis was done.

Garrett's Ranking Technique

Garrett's ranking technique was followed to analyse the constraints perceived by the member beneficiaries. The micro finance member beneficiaries were asked to rank the factors that limit the performance of microfinance. These ranks were transformed into units of scores by using the following

formula:

$$\text{Per cent position} = \frac{100(R_{ij} - 0.50)}{N_j}$$

Where,

R_{ij} - Rank given for the ith factor by the jth individual

N_j - Number of factors ranked by the jth individual.

The percent position was converted into scores by referring to the Table given by Garrett and Woodworth (1969). Then for each factor the scores of the individual respondents was added together and divided by the total number of respondents. These mean scores for all the factors were arranged in descending order and the most influencing factors were identified through the ranks assigned.

RESULTS AND DISCUSSION

Two major aspects namely portfolio of lending & constraints faced by SHG member have been discussed in the results.

Branch wise disbursement and recovery of loan amount from SHGs by RRB

The branch wise loan disbursement and recovery from 2001 to 2010 in percentage terms were computed and presented in Table 1. The maximum loan was disbursed by Debari branch i.e. Rs. 7360000 and minimum by Intali branch i.e. Rs. 3210000. The total loan disbursed by the selected branches was Rs. 28424100 and out of this Rs. 26736990 was recovered. The overall recovery was observed to be 94.06 percent. The maximum and minimum recovery was made in Intali branch (97.22 per cent) and Sakroda branch (91.33 per cent), respectively.

Table 1: Branch wise disbursement and recovery of loan amount from SHGs by RRB during 2001-2010
(Amount in Rs.)

Tehsil	Branches	Loan disbursement	Loan recovered	Percent age
Girwa	Debari	7360000	6832150	92.82
	Kanpur	3852100	3735540	96.97

Sakroda	3522000	3216950	91.33
Mavli Mavli	5425000	5045700	93.00
Fatahnagar	5055000	4785850	94.67
Intali	3210000	3120800	97.22
Total	28424100	26736990	94.06

Portfolio of lending microfinance through Mewar Aanchalic Gramin Bank to SHG members

The portfolio of lending by Mewar Aanchalic Gramin Bank (RRB) in the selected branch to the SHG was found in five major categories which were agriculture, manufacturing, personal needs, petty business and others. The detailed information on these are presented in Table 2. The highest share was observed in agriculture by all branches (about 57 per cent) as it was the priority sector in the study area. In Debari branch, only 40 per cent was lent towards

agriculture and 60 per cent towards the rest of the categories. This can be attributed to the fact that the majority of the SHGs were created in the urban areas by the Debari branch. The lentd towards manufacturing sector was also highest in Debari branch (22 per cent) because this branch is near to Udaipur city and more persons were engaged in the manufacturing sector. The loan amount lent towards personnel needs was highest in Sakroda followed by Fatehnagar and Mavli branches. It was probably due to the fact that more amounts was spent on marriages, vehicles etc. by the SHG members. In the study area it was also observed that the SHG members also spent on petty business such as retail shop. On an average 7 per cent of the total lended amount was spent on other category such as general store, repair shop etc. Thus, it can be concluded that agriculture was the main portfolio for lending the loans to self help groups followed by personal needs, manufacturing and petty business.

Table 2: Portfolio of lending by MAGB to SHGs

(Amount in Rs.)

Branch	Agriculture businesses	Manufacturing	Personal needs	Petty	Other category	Total
Debari	2944000(40)	1619200(22)	73600(10)	1472000(20)	588800(8)	7360000(100)
Kanpur	1926050(50)	808941(21)	423731(11)	346689(9)	346689(9)	3852100(100)
Sakroda	2007540(57)	493080(14)	669180(19)	246540(7)	105660(3)	3522000(100)
Mavli	3472000(64)	379750(7)	759500(14)	651000(12)	612750(3)	5425000(100)
Fatahnagar	3134100(62)	202200(4)	808800(16)	454950(9)	545950(9)	5055000(100)
Intali	2182800(68)	160500(5)	321000(10)	224700(7)	321000(10)	3210000(100)
Total	16201737(57)	3410892(12)	3788932(13.33)	3030009(10.66)	1989687(7)	28424100(100)

Figure in parentheses indicates the percentage.

Constraints perceived by SHG member beneficiaries

An effort has been made to identify the constraints that were faced by the SHG member beneficiaries and the intensity of these constraints so that measures can be suggested to overcome these problems(Table 3).

The constraints that were faced by the SHG member beneficiaries in obtaining micro finance through Mewar Aanchalic Gramin Bank (RRB) in the selected branches of two tehsils were analysed

through Garrett's ranking technique. The most acute problem was the lack of time to participate in all the activities of the SHGs implies Garrett's score i.e. the 77.83 per cent and got the first rank. This can be stated because less number of people who were monitoring the SHGs.

No support for starting a new activity, timely non availability of financial help, problem in marketing the products produced by the SHGs; Caste conflict in groups/village; High Rate of interest; Insufficient profit margin and Lack of adequate training;

Skill development facilities and Less number of genuine borrowers were the second, third, fourth, fifth, sixth, seventh, eighth and ninth constraints, respectively as per Garrett's score. Whereas, Non-cooperation from the SHGs was ranked as last constraints among the constraints faced by SHG member beneficiaries. Thus, it is necessary to overcome their constraints for the better performance of RRB's in terms of microfinance.

Table 3: Constraints faced by the SHG member beneficiaries

Sr. No.	Constraints	Garret Score (%)	Rank
1	Lack of time to participate in all the activities of SHGs	77.83	I
2	Timely availability of financial help from funding agency	68.83	III
3	No support for starting a new activity	71.50	II
4	Problem in marketing of product prepared by SHG	65.66	IV
5	High rate of interest	52.00	VI
6	Lack of adequate training and skill development facilities	48.33	VIII
7	Less no. of genuine borrowers	46.33	IX
8	Non-cooperation from SHG	44.33	X
9	Conflict caste system in group/village	59.83	V
10	Margin profit is not sufficient	49.83	VII

CONCLUSION

The portfolio of lending by Mewar Aanchalic Gramin Bank (RRB) in the selected branch to the SHG was found in five major categories which were agriculture, manufacturing, personal needs, petty business and others. The highest share was observed in agriculture by all branches (about 57 per cent) as it was the priority sector in the study area. The most acute problem is the lack of time to participate in all the activities of the SHGs. This can be stated as less number of peoples were monitoring the activities of SHGs.

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