



## AN ANALYTICAL STUDY ON PROBLEMS FACED BY SELF HELP GROUP MEMBERS IN THE PROCESS OF MANAGEMENT OF SHGs IN MADURAI

Praba .K\* Dr.Kavitha Shanmugam\*\*

\*Research Scholar, Bharathiar University, Coimbatore.

\*\*Research Supervisor, Bharathiar University, Coimbatore.

### Abstract

Development agencies have increasingly regarded 'Women Empowerment' as an essential objective to improve the well-being of marginalized women in India. The perceived success of self-help group (SHG) programmes in this article has encouraged their widespread application across India, becoming the primary mechanism to eradicate the social and financial constraints of women and to empower the poor women. The present study aims at identifying and analyzing the social and financial constraints faced by SHG members in Madurai. For the purpose of the study the researchers have selected 50 sample SHG members from the study area. Interview schedule method was used for collecting information from the sample respondents using questionnaire. The responses were analyzed using statistical tools. The result of the study indicates that absence of government subsidy and lack of capacity building activities are the major constraints faced by the SHG members in the process of management of SHGs.

**Key Words:** Self Help Group, Financial and Social Constraints, Management of SHGs.

*"Since the Self help Group concept was born in Bangladesh almost three decades ago, it has proved its value in many countries, as a weapon against poverty and hunger. It really can change peoples' lives for the better, especially the lives of those who need it most."*

**-Kofi Annan, former United Nations Secretary General**

### Introduction

The growing problem of women has promoted economic planners to come up with various programmes that can help in combating it. While most of these programmes have failed to deliver the expected results, certain innovative efforts hold out fresh hopes. One of such efforts is the formation of self- help groups for enabling the poor women to participate in the process at development. It would be more useful to adopt the approach of group development. Poor women do not have enough capital to take up any business enterprise on an individual basis. In India, at present there are about 22 lakhs SHGs with the membership over 3.30 crores (Dhina malar, 18<sup>th</sup> December, 2014).

### Meaning of Self - Help Groups

A self help group is a voluntary association of persons with common interest, formed democratically without any political affiliation. The main objective of the group is to improve economic and social status of its members with special focus on thrift and credit management. The unregistered groups would function within the framework of an informal set up bylaws formulated by the members themselves.

### Concept of SHG

A self help group (SHG) is a small economically homogenous and affinity group rural poor women generally not exceeding 20 members voluntarily coming together. The major objectives of SHGs are to:

- Save small amounts regularly.
- Mutually agree to contribute to a common fund.
- Meet their emergency needs on mutual help basis.
- Have collective decision making.
- Solve conflicts through collective leadership and mutual discussion.
- Provide collateral free loans with terms decided by the group at market rates.

### SHGs in Tamil Nadu

Self Help Groups in Tamil Nadu have made significant strides in the field of women empowerment. At present there are about 6 lakhs groups with the membership over 90 lakhs in the state of Tamil Nadu. (The Hindu, September 2015). Owing to its success across the nation the same strategy is stressed by economists and bureaucrats for addressing the small and medium enterprises (SMEs) finance drought. Hence the growth and development of the whole country is lying in the mechanism of collectivity of human resources such as SHGs. (The Business Line, 12<sup>th</sup> February, 2015)



## Review of Literature

1. Reddeppa Reddy and Narasimhalu (2009) in their study “SHG in India – A tool for Urban Poverty Eradication” observed that SHG bank linkage helped in increase in family income and in asset creation after joining the group. The study result also shows that there is a significant improvement in school enrollment and attendance of children.
2. Munian (2009) observed that the SHG bank linkage approach is found to be an effective instrument by which the very poor people can have access to hassle free formal credit without any collateral security and simultaneously improve their thrift habit. The approach also contributes to a social empowerment of the women.
3. Hasalker et al., (2005), in their study, “Entrepreneurship qualities of members of SHGs”, conducted in Dharwad district of Karnataka state expressed the importance of SHGs in the entrepreneurship development in rural area. The study carried out with an objectives of understanding the socio-economic background of the members and to identify the entrepreneurship qualities of the members of SHGs observed that SHGs played an important role in improving the quality of status of women as participants, decision makers and beneficiaries in the economic and social life.
4. Lakshmi (2010), in her study, “Influence of SHG scheme on Rural Women Empowerment” observed that the SHG bank linkage programme has made enormous contribution to the empowerment of women in rural areas of TamilNadu through SHGs. The credit from banks form a position of dominance of supply side consideration to a more healthy demand oriented service system.

A study was carried out on the SHGs operating in Madurai to identify and analyze the social and financial constraints faced by the members and also to measure the viability of the SHG schemes of the government and Non-Government Organizations operating in Madurai in resolving the constraints. Recognizing and resolving the problems faced by women members of the self help group are the two sides of a coin because the entire management process of all SHGs is lying primarily in the mechanism of collection of individuals which in turn will improve the livelihood and empowerment of the poor women.(shah et al, 2008). The researchers have identified few problems which are faced by the SHG members and based on that further analysis is being carried out.

The following are the constraints based on which the researchers have carried out this study.

### I. Financial Constraints

- a. Absence of subsidy
- b. Inadequate loan
- c. Rigid repayment schedule

### II. Social Constraints

- a. Lack of capacity building activities
- b. Male dependence
- c. Lack of economic freedom

## Objectives of the Study

1. To identify and analyze the major financial and social constraints encountered by the self help group women which affects the process of management of SHGs.
2. To suggest measures to overcome the constraints faced by self help group women.

## Hypothesis of the Study

1. There is no significant relationship between the financial constraints faced by women members and the effectiveness of management of SHGs.
2. There is no significant association between the social constraints faced by women members and the effectiveness of management of SHGs.
3. There is no significant difference in the level of economic freedom of women members before and after joining self help groups.

## Research Methodology

The present study is being conducted in Madurai. The Researchers have used Descriptive research design for the study. Convenient sampling technique was used to select the sample respondents for the study.

The objectives of the study were achieved through survey method. For the survey 50 number of urban SHG members working under Mahalir Thittam scheme in the study area have been selected.



### Data Collection

Both Primary and secondary data were collected. Primary data was collected using a structured questionnaire through interview schedule method. Secondary data was collected from Mahalir Thittam office, Website of Tamil Nadu Women Development Corporation, books, Magazines and Journals.

### Tools Used for Analysis

The information collected from the sample respondents were analyzed using statistical tools like, Chi-square test, ANOVA, Percentage Analysis, Garret ranking method, The Mcnemar test and Kolomogorov-Smrinov one sample test.

### Data Analysis

#### Financial Constraints

##### a. Absence of Subsidy

**Table-1: Analysis of Variance for Absence of Subsidy**

Source of Variation	SS	df	MS	F	P-Value	F crit
Columns	1924.67	2	962.3333	<b>82.33333</b>	0.589605	<b>6.944272</b>
Rows	164.667	2	82.33333	<b>7.044106</b>	0.048652	<b>6.944272</b>
Error	544.667	4	11.68826			
<b>Total</b>	<b>2634</b>	<b>8</b>				

Source: One-way ANOVA has been performed in Ms Excel using primary data.

From the above table it is inferred that, the calculated value is greater than the table value, the null hypothesis is rejected and it is concluded that there is a significant difference between the level of effectiveness of management of SHGs and the subsidy component.

##### b. Inadequate Loan

**Table-2: Inadequate Loan**

Scale	Entrepreneur	Non Entrepreneur	Total
<b>Inadequate</b>	20	40	<b>60</b>
<b>Adequate</b>	30	10	<b>40</b>
<b>Total</b>	<b>50</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table-2.1: Chi-Square Test for Inadequate Loan**

O	E	(O - E) <sup>2</sup> /E
20	30	3.333333
40	20	20
30	30	0
10	20	5
<b>Total</b>		<b>28.33333</b>

**Critical X<sup>2</sup> = 9.487729**

Source: Table – 2

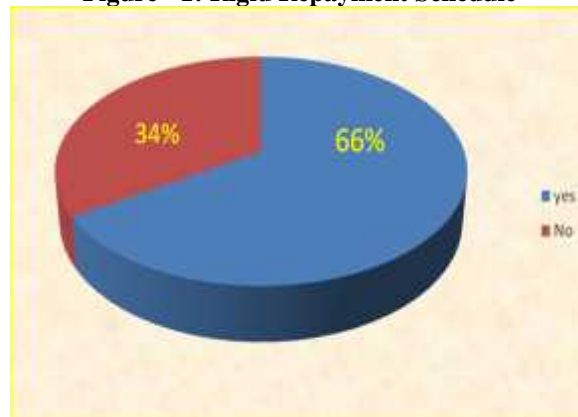
From the table-2.1 (chi-square test) it is inferred that, the calculated value is greater than the table value, hence the null hypothesis is rejected and it is concluded that there is a significant difference between the level of effectiveness of management of SHGs and the loan component.

##### c. Rigid Repayment Schedule

From the below chart it is inferred that, 66% of the respondents are of the opinion that rigid repayment schedule is major a constraint which affects their functioning to a larger degree and the remaining 34% of them have opined that repayment schedule is not a major constraint.



Figure - 1: Rigid Repayment Schedule



Source: Primary data

### Social Constraints

#### d. Lack Capacity Building Activities

From the table below it is inferred that, the calculated value is greater than the table value, the null hypothesis is rejected and concluded that there is a significant difference between capacity building activities and the level of effectiveness of management of self help groups.

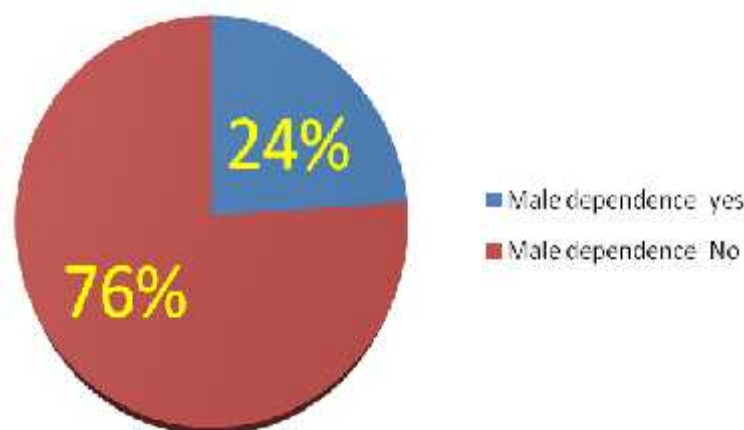
Table – 3: Kolomogorov-Smrinov Test For Lack of Capacity Building Activities

Capacity Building Rating Scale	Observed Number	Observed Proportion	Observed Cumulative	Null Proportion	Null Cumulative Proportion	Absolute Difference Observed And Null
Very High	18	0.36	0.36	0.05	0.05	0.31
High	22	0.44	0.8	0.05	0.1	0.7
Moderate	7	0.14	0.94	0.05	0.15	<b>0.79</b>
Low	3	0.06	1	0.05	0.2	0.8
Very Low	0	0	1	0.05	0.25	0.75

#### e. Male Dependence

From the chart below it is inferred that, 76% of the respondents have opined that male dependence is a constraint which hinders their performance and growth and the remaining 24% of them are of the opinion that Male dependence is not an important constraint.

Figure-2: Male Dependence



Source : Primary data



#### f. Lack of Economic Freedom

From the Table below it is inferred that at 5% level of Significance, the null hypothesis is rejected, and concluded that there is a significant difference in the level of economic freedom of members after joining SHGs.

**Table-4 : Mcnemar Test for Lack of Economic Freedom**

Economic Freedom	High	Low	Total
Before Joining SHG	17	33	59
After Joining SHG	42	8	41
<b>Total</b>	<b>50</b>	<b>50</b>	<b>100</b>

$$\chi^2 = \frac{(|b-c| - 0.5)^2}{b+c}$$

$$= 0.6533$$

#### Garret Ranking for Various Constraints

From the table below it is inferred that, the major financial constraint faced by the respondents was absence of government subsidy and the major social constraint faced by the members was lack of capacity building activities which are needed to be placed for the further consideration of government agencies.

**Table-5: Garret Ranking for Various Constraints**

S. No	Factors(Financial and Social)	1	2	3	4	5	6	Total
1	Lack of capacity building activities	23	12	5	6	3	1	50
2	Male dependence	15	17	12	2	1	3	50
3	Lack of Economic freedom	19	12	10	4	3	2	50
4	Absence of subsidy	30	13	2	3	2	0	50
5	Inadequate loan	16	12	6	3	10	3	50
6	Rigid repayment schedule	14	12	5	8	5	6	50
<b>Garret Table Value</b>		<b>77</b>	<b>63</b>	<b>54</b>	<b>46</b>	<b>37</b>	<b>23</b>	

Source: Primary data

**Table 5.1. Garret Ranking Selection Factor Results**

S. No	Factors	1	2	3	4	5	6	Garret Score	Average	Garret Rank
1	Lack of capacity building activities	1771	756	270	276	111	23	3207	64.14	2
2	Male dependence	1155	107	648	92	37	69	3072	61.44	3
3	Lack of Economic freedom	1463	756	540	184	111	46	3100	62	4
4	Absence of subsidy	2310	819	108	138	74	0	3449	68.98	1
5	Inadequate loan	1232	756	324	138	370	69	2889	57.78	5
6	Rigid repayment schedule	1078	756	270	368	185	138	2795	55.9	6

Source: Computed using primary data

#### Major Findings and Suggestions

1. About 60% of the respondents have opined that the loans provided by the banks and financial institutions are inadequate and the remaining 40% of the respondents have opined that the loans are adequate to meet their financial requirements.
2. The Economic freedom of the respondents has improved a lot after joining SHGs, but earlier the sample respondents were facing a constraint of lack of economic freedom.
3. The members of the SHGs need to be provided with the capacity building activities and also they must be encouraged to start economic activities based on the training received by them,
4. The Economic and Social constraints faced by the marginalized section of the society are to be addressed through SHGs and its effective functioning.
5. Joint efforts of the Government and Non-Government organizations and also the banks and other financial institutions is the only mean through which sustainable development activities can be implemented at the grass root level to resolve the constraints faced by the marginalized section of poor women.



## Conclusion

By probing into the problems the authors conclude that there is large number of government organizations, NGOs, banks and microfinance institutions, engaged in providing financial assistance to the SHGs. It is difficult for the RBI to regulate and supervise these NGOs and Microfinance Institutions due to their large magnitude. Hence the government should focus on designing a self regulating mechanism for the SHGs in order to resolve their constraints on their own without depending upon formal organizations.

Due weightage should be given to SHGs on training the poor with the necessary skills to become efficient money managers and successful entrepreneurs by eradicating the financial and social constraints faced by them. At the mass level awareness should be given about different schemes sponsored by the government.

It is necessary to shift the focus from quantity of credit to the qualitative usage of the credit, and it is crucial to supervise the utilization of the financial assistance. It is clear from the evidence that, in the zone of Madurai, The government and non-government organizations are working for the betterment of the livelihood of the poor women through SHG movement in overcoming their financial and social constraints and also in managing the affairs of these SHGs effectively.

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