



## SUCCESS AND CHALLENGES OF THE SELF HELP GROUPS: A CASE OF THANJAVUR AND TIRUCHIRAPPALLI DISTRICTS

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### Abstract

SHGs have an in-built mechanism where emphasis has been given over capacity building of women through developing their dialoguing skills. An SHG functions through its regular meetings, where members perform transactional activities and discuss over different related issues. The performance of women members of SHGs is at growing stage but at the same time it is expected more development from the government side. As number of women SHGs increases every year, it is not possible to show a success track record by the women in their business. However, the women's SHGs are essential to the empowerment of women in our country.

**Key Words:** Self Help Group, Women Empowerment.

### 1.1 Introduction

Self Help Groups are considered as one of the most significant tools in participatory approach for the economic empowerment of women. It is an important institution for improving life of women on various social components. The basic objective of SHG is that it acts as the platform for members to provide space and support to each other. SHGs comprises very poor people who do not have access to formal financial institutions. It enables its members to learn to cooperate and work in a group environment today.

In India, Self Help Groups (SHGs) represent a unique approach to financial intermediation. This combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are formed and supported usually by Non-Governmental Organizations by Government agencies. Linked not only to banks but also to wider development programmes, the SHG are seen to confer many benefits, both economic and social. SHGs enable women to grow their savings and access the credit which banks are increasingly willing to lend. They come together for the purpose of solving their common problems through self-help and mutual help. The more attractive scheme with less effort is "Self Help Group" (SHGs). It is a tool to remove poverty and improve the women entrepreneurship and financial support in India.

SHGs have an in-built mechanism where emphasis has been given over capacity building of women through developing their dialoguing skills. An SHG functions through its regular meetings, where members perform transactional activities and discuss over different related issues. The 'Self-help Groups' provide economic benefits in certain areas of production process by undertaking common action programmes, like cost-effective credit delivery system, generating a forum for collective, learning with rural people, promoting democratic culture, fostering an entrepreneurial culture, providing a firm base for dialogue and cooperation in programmes with other institutions, possessing credibility and power to ensure participation and helping to assess an individual member's management capacity (Fernandez, 1995).

### 1.2 Emerging Challenges

Poverty Alleviation has to be a multidimensional response. It cannot be limited to merely forming of SHGs and providing access to credit. It cannot substitute the role of development and growth in other sectors and cannot be an excuse for reducing state expenditure on social sectors. (APMAS, 2007).

SHG members have little control over financial resources that they borrow despite being the conduit for access to such credit through their groups. These have at best yielded supplementary incomes, insufficient to bring families out of poverty.

The micro enterprise activities undertaken have tended to be unviable in the absence of inputs related to infrastructure, marketing and capacity building. Low levels of credit absorption capacity, low skill base and low asset base have been challenges to the SHG movement, which are yet to be addressed.

There continue to be serious hurdles faced by women when they want to access credit from banks, despite claims to the contrary. The total quantum of credit available to men however continues to be larger both in outreach and quantum/or in aggregate and per capital as farmers and entrepreneurs. Women being pressurized by banks to recover loans made earlier to men in the village as an unwritten conditionality before loans are released to them.



### 1.3 Statement of the Problem

Success and survival of the women SHGs depend upon the individual performance of the members. The business performed by the women should be viable and it should yield a fair return to them. The concept of SHGs appears to be a good alternative strategy to involve people in the development process also. The flow of financial assistance to them was too marginal, if at all, to enable them to cross poverty line. The SHG movement in India is basically aimed at utilizing the SHGs as an 'intermediary' between the banks and the rural poor to help drastically reduce transaction costs for both the banks and the rural clients (Nanda, 1995). As the SHGs are viewed as catalytic agents to bring sociological developments in a growing economy, it is necessary to see the SHGs as small business groups. Like the cottage or tiny industries, the SHGs are also the business segments so that they should earn sufficient amount of return on their capital. The SHGs should have capabilities for capturing markets at the possible levels. As their geographical area is confined to local markets only, the women of the groups have to struggle for success and survival. But, the individual business performance of the women of the SHGs is not satisfactory in terms of profitability, investment and marketability of the products. Most of them are illiterate and they do not have any experience in their lines of business so that their growth can not surpass beyond a certain limit. And, the scale of operations of their business is limited and the scope for further development is a question to them. These issues are taken by the researcher as the research problems.

### 1.4 Objectives of the Study

1. To study business practices adopted by the SHG members
2. To identify their problems in their business.
3. To give suitable suggestions for effective functioning of business.

### 1.5 Research Methodology

Thanjavur and Tiruchirappalli Districts are the geographical areas of the study. In these districts, the SHGs are running in large extent and they have been selected for this research. As this is an agro- based district, agrarian families are of majority. At the same time, women from different walks of life live in this district. So, the districts are appropriate to take for this research. There are 16,366 women SHGs in the two districts. 500 sample women members were selected at random from the large population.

#### 1.5.1 Data and Sources

Both types of data viz., secondary and primary have been used in this study. The secondary data were at first collected from the secondary sources such as books, journals, records etc. The primary data were collected from a structured questionnaire.

#### 1.5.2 Period of the Study

Two year period has been taken for this study(2014- 2014). The extent of period is sufficient to cover the business performance of the women members of the SHGs of the study area.

### 1.6 Analysis of Data

In this section, it is attempted that the overall satisfaction of the 500 women members of SHGs is compared with some demographic variables. The overall satisfaction was ascertained by calculating the total scores that a respondent secured. When these variables are compared with the overall satisfaction the level of satisfaction has been termed as high level of satisfaction, medium level of satisfaction and low level of satisfaction. The degrees of satisfaction viz., high, medium and low were determined on the basis of scores secured by the women in respect of these variables. If the scores reach 75% it is termed as the high level of satisfaction. If it is in between 50% to 74% it is treated as medium level of satisfaction. If the scores are upto 50% it is the lower level satisfaction. On the basis of this methodology, the overall satisfaction is compared.

#### 1.6.1 Analysis of demographic profile of the SHGs women

This section deals with demographic profile of the 500 sample women of various SHGs in Thanjavur and Tiruchirappalli districts.

**Table – 1, Demography of the Sample Women Members of the SHGs**

Attribute/ Variable	Classification	No. of Respondents	Total
Marital Status	Married	330 (66)	500
	Unmarried	170 (34)	
Age Group (in years)	Upto 20	50 (10)	500
	20-40	270 (54)	



	40-60	85 (17)	
	60 & above	95 (19)	
Educational Qualification	Illiterate	24 (4.8)	500
	School Level	186 (37.2)	
	College Level	220 (44.0)	
	Technical level	70(14.0)	
Occupation	Employee	140 (28)	500
	Agriculture	260(52)	
	Business	30(6)	
	Unemployed	70(14)	
Annual Income (in Rs.)	Upto 25,000-	410 (82)	500
	25,000 -50,000	70 (14)	
	50,000& above	20 (4)	
Area of Residence	Village	180 (36)	500
	Town	220 (44)	
	City	100 (20)	

Source: Primary data.

Figures within brackets represent percent

The above table displays demographic profile of the 500 sample respondents. The demographic details of the samples are very important in any research because the personal variables of the sample respondents are the basic background for socio-economic conditions. The table is comprehensive in nature and it is self explanatory also so that it is needless to describe the features of the sample respondents. However, the following points are worth noting:

- Majority women are married (66%) in the sample frame.
- 20-40 is the age group that has the majority (54%). In this group, minimum age is 18.
- 44% respondents have collegiate education and they are in large number (270 out of 500) in the sample frame.
- Agriculture is the occupation having majority (52%).
- 85% respondents have an annual income of below Rs.25,000.
- 44% respondents dwell in towns of this district.

### 1.6.2 Problem in sharing the revolving fund

Revolving fund is a fund granted by the Government of Tamil Nadu to the SHGs as a special monetary grant. It is shared by the women. The following table shows the problems in sharing the revolving fund.

**Table – 2, Problem in Sharing the Revolving Fund**

Problem	No. of Respondents	Percentage
Insufficient fund	120	24
Low amount of subsidy	175	35
Political or other interference	20	4
No cooperation among the members	185	37
<b>Total</b>	<b>500</b>	<b>100</b>

Source: Primary Data

Majority women (37%) feel that there is no cooperation among the members in respect of sharing the revolving fund. The lack of cooperation is due to many reasons generally personal problems or mere misunderstanding. Low amount of subsidy is the major problem from 35% women. They expect more subsidies from the government. Insufficient fund is the problem for 24% women. 4% point out that the political or other interference is the problem involved in it.

### 1.6.3 Suffered from loss in business

**Table - 3 Suffered from Loss in Business**

Suffered from Loss	No. of Respondents	%
Yes	270	54
No	230	46
<b>Total</b>	<b>500</b>	<b>100</b>

Source: Primary Data



54% women have met the loss in their business. 46% do not have such experience. So, it is clear that almost half of the women in the SHGs of Thanjavur district met loss in business in the past. At the same time, rest of the women has earned profit in their business so that it is clear that the women are capable of doing business successfully.

#### 1.6.4 Reason for loss

Among the 500 women members, 270 respondents have met loss in their business. The 270 women were asked to disclose the real cause for the loss. The following table shows the reasons.

**Table - 4 Reason for Loss**

Reason	No. of Respondents	Percentage
Heavy competition	85	31.48
Decline of sales	47	17.41
Decline in price	28	10.37
Increase of operating expenses	85	31.48
Bad debts	25	9.26
<b>Total</b>	<b>270</b>	<b>100</b>

Source: Primary Data

Among the 270 women, who have suffered from loss in their business, majority respondents (31.48%) pointed out that the competition has been the reason for the loss. It reveals that the women are not in a position to face and conquer the competition. They are very weak in this respect so that they should be educated and trained to win the competition. 31.48% respondents mention that the increase of operating expenses. This shows that the women are unable to reduce operating or maintenance expenses. This implies that an awareness towards the cost reduction is immediately required to them. 17.41% respondents feel that the decline of sales is the reason for the loss. The decline is due to increased competition and this has been accepted by the women. But, what about the quality and price of the goods? What is the position of consumers? No woman is willing to accept that the quality of their goods is poor so that the sales have fallen. Decline in price has been pointed out by the 10.37% respondents. The price fixed by the business women is not competitive price but they determine the higher price that is higher than the market price. Bad debt is the reason to 9.26% respondents.

#### 1.6.5 Micro Finance (Lending Money)

Micro finance is an important business activity of the SHGs. Among the 500 women members of the SHGs of Thanjavur district 60 women do this kind of activity. The following table depicts the method of lending practice of the women in this line.

**Table – 5, Method of Lending Money to Others**

Method of Lending	No. of Respondents	Percentage
By getting security	35	58.3
By receiving promissory note	15	25.0
As unsecured credit	10	16.7
<b>Total</b>	<b>60</b>	<b>100</b>

Source: Primary Data

58.3% respondents grant loan as a secured debt. It is safety to them in their business. They constitute the majority. 25% women get promissory note and they keep safety in this way. On the other hand, 16.7% members lend money without any security. This shows their confidence in this lending practice.

#### 1.6.6 Major risk in lending activity

In any kind of lending business, it is common that there are some problems due to bad debts, loss of interest etc. The women of the SGGs face such type of problems also.

**Table – 6, Major Risk in Lending Activity**

Major Risk	No. of Respondents	%
Rate of interest	20	33.3
Difficulty in Recovery	40	66.7
<b>Total</b>	<b>60</b>	<b>100</b>

Source: Primary Data

66.7% women point out that the recovery of loan is the major difficulty in the micro finance. They have to get back the amount by taking various ways such as giving pressures to the borrowers. 33.3% women feel that the rate of interest charged is the major risk because in many cases it has been found out that the borrowers usually do not pay the interest as per the terms and conditions. Sometimes, the interest amount has to be reduced at the time of settlement of debt.



**Table – 7, Suffered from Bad Debts**

Suffered from Bad Debts	No. of Respondents	Percentage
Yes	42	70
No	18	30
<b>Total</b>	<b>60</b>	<b>100</b>

Source: Primary Data

In the case of band debts, 70% women have suffered from the bad debts in their business. It shows that they have granted to credit to wrong persons or they are inefficient to recover the debt. At the same time, it is clear that the 30% respondents do not have such problem.

### 1.6.7 Method of Marketing the Products

**Table – 8, Method of Marketing the Products**

Method of Marketing the Products	No. of Respondents	%
Direct sales to customers	380	76
Through exhibition/ trade fair	70	14
Through middlemen	50	10
<b>Total</b>	<b>500</b>	<b>100</b>

Source: Primary Data

76% women usually sell their goods to consumers directly through their shops. (Shops of 12 women are in the 'Poomalai Business Complex' which is owned by the Government of Tamil Nadu.) A few of them, (15 women) ,having no shop, sell the products by door to door sales. 14% women sell their goods in various exhibitions frequently undertaken in places in this district by private parties or some government departments. Only 10% women sell the goods with the help of middlemen.

### 1.6.8 Major Problem in the Sales

Sale is a difficult transaction in the competitive market. The women of the SHGs undertake this activity very carefully. Following table shows the major problem in the sales.

**Table – 9, Major Problem in the Sales**

Major Problem in the Sales	No. of Respondents	%
Bad debts	60	12.0
Slow movement of goods	120	24.0
No repeated purchases by the customers	52	10.4
More selling expenses	148	29.6
No govt. support	120	24.0
<b>Total</b>	<b>500</b>	<b>100</b>

Source: Primary Data

In the case of sale, 29.6% women indicate that the selling expenses are heavy. Generally, the women who have rental shops do not have any sales men (except 58 women). But, the selling expenses are in the form of electricity expenses, transport expenses to bring the goods to the market place, packaging expenses, wages etc. These expenses reduce the profits of the business. At the same time, 24% women say that the slow movement of goods is the major problem. They have to wait a considerable time for sales. Likewise, 24% women have the opinion that there is no any government assistance to them in this regard. 10.4% women mention that there are no repeated sales in their business. This shows that the customers are not satisfied very much. No efforts have been undertaken by the women to study the customers' satisfaction on the part of the business women.

### 1.6.9 Profit margin in business

**Table – 10 Profit Margin in Business**

Profit Margin	No. of Respondents	%
Upto10%	210	42.0
10%- 20%	174	34.8
Above 20%	116	23.2
<b>Total</b>	<b>500</b>	<b>100</b>

Source: Primary Data



42% women usually fix 'upto 10%' profit margin in their business. This is the least percent. And all the 210 women do not fix the 10%. Many of them fix 4% or 5% as the margin of profit. Only 38 women have fixed 10% as margin. 10-20% is the ceiling of the margin to 34.8% women, 'Above 20%' is the margin fixed by the 23.2% women (minority group). So, it is clear that the women are working for a least amount of profit. And this margin is not the same rate of other business persons. The other business persons fix the higher profit margin than that of the women of the SHGs in Thanjavur district.

#### 1.6.10 Analysis of overall satisfaction

This section deals with the overall satisfaction of the 500 women members of the SHGs in respect of the seven variables on the basis of the scores obtained by them.

**Table – 11, Elements of Satisfaction and Scores**

Variables / Elements of Satisfaction	Total Scores	Rank
Profitability of the business	1,226	4
Support of SHGs	1,750	2
Support of the government	1,606	3
Financial conditions of the business	1,030	6
Market Conditions of the Product	1,055	5
Present Price Level of Your Product	930	7
Relationship with the SHG	2,042	1

*Source: Primary data*

Among the 7 elements of satisfaction, relationship with the SHG has secured top scores (2,042). It is seen that the women of Thanjavur district have maintained a cordial relationship with the SHGs. Support of the SHGs got the second place (1,750 scores) and this implies that the role of SHGs in promoting the women entrepreneurs is a success. Support of the government is the next scored element (1,606 scores). Likewise, profitability of the business, Market Conditions of the Product and Financial conditions of the business are the elements respectively.

#### 1.7 Findings of the Study

- Majority women (37%) feel that there is no cooperation among the members in respect of sharing the revolving fund. Insufficient fund is the problem for 24% women. 4% point out that the political or other interference is the problem involved in it.
- 54% women have met the loss in their business. 46% do not have such experience. At the same time, rest of the women has earned profit in their business so that it is clear that the women are capable of doing business successfully.
- Among the 270 women, who have suffered from loss in their business, majority respondents (31.48%) pointed out that the competition has been the reason for the loss. It reveals that the women are not in a position to face and conquer the competition. They are very weak in this respect so that they should be educated and trained to win the competition.
- 58.3% respondents grant loan as a secured debt. It is safety to them in their business. They constitute the majority. 25% women get promissory note and they keep safety in this way. On the other hand, 16.7% members lend money without any security. This shows their confidence in this lending practice.
- 66.7% women point out that the recovery of loan is the major difficulty in the micro finance. They have to get back the amount by taking various ways such as giving pressures to the borrowers.
- In the case of bad debts, 70% women have suffered from the bad debts in their business. It shows that they have granted to credit to wrong persons or they are inefficient to recover the debt. At the same time, it is clear that the 30% respondents do not have such problem.
- 76% women usually sell their goods to consumers directly through their shops. (Shops of 12 women are in the 'Poomalai Business Complex' which is owned by the Government of Tamil Nadu.) A few of them, (15 women) ,having no shop, sell the products by door to door sales.
- In the case of sale, 29.6% women indicate that the selling expenses are heavy. Generally, the women who have rental shops do not have any sales men (except 58 women). But, the selling expenses are in the form of electricity expenses, transport expenses to bring the goods to the market place, packaging expenses, wages etc.
- 42% women usually fix 'upto 10%' profit margin in their business. This is the least percent. And all the 210 women do not fix the 10%. Many of them fix 4% or 5% as the margin of profit. Only 38 women have fixed 10% as margin.



- Among the 7 elements of satisfaction, relationship with the SHG has secured top scores (2,042). It is seen that the women have maintained a cordial relationship with the SHGs. Support of the SHGs got the second place (1,750 scores) and this implies that the role of SHGs in promoting the women entrepreneurs is a success.

### **1.8 Suggestions**

- Training is necessary to the sample women to enhance their business skills so that the Tamil Nadu government may arrange an exclusive training programme to them with the help of District Industries Centers (DICs) and other NGOs.
- Marketing facilities may be extended to them by the government by purchasing the products offered by the women of the SHGs for various governmental departments.
- The rate of interest charged by the banks on the loans granted to them may further be reduced.
- Education gives awareness to the women so the NGOs may impart education and knowledge to illiterate and low level educated women members.
- Women's self help groups may be started in women colleges and polytechnics in order to spread the SHG movement. This will give impetus to the empowerment of women as well as the SHGs.
- The Tamil Nadu Government may make separate market and stalls there to the women's SHGs as the case of 'Uzhavar Sandhai'. This arrangement will definitely be advantageous to the marketing of the products.

### **1.9 Conclusion**

The Performance of Women members of SHGs are at growing stage but at the same time it is expected more development from the government side. As number of women SHGs increases every year, it is not possible to show a success track record by the women in their business. However, the women's SHGs are essential to the empowerment of women in our country. Their role is significant for achieving our socio-economic goals, mentioned in Indian Constitution. As the SHGs have become livelihood of the women especially it is essential to support the SHGs. The women of the SHGs of study area should be promoted as the successful business women. So, the performance of women SHGs should be developed in all respects in near future.

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