



STUDY ON FINANCIAL PERFORMANCE OF WOMEN'S SHG IN ERODE DISTRICT

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Abstract

The present study was conducted to identify the performance of women based self help groups in Erode District. Totally 150 respondents were selected from the district for the study. Through this SHG's, Women's were able to increase their income level, encourage their saving habits, improvement in repayment of loan, etc., SHG members had improved their communication skills, confidence in interacting with group members, developed confidence in writing letters and account etc. It was also found that SHG members had been attending the group meeting regularly and solving their difficulties. The results of this study would offer some important input to the women development department, non-governments organizations for framing policies to empower the women through self help groups. This study was conducted with common research methodologies, uniform sample size and research tools, so that the results are comparable and acceptable.

Keyword: Self-help group, Women, Performance.

1. Introduction

In India, NABARD was the first organization to notice the phenomenon of microfinance. India's Self Help Group (SHG) movement has emerged as the world's largest and most successful network of community-based organizations. It is predominantly a women's movement. As some experts have pointed out, it is a development innovation in its own right. Self-employment programme, the Swarnajayanti Gram Swarozgar Yojana (SGSY) under DRDA with the concept of SHGs has been launched on first April 1999.

The objective is to bring the assisted poor families above the poverty line by providing them income-generating assets through a mix of bank credit and governmental subsidy through SHG approach. According to cense of 2001, 72% of the Indian population is in rural area. Among them, 34% of the people are poorest population. Out of those population women occupies an important position in the society. They are in need of basic requirements of Physical, Knowledge, Electronic and Economic connectivity. To uplift the women from below poverty line and to provide basic amenities are the major concern of the Indian Government. To reach out this rural mass and to address their economical issues micro finance through Self-Help Groups had emerged as an effective approach in the recent years.

2. Statement of The Problem

In the last two decades, microfinance programme shows an increasing trend in terms of both linkages and disbursement of loans to the rural poor. Banks are pumping credit in enormous way because they find it profitable to provide credit to the poor. The evaluation of microfinance institutions revealed that they are successful in outreach of the clients. However, whether the programme had achieved significant impact on financial sustainability or not is under question. It is in this context that the study has been taken up to document the organization, management functioning of SHGs and their members, impact of SHGs programmes on asset creation, income generation.



3. Objectives of Study

The main objective of this study is to assess the management and performance of the Self Help Groups under Bank Linkage Programme at two levels. First, the performance of the SHGs and second was the socio-economic impact on the members of the SHGs. The specific objectives are to:

- Study the management and financial performance of SHGs in the study area.
- Study the impact of SHGs under Bank Linkage Programme.

4. Review of Literature

Puhazhendhi(1999) studied 19 SHGs and five bank branches in Karnataka and Tamil Nadu and concluded that the intermediation SHGs reduced the time spent by bank personnel in identification of borrowers, documentation and recoveries effecting 40% reduction in the transaction cost of bank, as compared to direct lending to individual borrowers. Transaction cost of borrowers was reduced by 85%.

Modekey (2000) stated the functions of SHGs in his empirical work. According to the study, a) the SHGs usually generated a common fund out of small savings from persons or groups collected on a regular basis by curtailing unproductive expenditure. The internal savings thus generated were supplemented by external resources loaned or donated by voluntary agencies involved in promoting and strengthening the SHG. b) The credit needs of the members were usually assessed at monthly meetings. c) The SHGs ensured repayment of bank loans. Thus, the SHGs had been a tool for providing access to credit for the poor and the transaction costs was also low for the banks.

The National Institute of Bank Management (NIBM 2001) has analyzed the SHGs in four districts of Maharashtra promoted under Maharashtra Rural Credit Project (MRCP). It was observed that 69% of the groups were of the size 11-20, 50% of the members were illiterate. The study further observed that 55% of the office bearers have at least a secondary level of education. The study revealed that the average savings of the SHGs in MRCP was Rs.24 per month per member. This rate was more for new groups than for the old groups. The study also found that the average amount of savings mobilized amounted to Rs.10,568 per group and that the SHGs and MCRP had started lending their own thrift capital from the eighth month of the formation.

G. Srinivasan, S. Varadhuraj and M. Chandra Kumar (2004) made a detailed study on “Financial Performance of Rural and Urban Self Help Groups” with the objective of analyzing the comparative financial performance of rural and urban SHGs. The result of the study showed that the average thrift credit ratio of urban SHGs was lower than the rural SHGs, implying that the overall financial performance of the urban SHGs were better than the rural SHGs

A. Jasmine (2008) made an empirical study on “Self-Help Groups and Poverty Alleviation in Ramanathapuram District”. India was the home to 22% of the world’s poor such a high incidence of poverty was a matter of concern in view of the fact that poverty eradication has been one of the major objectives of the development planning process. Poverty was a global issue. The objective of the study is the role of micro credit in promoting Self Help Groups. The Socio-economic background of women beneficiaries in pre and post SHG Periods. This study used in primary data. The conclusion of the study is the study indicates the SHG Programme has a favourable impact on the living standards of its beneficiaries. It holds better promises for poverty alleviation and employment generation than the earlier programme due to its structure of easy credit, savings and peer monitoring.



5. Methodology of The Study

5.1 Sample Selection

The study was conducted in a purposively selected area of Erode District in Tamil Nadu. For the purpose of the study, 150 respondents were selected using Random sampling technique.

5.2 Area of The Study

The present study was confined to the selected group of rural SHG women in Erode district of Tamil Nadu. The SHG Bank Linkage Programme helps them to become sustainable. Hence the researcher has selected rural areas to analyze the Performance of SHGs.

5.3 Period of The Study

The study covers a period of six months May 2020 – October 2020 which was utilized for collecting the data, analyze of data and preparing the final report.

5.4 Data Collection

Data were collected through personal interview schedule method to measure the performance of SHGs. The primary data was collected from 150 respondents through a detail questionnaire. Secondary refer to the data which have already been collected and analyzed by someone else. The secondary were also obtained from various sources such as research study, newspapers, websites, internet, journals & magazines and also from the library sources.

5.5 Statistical Tools to Be Used

To make the research work effectively and find the result fruitfully the data from the respondents were arranged systematic manner and tabulated well. To make the research work effectively the following statistical tools are analyzed and interpreted with the help of tables and charts. It also includes

- ✓ Percentage analysis
- ✓ T - test
- ✓ Likert – scaling analysis

5.6 Data Analysis

The data analysis has been done using SPSS 20 (Statistical Package for Social Sciences).

6. Limitations of The Study

- The data required for the present study was collected through questionnaire method and most of them were uneducated and hence the data collected would only beneficiaries an approximation of actual facts.
- Their performance and functioning might not be uniform as compared to the exiting groups functioning in the Erode district.
- Too many teams were involved in data collection and orientation, there were gaps in getting common understanding on the tools and methodology between the teams.

7. Analysis and Interpretation

7.1. Socio Economic Profile of SHG and Members

The success of any group programme depends on the collective support of the members. However, the members are said to be varied among themselves in terms of their socio economic and demographic characters. The socio-economic studies carried out indicate that the influence of these variables on any



decision-making variable is immense. Hence, in the present chapter it is attempted to examine the socio-economic status of the SHGs.

Table No: 7.1,Socio Economic Profiles of SHGs

Particulars	No. of respondents	Percentage
Years of Existence of SHGs		
5-8	20	66.67
8-10	9	30.00
Above 10	1	3.33
Total	30	100.00
Age		
Below 25	16	10.66
26-35	67	44.68
36-45	43	28.66
46-55	24	16
Total	150	100
Literacy Level of Members		
Illiterate	16	10.66
Primary	90	60
Middle	20	13.34
Secondary	11	7.33
Higher secondary	10	6.67
Graduates	3	2.00
Total	150	100.00
Marital Status		
Married	127	84.67
Unmarried	12	8.00
Separated	4	2.66
Divorced	-	-
Total	150	100.00
Monthly Income		
Below Rs.1000	32	21.33
Rs.1000-Rs.2000	70	46.67
Rs.2000-Rs.3000	27	18.00
Rs.3000-Rs.4000	21	14.00
Total	150	100.00

Source: Primary data

Table 7.1, explains the year of existence of the 30 SHGs in Erode district. It is clear from the table that, there are 66.67% SHGs which are in operation between 5-8 years, 30% are between 8-10 years and a remaining of 3.33% are for more than 10 years. In the category of Age group between 26 to 35 are 28.66%, the next highest 28.66% of respondents are in the age group of 36-45 years, 16 % are from 46-55 years and finally, 10.66 % respondents who belong to the age group of less than 25 years.



The highest shares of 60% of the respondents are completed primary education, 13.34 % are completed middle school, 10.66 % are Illiterate, while a closer share of 7.33 % are completed secondary level. There are 6.67% members who have just Higher secondary level while a negligible share of 2% are graduates. The above table explains the marital status of the respondents. From the table it was clear that 84.67% of the members were married, 8% of the members were unmarried, 4.67% of the members were widows and a remaining 2.66% of the respondents were separated from their spouse.

The above table clearly states that more than 46.67 % of the members of SHGs were fall in the category of monthly income ranges between Rs.1000-Rs.2000, 21.33 % were in the category of income below Rs.1000, while 18% were fall in the ranges between Rs.2000-Rs 3000. About 14% of the respondents were belonging to the income group between Rs.3000-Rs.4000 and above Rs.4000 respectively.

7.2. Impact of Shgs under Bank Linkage Programme

The impact of micro finance through SHG bank linkage program has been effective in making positive social change to all members, irrespective of the direct borrowers of the micro credit. Importantly in the rural context, the SHG's have facilitated the poor, especially the women to overcome the existing constraints grappling the formal credit institutions. These groups provide considerable social protection and income opportunities to the members. The SHGs have acquired a prominent status in maximizing social and financial returns. The promotion of income generation activities for the poor rural women is perceived as a powerful medium to resolve several socio-economic problems such as reduction in poverty, provision of goods and services appropriate to local needs, redistribution of income and opportunities in the community etc.

7.2.1 Changes in the Household Income

The most pertinent aspect of the success of micro finance is its impact on income of earnings of its beneficiaries. The importance of employment could be properly understood on the business of income it fetches to the employment, in terms of time or work intensity, has no meaning of it fully to generate income. That is why employment and unemployment are very often measured by the income criterion. The impact of micro finance through SHG bank Linkage programme could be judged by the amount of income generated through the micro enterprise sponsored by the banks. The below table shows the income from micro enterprise.

Changes in the Household Income Table No: 7.2.1

Sl. No	Income (in Rs.)	2015	2016	2017	2018	2019
1.	Below 12000	52 (34.67)	35 (23.33)	34 (22.67)	30 (20.0)	23 (15.3)
2.	Rs.12001- Rs.18000	34 (22.67)	41 (27.33)	37 (24.66)	26 (17.3)	17 (11.3)
3.	Rs.18001- Rs.24000	29 (19.33)	38 (25.33)	43 (28.67)	37 (24.6)	31 (20.67)
4.	Rs.24001- Rs.30000	23 (15.33)	21 (14.0)	15 (10.0)	40 (26.6)	29 (19.67)
5.	Rs.30001& above	12 (8.0)	15 (10.0)	21 (14.0)	17 (11.3)	50 (33.3)
	Total	150 (100.0)	150 (100.0)	150 (100.0)	150 (100.)	150 (100.0)

Source: Primary data.



Household income and its distribution are central to any economic impact analysis. It is one of the most important indicators of development. Members of SHGs are expected to increase their income generating activities and subsequently the income of the household has included access to financing services. An analysis of income data collected from households revealed that household increased their household income over the pre and post SHG bank linkage situation. In the year 2015 majority of the respondents falls in the income group of below Rs.12000 (34.67 percent), but that has been decreased to 15.3 percent in the year 2019. It is evident to note that only 8 percent of the respondents earn an annual income of above Rs.3000 during the year 2015. This percentage has been increased to 33.3 percent in the year 2019.

7.2.2 Changes in the Level of Saving Instruments

Table No: 7.2.2, Changes in the Level of Saving Instruments by Respondents (Paired ‘t’ test)

Particulars	Before SHG	After SHG	Incremental Increase	Percentage variation	‘t’ value
Mean	0.09	0.37	0.27	311	1.971
SD	0.07	0.35	0.34		

Paired ‘t’ test has been applied to find out the significant changes in the level of personal saving of the beneficiaries between pre-SHG and post- SHG period. The results show that the calculated t value is 1.971 which is less than the table value of 2.776 at 5 per cent level of significance. Hence the result proved that there is an increase but not significantly in the level of personal saving of the beneficiaries between pre-SHG and post- SHG.

7.2.3 Changes in the level of Housing Position

Impact on housing position of the respondents is given in table 26.

Table No: 7.2.3, Changes in the level of Housing Position

Housing Position	Before SHG		After SHG	
	Yes		Yes	
	No. of respondents	Percentage	No. of respondents	Percentage
Own house	80	53.33	125	83.33
Own house any where	38	25.33	62	41.33
Own plot/land	29	19.33	62	41.33
Electricity Facility	89	59.33	131	87.33
Own toilet or pit latrine facility	62	41.33	95	63.33
Have pipe water facility	56	37.33	104	69.33
Average	59	39.33	96	64.00

Source: Primary data

A look in to the table 7.2.3 revealed that the number of respondents possessing of own house has increased by 66 percent. The availability of internal loan from the SHGs has helped them to avail this facility. Further the usage of electricity facility has increased by 47.4 percent and toilet facilities by 53.6 percent indicating the increase its awareness among the members regarding the situations and other



facilities. Similarly, there was an increase of 86.5 percent is getting top connection followed by other facilities like possession of plot 115 percent and possession of other places increased by 64 percent.

Table No: 7.2.4, Changes in the Level of Housing Position (average) of the Respondents (Paired ‘t’ test)

Particulars	Before SHG	After SHG	Incremental Increase	Percentage Variation	‘t’ value
Mean	0.39	0.64	0.25	64.1	9.427**
SD	0.14	0.19	0.06		

Note: **significant at five per cent level

Paired ‘t’ test has been applied to find out the significant changes in the level of housing position of the beneficiaries between pre-SHG and post- SHG period. The test result shows that the calculated t value is 9.427 which is greater than the table value of 2.57 at 5 per cent level of significance. Hence the result proved that there is a significant increase in the level of housing position of the beneficiaries between pre-SHG and post- SHG.

7.4 Empowerment of women

Empowerment is a process of awareness and capacity building leading to greater participation to greater decision-making powers and control and to transformative action. The goals of women empowerment are to challenge patriarchal ideology, to transform the structure and institutions that reinforce and perpetrate gender discrimination and social inequality and enable poor women to gain access to and control over both material and information resources.

Likert-Scaling Technique has been applied to assess the degree of empowerment of women. The impact of SHG Bank Linkage Program on total empowerment of women was analyzed by following five-point scaling technique. The scores were assigned as follows.

Significantly improved : 5 Improved : 4
 No Change : 3 Detracted : 2 Significantly Detracted : 1

The respondents were asked to opined their level of improvement based on which the sores were allotted. The total score and main score were found out and given in table

Table No: 7.4, Empowerment of women

S.No.	Particulars	Total (N:150)	Mean Score
1	Self confidence	603	4.02
2	Hopes for better standard of living	665	4.43
3	Better status in the family	641	4.27
4	Communication skill	578	3.85
5	Leadership	597	3.98
6	Gained knowledge on credit management	595	3.96
7	Good public relationship	649	4.33
8	Economic independence	636	4.24
9	Social cohesion	660	4.4
10	Self expression-Decision making	624	4.16



The table 7.4 is to be noted that the mean score of the members for self confidence was 4.02. The improvement in self confidence might be due to the several opportunities given to women to interact with the field staff, bank line departments, personal and the opportunity for independent decision making. The mean score for better standard of living was 2.6. Awareness generation on different developmental programs in operation and the possibilities of obtaining better income with resultant better health

While the mean score for better status in the family was 4.27. The ability to earn an independent income may perhaps be the reason for women taking quick decision not only in their groups but also in their family. The mean score for the women for their communication skill was 3.85. Group meetings and interaction with the officials was the possible facilitating factors for the development of communication skills. The mean score for the attribute on leadership was 3.98. This might have resulted from the collective action expected out of them to avail loans for micro enterprises in terms of informing the other members in the group. The mean score was 3.96. Development of different traits would empower women in different dimensions and they would ultimately nurture a good public relationship as in evident from the mean score of this attribute by 4.33.

The mean score for the attribute economic independence was 4.24. the experience in initiating the micro enterprises not only enabled the women to raise their household income but also made them to realize their own capabilities and instilled them the positive thinking that given the impetus they would exercise the power within them and also enhance the same. The mean score for the attribute social cohesion was 4.4. the improvement may mainly be attributed to opportunities provided to them to discuss the problem to each other in their own groups as well as in common meetings, exposure to the oppressions other women faced and the insistence of the co-ordination on the need for self help and mutual help through formation of SHGs and thrift and credit societies.

The mean score for the trait self expression was 4.16. Opportunities to speak within the group, within the officials concerned, participation in awareness campaigns, enhanced income leading to greater control over resources at home and participation in infra family decision making on resource allocation and use might have contributed to the acquisition of this empowerment attribute.

Overall, the results revealed that the beneficiaries were empowered in different traits. This positive change was made possible because of the intervention of SHG bank linkage program and active involvement of NGOs which made awareness among the women in attain the empowerment.

8. Findings

The study revealed that all the SHG members had experienced increase in their income. This finding was supported by Singh (2013) All members achieved economic independence and increase in capital formation after joining SHG's.

Profile of SHGs

The study covers 30 SHGs and 150 individual members spread over the Erode District in Tamil Nadu. Most of the Self Help Group's were started earlier 5-8 years ago (66.67 per cent). The average number of members is 12 in a group. Most of the respondents coming under SC/ST community (43.6 per cent). Majority of the group members belonging in the age group of 25-35 years (45.78 per cent). Majority of the respondents are completed only primary level (34.84 per



cent). More than 46 per cent of the respondents belonging to the monthly income range between Rs.1000-Rs.2000.

Impact of SHGs under Bank Linkage Programme

Changes in the Household Income

The level of household income is increased significantly (per cent) in the year 2019 when compared to the base year 2015(per cent).

Changes in the Personal Savings

The level of personal savings per member is increased significantly in 2019 when compared to the base level (2015). The access to financial saving instruments has improved considerably in the after joining SHGs period to the earlier era. The study found that apart from savings in SHGs the other major saving instruments used by household are SHG followed by bank (35.3 per cent) and post office (68 per cent).

Changes in the Housing Position

The housing position of the women has significantly increased after joining the group's (30 per cent). Paired 't' test analysis revealed that the housing position of the beneficiaries has significantly increased after joining SHG Bank Linkage Situation.

Changes in the Household Assets

The percentage of the beneficiaries acquired household assets has been significantly increased (48 per cent). Paired 't' test analysis revealed that the household assets of the beneficiaries has significantly increased after joining SHG Bank Linkage situation.

Empowerment of Women

The qualitative gains as revealed 150 women indicated that women were in the process of attaining various attributes of empowerment, which would bear testimony to the positive outcomes of economic independence acquired by the women through undertaking micro enterprises and it is being proved that the women are really becoming "partners in development". Likert scaling technique is used to analysis the empowerment of respondents. This technique has been applied to find out the fully empowered by the respondents with respect of various factors.

Suggestion

There is a need to train the SHG members on several income generating activities, motivate the members to recycle the profit in other small enterprises by enabling them to be beneficiary of employment and income generating government schemes.

- Self Help Group review meetings must be conducted periodically
- To encourage savings and investments.
- SHG members are to be trained to market their products and the Government also should take more steps to market their product. Uniform pricing must be fixed for their produces.
- Government must provide proper guidance and counseling programmes to the SHG
- NGO's and government should encourage saving habits of Self-Help Group members
- For the benefit of the poor, credit delivery at the door-step should continue at a reasonable cost to respondents.
- Loan amounts should be need based in case of production loans and diverse requirements.



- MFIs should follow a rational and transparent interest policy to avoid suspicions and encourage professionalism in the sector.
- MFIs should provide services such as guidance and counseling in identification of suitable income generation activities, training for skill and entrepreneurial development, etc. for which suitable grant assistance from Government or donors is necessary.
- MFIs should focus on women' SHGs economic empowerment as an explicit objective. This would have a positive influence on the living standards of households as units.

Conclusion

The study concluded that the SHGs help to gain knowledge and empowerment and also helps to improve their standard of living. SHGs provide loan to group member through that they start business and they can change their life style. The developments of long –term organizational vision, mission, objectives and strategies of SHGs have the ability to reach out to unreached poor women and it network guidance and support them. Thus, SHGs create a salient revolution which must be viewed as “change Agents” in rural areas. SHGs under bank linkage not only enhance the national conscience but also enable in achieving millennium development goals. Respondents were attending SHG meeting regularly because they wanted to be part of important decisions taken in these meetings and also due to provision of being levied penalty on absentee.

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