

Performance Evaluation of Self Help Groups in Telangana A Case Study of Suryapet District

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Abstract

The Self Help Groups (SHGs) are homogenous groups of poor women users. These groups are voluntary ones, formed on areas of common interest so that they can think, organize and operate for their development. SHGs functions on the basis of cooperative principles and provide a forum for members to extend support to each other. It is considered as a means of empowerment. SHGs organize very poor people who do not have access to the financial system in the organized sector. SHGs mobilize the poor rural people, especially women to form groups for mutual benefits. The groups play a crucial role in improving the savings and credit and also in reducing poverty and social inequalities.

Keywords

Empowerment, Development, Poverty, Homogeneous, Capacity building programs.

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Introduction

The role played by Self Help Groups (SHGs) in empowering women has become the most intriguing inquiry among academicians, policymakers, development theoreticians and activists of Non-Government Organizations. Self Help Groups are a non-professional organizations formed by people with a common problem or situation, for the purpose of pooling resources, gathering information and offering mutual support, services, or care. Women constitute around half of the total human resources in our economy. Yet women are the more poor and underprivileged than men as they are subject to many socio-economic and cultural constraints. They have no such place in society as men. The situation is more severe in the rural and backward areas. Women's development activities must be given importance to eradicate poverty, increase the economic growth and for a better standard of living. Over centuries, women were treated as less than equal to men in many ways. Women were not allowed to vote, own property, or work in many jobs. Now that we are out of those dark ages, women are more empowered to do whatever they want. This means that they have the ability to choose their own destiny, job, vote, and do anything a man can do.

Statement of the Research Problem

Although SHG is socially, politically and economically neutral, but women are not homogeneous in their socio-economic and education status. Hence, the present study makes a modest attempt to examine the following questions which include -

1. Whether women are actively participating in the SHG movement or not?
2. If yes, in which type of activity they are involved in?
3. What is the level of social empowerment attributable to their participation in SHG activities?
4. What are the problems/obstacles encountered by women SHG members in course of their operations?

By the 1990s SHGs were viewed by State Governments and NGOs to be not more than just a financial intermediation, but as a common interest group, working on other concerns as well. NGOs such as MYIADA (Mysore Resettlement and Development Agency) SEWA (Self Employed Women's Association), and WWF (Working Women's Forum) and Shreyas⁶ are the significant examples, In Feb 1992, NABARD launched its pilot project to link such Self Help Groups (SHGs) with banks which have subsequently developed into the SHG-bank linkage program, 10 to 15 or 20 women, generally from a rural area voluntarily come together and form a group. The members belong to the same strata of society and also share a common

ideology. The Groups are small, homogeneous and informed. Its members save a fixed amount at regular intervals, generally, monthly or weekly. The collected savings are used for internal lending at predetermined rates which are generally not so high.

Review of Earlier Studies

Ranjula Bali Swain and Fan Yang Wallentin (2012)¹ studied the performance of self-help groups in five Indian states. Their sample was 810 members. The authors evaluated the effect of economic and non economic factors on the empowerment of women. They found that economic factors have the greatest direct impact on empowering women. This confirms that programs such as SHGs, which focus on the income generation by women in low-income households, have the double advantage of leading to an improved economic situation of the respondent and being the most effective factor in empowering women.

Anjali Sharma, Bikash Roy and DeepaChakravorty (2012)², focused on the effects of the SHG strategy on women's economic activities and possible occupational change. They have also tried to analyze its impact on asset creation, the degree of participation of women in the decision-making process in domestic issues and group activities. Their study showed that after joining SHGs women experienced a great change in their attitudes and capacity.

Smith G. Sabhlok (2011)³ examined the importance of trust in women's collective efforts for development through self-help groups. The author argued that community-building efforts cannot ignore the importance of trust among group members and, between group members and organizational members. The study explored the manner and forms in which trust manifests itself during periods of formation, activity and defunct stages of selected SHGs in India. Personalized trust, argues the author, forms the center of the radius of trust in SHGs.

Gordon Knowles (2011)⁴ on the basis of the review of literature on self-help groups, argued that the contribution of women to their communities is enlarged through their group participation and enhanced empowerment. One of the significant implications that flow from group activity is that women enjoy a higher degree of respect and credibility in their own communities. This was resulted from the growth of trust and bonding through self-help group facilitation and has been an increased confidence in participation by women in the affairs of the community. Group activity was reflected in the new interest and involvement of women in the otherwise male domains of civic budgets and Panchayat elections.

Singh, Y.K., Kaushal, S.K. and Gautam, S.S. (2011)⁵ studied self-help groups in the Moradabad District of Uttar Pradesh. They observed that caste had a negative but highly significant relationship with participation, task

function, interpersonal trust and group cohesiveness. At the same time, it had a positive and significant relationship with style of influence. In other terms, participation, task function, interpersonal trust and group cohesiveness were low among the members of low castes. The membership in groups and interaction in the capacity of group members had a positive and significant relationship with education, participation, maintenance function, interpersonal trust and group cohesiveness. The authors also found that economic, political and legal empowerment had a positive and significant relationship with education, family occupation, annual income, task function, maintenance function, interpersonal trust and group cohesiveness.

Scope of the Study

The study mainly focused on the economic and non-economic performance of women attributable to the SHGs. It does not cover techno-managerial approaches of SHGs

Objectives

1. To discuss the socio-economic profile of the sample respondents
2. To assess the performance of SHG assisted enterprises
3. To identify the size and determinants of SHG of the units
4. To suggest suitable measures to improve the performance of MF assisted enterprises

Hypothesis

1. The performance of MFIs assisted enterprises is insignificant
2. The relationship between the social status of the sample SHG account holders and their size of SHG is assumed to be statistically Independent

Methodology

For the purpose of the present study, the author has been collected primary data from sample households through a schedule/questionnaire. Total 120 collected data sample respondents from the other related data have been collected from various records of Govt. reports (published and unpublished) and journals. The data was collected from June to July 2019. The simple relevant statistical techniques have been applied to the objectives.

Techniques of Analysis

The present study will employ various tools of statistics including simple percentages, frequency distribution, Likert scale (3-point), chi-square statistic, correlation coefficient, simple regression, and ratio analysis are employed in order to quantify, and test the significance of relationships specified in the study.

The simple Regression Adopted in the Present Study is Defined as Follows

$$Y=a + bx$$

When y = Average income

X = Average investment financed by MFIs

a and b = Regression Coefficients

Hypotheses

1. The performance of MFIs assisted enterprises is insignificant
2. The relationship between the social status of the sample NPAs account holders and their size of NPAs is assumed to be statistically Independent

Methodology

For the purpose of the present study, the author has been collected primary data from sample households through a schedule/questionnaire. Total 300 collected data sample respondents from the Interview method. The other related data has been collected from various records of Govt. reports (published and unpublished) and journals. The data was collected from June to July 2019. The simple relevant statistical techniques have been applied to the objectives.

Result and Analysis of the Study

Table: 1
Social Status of sample respondents

Socio Status	No of Respondents	Percentage
OC	60	20
BC	135	45
SC	63	21
ST	42	14
Total	300	100

Source: Primary data

Table 1 indicates the social status of sample respondents. It is observed that 35 percent of sample members belong to Other Caste followed by backward class Caste, Scheduled Caste and Scheduled Tribes sample respondents have been selected from the village.

Table: 2
Social Status of sample respondents

Age Group	No of Respondents	Percentage
35-45	165	58
45 above	135	42
Total	300	100

Source: Primary data

Table: 3
Occupation of sample respondents

Occupation	No of Respondents	Percentage
Agri.Business	237	79
Manufacturing	42	14
Services	21	07
Total	300	100

Source: Primary data

Table 3 indicates the with regard to the performance of the microfinance assisted enterprises, Out of 300 sample microfinance enterprises, 79% are from agri-business followed by 14% from manufacturing and 7% from services.

Table: 3
Educational Status of sample respondents

Educational Status	Percentage
Illiterate	42
Up to 10th	33
Intermediate Level	12
Degree & Above	13
Total	100

Source: Primary data

Table 3 indicates the educational status of sample respondents. It is observed that the majority of respondents (42 percent) are illiterate and 33 percent of women are studied up to 10th standard followed by intermediate and degree and above degree in the study area.

Table: 4
Occupational Status of sample respondents

Occupation	Percentage
Agriculture	72
Caste based activities	25
Bheedi	0
Other Activities	3
Total	100

Source: Primary data

Table 4 indicates the occupational status of sample respondents. It is observed that the majority of respondents (72 percent) occupation is agriculture followed by 25 percent occupation is caste-based specially ST-Erukala, 3 percent of members are doing job as Xerox machine operator and working as Ayya (Helper to school children in the study area).

Table: 5
Income level of sample respondents per annum

Income level	Percentage	Average Income
Up to 3000	26	2653
3001 to 6000	19	4295
6001 to 9000	48	7426
Above 9000	7	10089
Total	100	5776.54

Source: Primary data

Table 5 indicates the income level of sample respondents. It is observed that the majority of respondents (48 percent) have received income on average Rs. 7426 per annum followed by 26 percent of members who received Rs. 2653, 19 percent of members received Rs. 4295 and 7 percent of members received Rs. 10089 per annum.

Major Findings

1. The socio-economic analysis of the sample borrowers of Microfinance reveals that 58% of the sample entrepreneurs are found in the age range of 35-45 years, 56% of them are found to be literate, 45% are from socially backward castes, 21% are from scheduled castes, 14% are from scheduled tribes and 20% are from others, 55% of them are from absolutely poor category, 33% are from poor category and 12% are from non-poor category and the occupation of 60% is caste-based services.

2. With regard to the performance of the microfinance assisted enterprises, Out of 300 sample microfinance enterprises, 79% are from agri-business followed by 14% from manufacturing and 7% from services. 83% are from sole proprietorship concerns and 17% are from joint liability groups. 66% have invested an average of up to 20000 rupees followed by 22% who have invested 20-50 thousand rupees and for 12% have invested more than 50 thousand rupees. 57% of enterprises have earned an average of up to 40000 rupees income followed by 40-80 thousand rupees of income by 32% of the enterprises and above 80 thousand rupees of income by 11% of the enterprises. The income investment ratio of 55% of the enterprises is in the range of 1 to 1.3 and the same is 1.3 to 1.8 in the case of 32% of the sample enterprises and above 1.8 in case 13% of the enterprises. The rate of profit of 50% of the enterprises is nil and the same is up to 20% in case of 38% of the microfinance enterprises and above 20% rate profit in the case of 12% of the enterprises. Tobin's Q of 60% of the enterprises is less than unity and the same is unity in the case of 28% of the microfinance enterprises and greater than unity in the case of 12% of the enterprises.

3. The first hypothesis "The performance of MFIs assisted enterprises is insignificant is rejected.

4. The second hypothesis "The relationship between the social status of the sample NPAs account holders and their size of NPAs is assumed to be statistically independent is rejected.

Recommendations

Following recommendations are made to improve the performance of the MFI assisted enterprises and to minimize the possibilities of becoming NPAs

1. MFI assisted enterprises must be enabled to reap the economies of scale in one or the other form.

2. MFIS must be liberal in credit sanctions to the enterprises in a manner that enterprises should not depend much on informal institutions of credit.

3. The rate of interest charged by MFIs may be less in relation to that of the interest rate charged by others, but in relation to their performance and size and scale, it is high. Hence, the interest rate should be kept minimum to the extent possible as the transactions cost of microfinance is insignificant.

4. Enough degree of flexibility in EMIs must be ensured by MFIs to the borrowers in a manner that there is a perfect correlation between income flows and schedule of repayment.

5. Professional management practices must be thoroughly adapted in MFI assisted enterprises so as to promote efficiency.

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