



## A STUDY ON PERFORMANCE EVALUATION OF SELF-HELP GROUP PROGRAMME IN TAMIL NADU

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### Abstract

The present study focused at quantifying the impact of SHGs on the socio-economic conditions of its members. The reference period was 2014- 2015. Primary data was collected through field surveys based on a structured interview schedule which could provide qualitative and quantitative information regarding SHG members in the state. The total sample size comprised 50 SHG members. 5 bank managers were also interviewed on the basis of the objectives of the study. The data collected were statistically analyzed. In Tamil nadu, women participation in SHGs is manifold greater than that of men and there has definitely been an appreciable change in the standard of living in the respondents after their becoming the members of SHGs. SHGs formed an effective tool in empowering the poor women in the state. There is significant increase in income, savings and asset acquisition among the poor after becoming members of the SHGs. It was also observed that members progressively started utilizing loan for productive purposes, generating more income. The SHGs of Tamil nadu uphold the secular nature of the state with representation from all communities. Majority of the respondents are educated. It is noteworthy that educational status is significantly related to the thrift habit of the members. Signs of improvement are stronger not only in the economic aspects of the members but also in their social as well as cultural aspects.

**Key Words** – Microfinance, SHG, Performance Evaluation, Tamil Nadu, Socio-Economic Status, Women Empowerment.

### INTRODUCTION

Socio-economic empowerment has been considered instrumental for holistic development of the nation. Financial liberalization after 2001 decimated the formal system of institutional credit in rural India. If effectively utilized, credit is an efficient tool in boosting economic development. The government's recent initiatives to streamline credit operations and delivery system through microfinance movement can definitely help in the revival of rural economy and empowerment of the rural poor. Microcredit intervention programme has been well recognized the world over as an effective tool for poverty alleviation and improving socio-economic conditions its efforts to reduce poverty and empower the rural poor.

Even though the formal banking system had spread over the rural areas in India, 32% of the nation's rural people are still depending on informal banking people namely moneylenders, landlords, relatives, private financiers, chattels etc. Reasons are many-urgency of money at occasions, increased frequency of transactions and the possibility of getting larger amounts of loan. Generally the formal banking people neglect the rural people and are reluctant to give them loan. The word 'credit' has originated from a Latin word 'credo' meaning to believe or entrust. Formal financial institutions perceive these two elements to be lacking in the poor. The poor are not known to the bank nor do they have material value to pledge against risk.

Self Help Groups (SHGs) have become instrumental to overcome this situation and to improve the thrift habit of the rural people. In Tamil Nadu this programme was first started in **Thanjavur in 1992** as a deposit collection programme. Later the programme was successfully extended all over the state. SHGs are small, informal and homogeneous groups of 10-20 members. The upper size of an SHG, however, has been made mandatory at 20 because any group larger than this would need to be registered under the Indian legal system, Groups are expected to be homogeneous so that the members do not have conflicting interest and all the members can participate freely without any fear. They come together for addressing their common problems. The bank links the group and it extends a term loan of small amount to the group. The group in turn continues to take decisions as in the past, the only difference being it has a higher amount of resource now.

Thus a sustainable financial relationship between the banks and the poor people (SHG) develop for their mutual benefit. In India NABARD play an important leadership role for the promotion and nurturing of SHGs. The microfinance initiative of NABARD has emerged as the largest microfinance programme in the world. With a modest target of 500 SHGs in 1992, banks have credit linked more than 2.5 million SHGs as on 31st March 2007 which is ahead of one million SHGs programmed to be credit linked by 2015. Nongovernmental Organizations (NGOs), Banks, Farmers' development clubs, Government agencies and individual self-employed volunteers or agents, are also working hand in hand with the NABARD for the promotion of this programme. The NABARD also plays a vital role in developing Self-Help and mutual help among members and to increase the saving habits but importance is given for the improvement of poor people and empowerment of women.



Federation of groups at regional level will greatly help to solve effectively the problems of marketing. Products, produced by a group can be marketed through other groups and this will enable to check the flow of money outside the village. This will function as an efficient net work marketing system and. The outcome is maximum profit to the group members.

It is challenging to maintain a pollution free environment. SHGs are orienting their activities in this direction also. By cautioning about the 12 hazards of use of plastics, chemical fertilizers, pesticides etc. and popularizing gardening, vegetable cultivation, use of biofertilizers, vermicomposting, use of paper bags, biogas etc., SHGs are engaged in promoting environmental protection and sustainable development. Decentralized planning gives ample Oporto.

### **NEED AND SIGNIFICANCE**

In spite of the rapid growth of self-help groups in India, the full potential of the self-help groups remain untapped. One of the reasons may be the lack of systematic research and solid methodological foundations. Little is known about how helpful SHGs are to the members, and what kind of social impact they have brought about. Impact assessment being rather limited so far, it is hard to measure and quantify the effect of this Indian microcredit experience on the poverty situation in India. There is a need 10 for closer study to support the system so that the country can eradicate poverty in future.

Tamilnadu is a state with a high level of literacy but affected with severe unemployment. The state has also a very good network of bank branches and is well connected with small and medium townships. There is ample scope for rural empowerment through SHGs in Tamilnadu. The rural mass can organize themselves as SHGs and initiate measures for their socioeconomic well being.

### **PROBLEMS**

The formal financial institutions have not been able to reach the poor households, particularly women, in the unorganized sector for very long time. This gave rise to the concept of microfinance to the poorest segment along with a new set of credit delivery techniques. With the support of NGOs, an informal sector comprising Self-Help Groups started mobilizing savings of their members and lending 17 these resources among the members on a micro scale. The potential of these SHGs to develop as local financial intermediaries to reach the poor has gained recognition due to their community based participatory approach. This microfinance scheme led to the upliftment of the people, especially in rural areas, through provision of a broad range of financial services such as granting of loans, deposits, payment services, money transfers, insurance to the poor and the low income households, their Microenterprises etc. It enabled people in the backward areas to come forward to have a dynamic change in their standard of living. In this contest, the researcher feels it necessary to conduct a study on the performance of the SHGs in Tamilnadu. Hence the study is titled as the 'Performance Evaluation of Self-Help Groups Programme in Tamilnadu.'

### **OBJECTIVES**

On the basis of the present research problem and the theoretical perspective for investigating the problem, the following research questions have been formulated. These research questions formed the objectives of this study.

### **LIMITATIONS**

In the process of collection and analysis of data proper care has been taken. Still, the study has certain limitations.

1. Reluctance from the part of members in giving true data regarding their income, savings, assets etc. This is due to the fear that they may loose subsidies or other concessions from the government and also that they may be forced to remit more tax to the government.
2. Many of the members have membership in more than one SHG, hence special attention was needed to avoid error in the data provided by them.
3. The income based on household generally tends to be under reported. This is because people do not like to reveal the correct figures of their income and expenditure. Many of the members were not having regular income and hence there was difficulty in assessing their monthly income.
4. The study was on the basis of data supplemented by the respondents who do not keep proper records of their income and expenditure. Sufficient care has been taken by incorporating adequate cross checks in the interview schedule.

### **FINDINGS**

The study has certain findings As Follows

1. Great majority of the Self-Help Groups in Tamil nadu are women groups. In some areas men groups and mixed groups also exist.
2. The illiterate and poorest of the poor are not sufficiently represented in SHGs.



3. Most of the female members are unemployed, but engaged in some sort of income generating activities such as casual work, agriculture, petty shop, animal husbandry etc.
4. In the families of most of the members there are one to three earning members, many of them earning income on daily basis.
5. There is significant increase in the income of the respondents after they have become members of the SHG. The role of SHGs in enhancing the income generating habits of its members is glaring in the present study.
6. There is no relation between income and educational qualification of the SHG members in the state. The incomes and educational status are found to be independent of each other.

### PROBLEMS

The apparent and affirmative change in the socioeconomic conditions of the respondents could be indicative of the general status of performance of SHGs in the state. 100 But the system has its own problems and shortcomings. The present study unraveled many of them which are listed below.

1. **Utilization of loans for non productive purposes.**  
Many of the members spend on non remunerative purposes such as repayment of earlier loans, education of children, maintenance and repair of existing houses, construction of new ones, treatment, marriage etc. They are not utilizing their loan for income generating activities. This causes repayment difficult for many of the borrowers..
2. **Multiple memberships.**  
Many of the respondents have memberships in more than one group. By availing loan from all these groups such members are increasing their debts.
3. **Abandoning SHGs.**  
With the emergence of Kudumbashree programme many of the members leave SHGs because they get subsidies from there. Hence, it is important to provide similar schemes to SHG members also to attract and retain them. Entrance of new NGOs with attractive offers resulted in the drop-out of the members from the existing groups.
4. **SHGs behaving just as money lenders.**  
Certain SHGs limit their programme to collecting deposits and giving loans. Such SHGs have to be motivated to involve in group activities.
5. **Non- homogeneity of the members.**  
In some groups heterogeneity creates problems. APL-BPL members, members coming under different age groups, members with different tastes and attitudes towards income generating activities have different views and opinions.

### SUGGESTIONS

On the basis of the above findings and observations, the following suggestions have emanated, which may be helpful in strengthening SHGs and taking strategic decisions on Poverty Alleviation Programmes in the State.

1. More supportive and patronizing attitude on the part of the Government, NABARD, NGOs and Banks are highly essential for the members to develop their entrepreneurial abilities and skills. Separate departments have to be formed in these institutions for the development of microfinance and Microenterprises in the state.
2. Measures to attract the illiterate and the poorest section of the rural people to SHG have to be taken.
3. Group concept can change the lives of the tribal folk also. Voluntary agencies should be able to play a significant role in improving and developing the living conditions of the tribal folk.
4. Belts of lower income people have to be identified in their meagerly represented areas and brought within the span of SHGs.
5. Attractive saving schemes and insurance schemes, if introduced for SHG members, will enhance their thrift habit.
6. It is good to formulate a common policy for the formation of SHGs and frame directives related to membership, meetings, registers, accounts, audit etc. of the SHGs. for giving necessary counseling for the members.
7. Formation of federations, regional level committees etc. are very important for monitoring, training and evaluating the groups.

### CHALLENGES

Based on personal observations and group discussions made during the study, the researcher could identify certain challenging problems in the functioning of SHGs which cannot be easily corrected or solved. Conscious and careful interference on the part of NGOs and coordinators is greatly advocated.

1. **Marketing.** Finding market for the products of SHGs is a major challenge. Products, produced by the groups suffer greatly in the influx of multinational companies and their marketing systems.
2. **Up gradation of skills.** Petty trade and cattle rearing are the most preferred non-farm activities among a large number of women as they are unskilled to venture into new business or productive economic activity. Since these activities are less profitable, they should be directed to enter into nontraditional and profitable activities.



3. External interference. Political interference, influence of spouse etc. adversely affect the functioning and decision making processes in some groups.

### **CONCLUSION**

SHGs can play an effective role in achieving the long cherished objectives of poverty alleviation and rural development through their diversified programmes. The formation of common interest groups has had a substantial impact on the lives of its members. Empowerment of women and the inculcation of financial training and discipline amongst the poor will undoubtedly have long term socio-economic benefits. Still, there are key areas of SHG management that need to be improved. Independent of promoting institutions, with proper accounts, audit and credit management ability. Over dependence on leaders is a major problem faced by the SHGs in Tamilnadu. The leader also becomes autocratic, 207 interfering with each and every decision of the members.

This system of spoon feeding cannot be considered as a positive sign. Strategy of democratic style of leadership with co-operation, unity, and mutual understanding from the part of each and every member in group activities. Loans and other benefits of SHGs sometimes flow away bypassing the poorest to the powerful and least needy of the members. This process of marginalization may lead to the destruction of the whole process. the impact of SHG programme on socio-economic conditions of the members have been invariably an improvement from the pre-existed status of the rural poor in Tamil nadu. The programme has created a new system that value women, putting the needs and issues of women at the top of the agenda. It is a unique system for poverty eradication involving poor women who 150 work together in order to bring a positive shift in their socio-economic status. It can be hoped that the SHG programme could bring about radical changes in the lives of the poor sections of the society in the years to come.

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