



INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact factor: 4.295

(Volume 5, Issue 3)

Available online at: www.ijariit.com

A study on self-help groups in Ramanagar district of Karnataka, India

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ABSTRACT

A group of 4 to 20 members can form a self-help group. They develop a habit of savings. The amount so collected is used for disbursement of the loan. Those who do not have formal banking facilities can avail these loans for self-employment and livelihood. The self-help SHG and microfinance is for those who do not have access to formal credit facilities. Self-help groups become the basis for action and change. It also helps to build mutual trust between the promoting organization and the poor through constant contact and genuine efforts. Thus Self-help groups disburse microcredit to the rural and urban poor for the purpose of making them self-reliant and encouraging them to enter into small business activities. The main purpose of this Article is to evaluate the performance of the 5005 Self-help groups and the attitude of members of the Self-help groups towards economic impact, social impact and psychological impact. Self-help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural and urban people. These groups enable to come together for a common purpose and gain strength from each other to deal with exploitation, which they are facing in their daily life.

Keywords— *Self-help groups, Microfinance, Poverty alleviation, Economic impact and Social impact*

1. INTRODUCTION

A self-help group is a group of persons helping themselves. They develop a habit of savings and disburse loans to needy without any collateral. Microfinance is a source of financial services for entrepreneurs and small businesses lacking access to banking and related services. It is a relationship based banking and group-based models where several entrepreneurs come together to apply for loans and other services as a group.

The concept of Self-help groups is an age-old philosophy and the Co-operators by and large, in the credit sector, could not think of any better Self-help groups than a primary co-operative credit society itself. As Self-help groups are small consisting of 4 to 20 members who are economically homogeneous affinity groups of rural poor, they voluntarily come together to save money regularly to a common fund, to meet their financial needs, to do collective decision making, to solve conflicts, to provide collateral-free loans at market rates. There are 5005 SHG's in Ramanagara District of Karnataka. Stratified Random Sampling is used to collect the data.

1.1 Activities of Self-help groups

The important activities of SHG's are the following;

1. To provide collateral-free loans to make their members self-reliant and to do self-employment.
2. To discuss their social and economic problems and to solve their conflicts.
3. To improve the social status and economic status of members of the group.
4. To provide a platform for the exchange of ideas of the group.
5. To develop the decision-making skills of the members.
6. To foster a spirit of mutual help and cooperation among members.
7. To instil in members a sense of strength and confidence which they need for solving their problems.
8. To provide social strength and organizational strength to members.
9. To promote financial literacy and increasing awareness among members, and
10. To mobilize savings for the common fund.

2. REVIEW OF LITERATURE

In order to understand the concept of Self-help groups and also to identify the areas already investigated, some of the important studies already investigated. Micro-credit strategies and Self-help groups are important for developing countries. Some of the important studies already undertaken and related to the objectives of the present study are mentioned.

Hansen, Nina (2015) States that Microfinance increases women’s psychological capacity for actions considering the aspects of personal control beliefs and social network which further strengthens when training intervention is combined with microfinance.

Sundaram, (2012) The SHG method is used by the Government, NGO’s and others worldwide. Thousands of the poor and marginalized population in India are building their lives, their families and their society through self-help groups. It analyses what is self-help group, why the self-help group is so important in India, the present status of self-help groups in India, impact and shortcomings of self-help groups in India.

Yunus (2007) In a study explained the differences between the Grameen Bank and conventional banks. He explained the Grameen Bank methodology was almost the reverse of the conventional banking methodology. More than half of the population of the world was deprived of financial services of the conventional banks. As conventional banking was based on collateral, focused on men, located in urban centres and owned by rich with the objective of profit maximization. The Grameen Bank started with the belief that credit should be accepted as a human right, where one who did not possess anything get the highest priority in getting a loan. Grameen Bank had the objective of bringing financial services to the very poor, particularly women to help the fight poverty, stay profitable and financially sound. They were poor because society had denied them the real social and economic base to grow on.

3. SCOPE OF THE STUDY

The present study attempts to examine the socio-economic impact of Self-help groups on the beneficiaries. It examines how far the programme has helped in raising the incomes and levels of living of the rural poor and in enabling them to cross the poverty line. The present study focuses on Self-help groups and their members.

4. OBJECTIVES OF THE STUDY

- (a) To study the profile of Self-help group members in Ramanagar District.
- (b) To find out the social impact of Self-help groups in Ramanagar District.
- (c) To find out the changes in the social conditions of the members of the Self-help groups.
- (d) To analyze the economic impact on the members of the Self-help groups.
- (e) To give a validated conclusion.

5. LIMITATIONS OF THE STUDY

- (a) The study is limited only to Ramanagar District of Karnataka.
- (b) The questionnaire method of data collection was followed. The reliability of data depends on responses given by respondents.
- (c) The time period is the constraint. The time available for research is limited.
- (d) The sample size is limited only to 50 SHG’s and 200 Respondents only.

6. RESEARCH METHODOLOGY

Sources: Ramanagar District – chosen 5 villages: Kailancha, Kootagal, Kasaba, Bidadi and Ijoor.

Sample size: 50 SHG’s and 200 Respondents. Data collection method: Survey method. The stratified Sampling method is used.

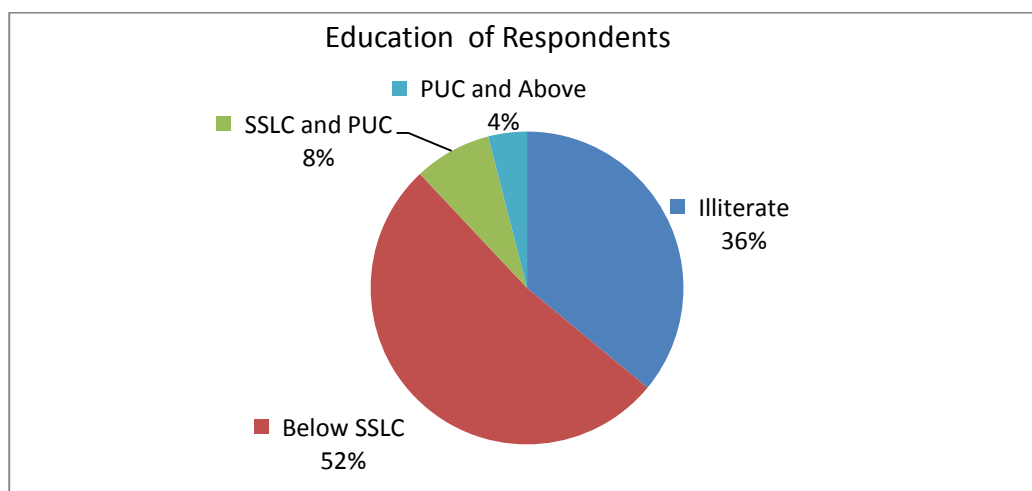
Primary Data collection: through questionnaire and personal interview.

Secondary Data: through Journals, magazines, reports, publications, books, etc.

7. DATA ANALYSIS AND INTERPRETATION

Table 1: Distribution of SHG according to Education qualification

S no.	Education Qualification	No. of Respondents	Percentage
1	Illiterate	72	36
2	Below SSLC	104	52
3	SSLC and PUC	16	08
4	PUC and Above	08	04
	Total	200	100

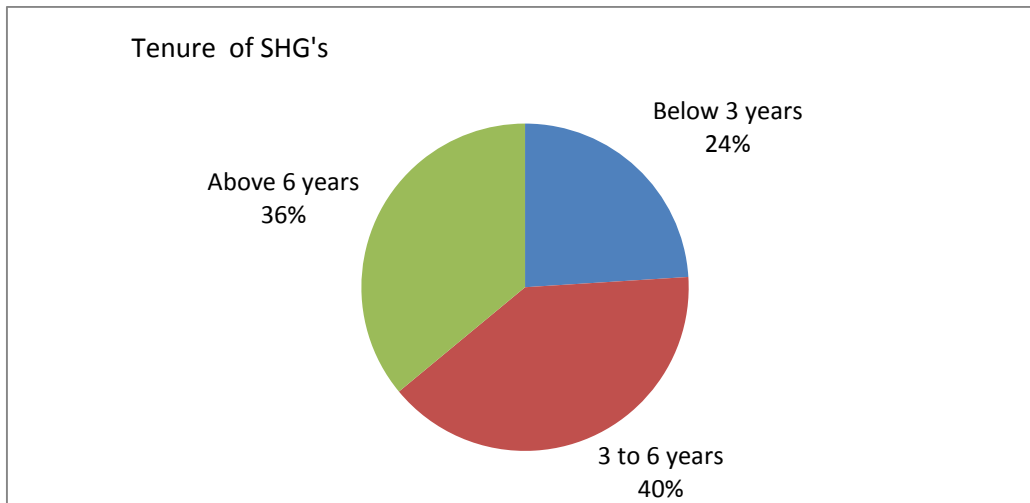


Analysis: Table 1 shows that most of the respondents in SHE'S were below SSLC. 36% were illiterates, SSLC and PUC were 8%, PUC and above is only 4%.

Interpretation: Most of the members in SHG's were below SSLC, it is followed by another group, illiterate persons. There are no persons who are graduates or post-graduates.

Table 2: Distribution of SHG's according to the tenure of existence

S no.	Tenure	No. of SHG's	Percentage
1	Below 3 years	12	24
2	3 to 6 years	20	40
3	Above 6 years	18	36
	Total	50	100

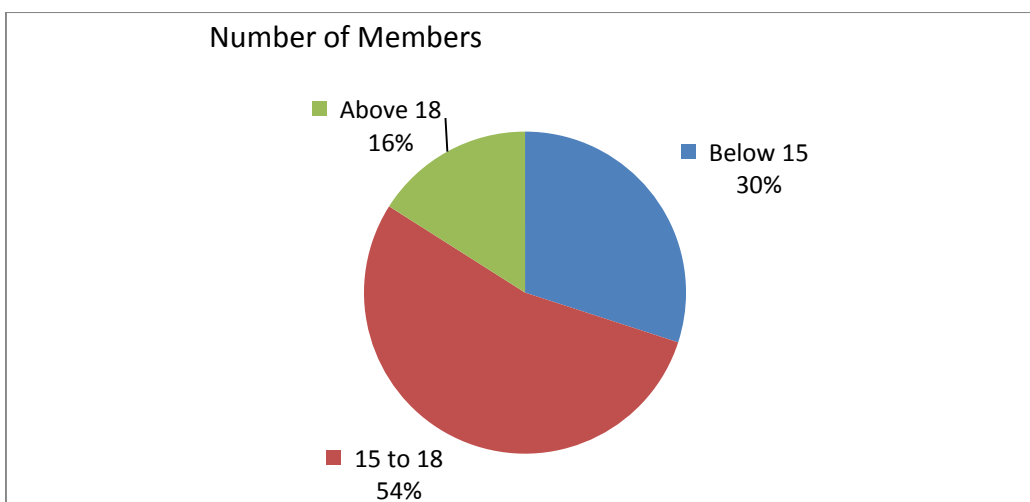


Analysis: Table 2 shows that the majority of the SHG's belongs to 3 to 6 years tenure. Followed by above 6 years, only 24% belongs to 3 years tenure.

Interpretation: Most of the SHG's belongs to 3 to 6-year tenure. Above 6 years is 36% and below 3 years is only 24%. As per the norms of RBI and NABARD, the tenure of SHG's must be more than 6 months.

Table 3: Number of members of SHG's

S no.	No. of Members	No. of SHG's	Percentage
1	Below 15	15	30
2	15 to 18	27	54
3	Above 18	08	16
	Total	50	100

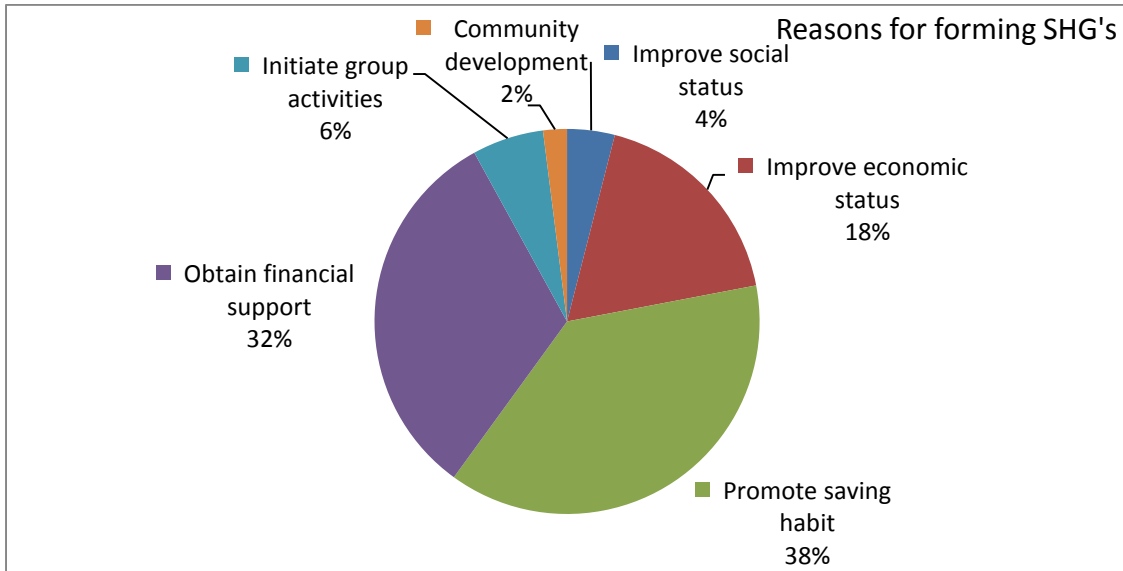


Analysis: Table 3 shows that the majority of SHG's have 15 to 18 members. Followed by below 15 members and above 18 members.

Interpretation: Most of the SHG's have 15 to 18 members. SHG's with below 15 members is 30% and SHG's with above 18 members is 16%. NABARD stipulated 4 to 20 members in an SHG. The size should not exceed 20.

Table 4: Reason for forming the SHG's

S no.	Reasons	No. of Respondents	Percentage
1	Improve social status	08	04
2	Improve economic status	36	18
3	Promote saving habit	76	38
4	Obtain financial support	64	32
5	Initiate group activities	12	06
6	Community development	04	02
	Total	200	100

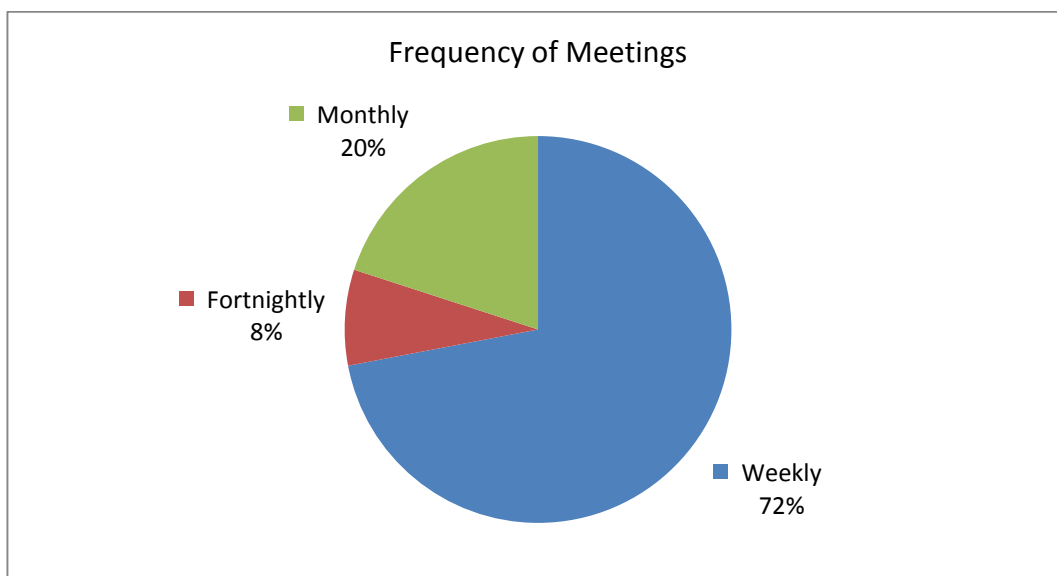


Analysis: Table 4 shows that Promote savings habit, Obtain financial support and improve economic status is the main reason for forming SHG's.

Interpretation: Most of the members of the SHG's opined that Promote savings habit and to obtain financial support is the main reason for forming SHG's. 18% of them opined to improve economic status is the reason.

Table 5: Frequency of Meetings of SHG's

S no.	Meetings	No. of SHG's	Percentage
1	Weekly	36	72
2	Fortnightly	04	08
3	Monthly	10	20
	Total	50	100

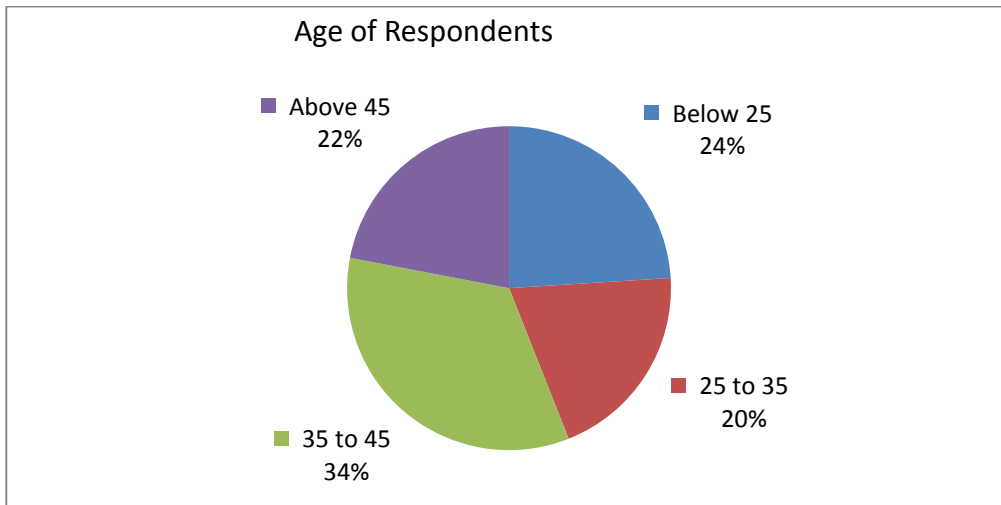


Analysis: Table 5 shows that most of the meetings of SHG's were held weekly. It is followed by monthly, it is 20%.

Interpretation: Majority of the meetings of the SHG's were held weekly. Very few self-help groups hold meetings fortnightly.

Table 6: Age of the Respondents

S no.	Age	No. Members	Percentage
1	Below 25	48	24
2	25 to 35	40	20
3	35 to 45	68	34
4	Above 45	44	22
	Total	200	100

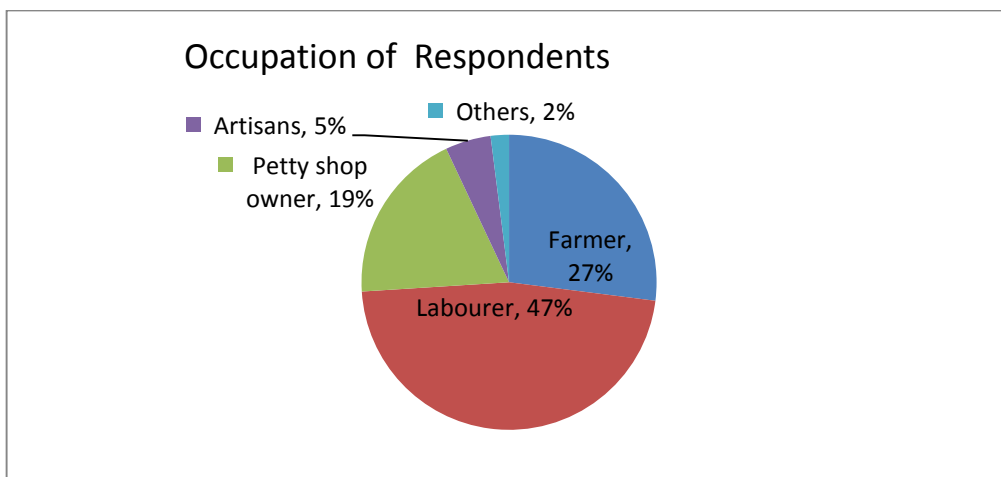


Analysis: Table 6 shows that majority of the respondents belongs to 35 to 45 year age group. It is followed by below 25-year respondents 24% and above 45-year respondents 22%.

Interpretation: Most of the respondents belong to the 35 to 45-year category. Followed by below 25 year age group and above 45 year age group.

Table 7: Occupation of the Respondents

S no.	Occupation	No. Members	Percentage
1	Farmer	54	27
2	Labourer	94	47
3	Petty shop owner	38	19
4	Artisans	10	05
5	Others	04	02
	Total	200	100

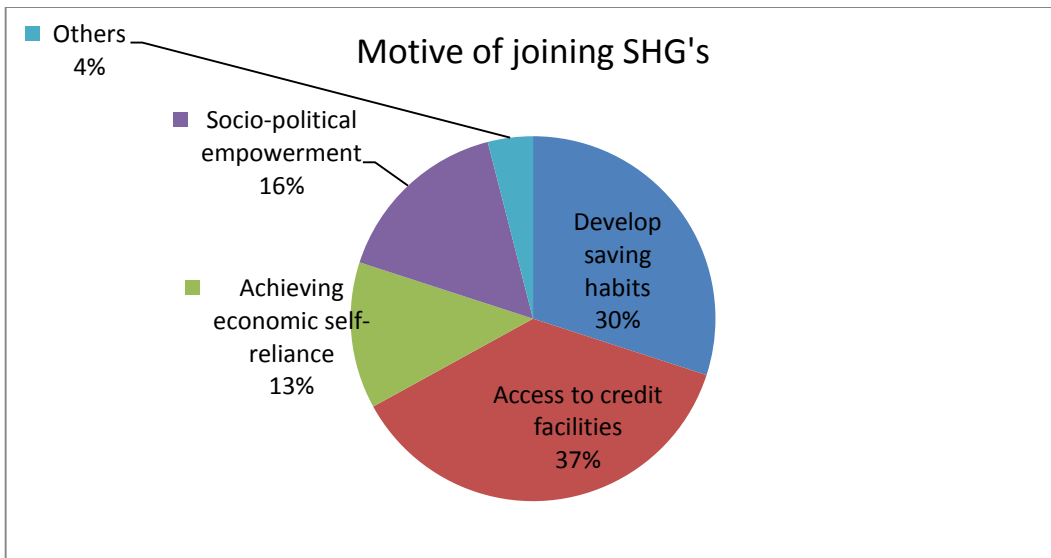


Analysis: Table 7 shows that most of the respondents were labourers 47%, farmers 27% and petty shop owners 19%.

Interpretation: Majority of the respondents were labourers. Followed by farmers and petty shop owners.

Table 8: Prime motive of joining SHG's

S no.	Motive of Joining	No. Members	Percentage
1	Develop saving habits	60	30
2	Access to credit facilities	74	37
3	Achieving economic self-reliance	26	13
4	Socio-political empowerment	32	16
5	Others	08	04
	Total	200	100

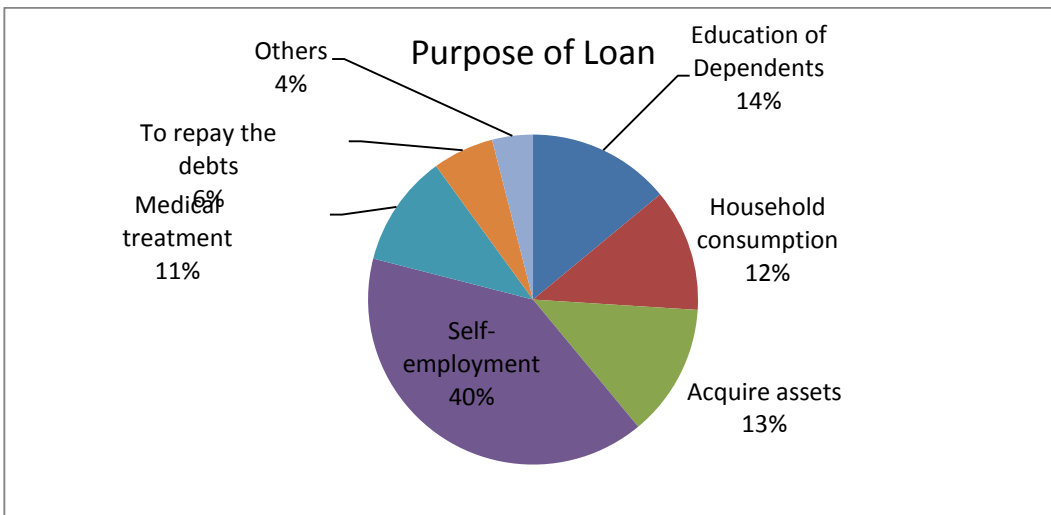


Analysis: Table 8 shows that most of the respondents joined SHG's with the motive of access to credit facilities (37%) and to develop savings habit (30%). 16% of them joined for socio-political empowerment.

Interpretation: Majority of the respondents joined to get credit facilities. Followed by 30% of them joined to develop saving habits.

Table 9: Purpose of Loan

S no.	Purpose of Loan	No. Members	Percentage
1	Education of Dependents	28	14
2	Household consumption	24	12
3	Acquire assets	26	13
4	Self-employment	80	40
5	Medical treatment	22	11
6	To repay the debts	12	06
7	Others	08	04
	Total	200	100

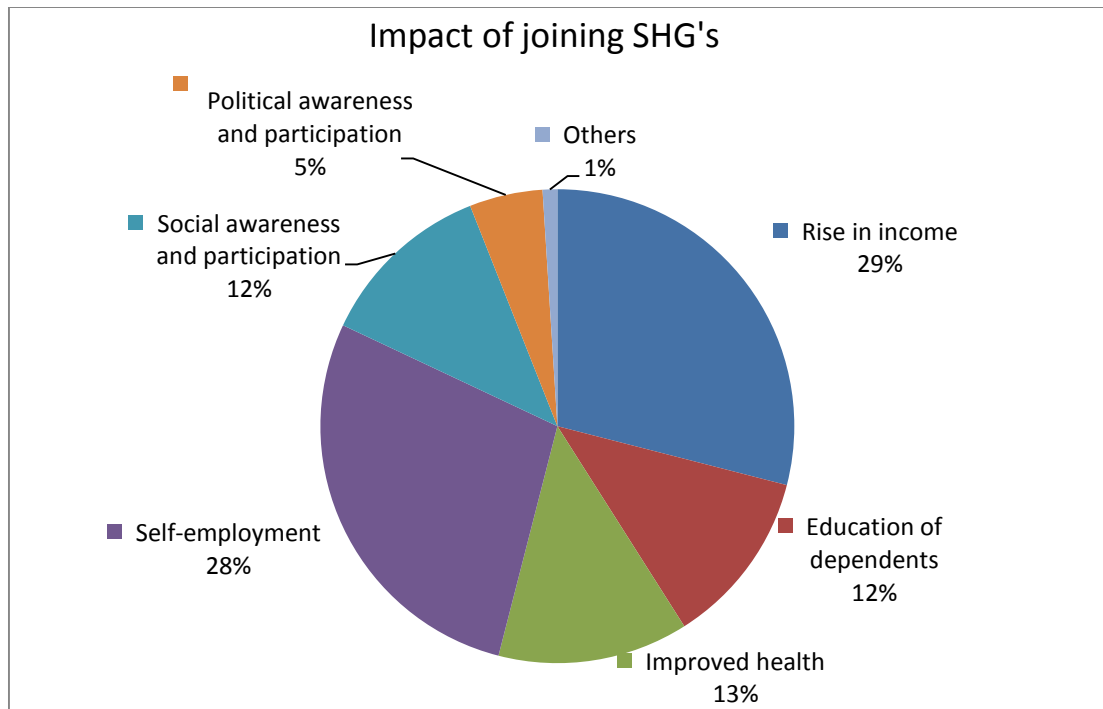


Analysis: Table 9 shows that majority of the respondents used the loan for self-employment purpose. Education of dependents 14 %, to acquire assets 13%, household consumption 12% and for medical treatment 11%.

Interpretation: Majority of the respondents borrowed loan for self-employment. Followed by other purposes like education of dependents, to acquire assets, household consumption and for medical treatment.

Table 10: Impact of joining SHG's

S no.	Impact	No. Members	Percentage
1	Rise in income	58	29
2	Education of dependents	24	12
3	Improved health	26	13
4	Self-employment	56	28
5	Social awareness and participation	24	12
6	Political awareness and participation	10	05
7	Others	02	01
	Total	200	100



Analysis: Table 10 shows that the impact of joining SHG's is a rise in income (29%), self-employment (28%), improved health (13%), education of dependents (12%) and social awareness & participation (12%).

Interpretation: Majority of the respondents opined that the impact of joining SHG's is the rise in income and self-employment. Followed by improved health, education of dependents, social awareness and participation.

8. CONCLUSION

The study result shows that there is a positive impact on members of the self-help groups. There are a social impact, economic impact and political impact on SHG and its members. There is the mobilization of savings and disbursement of loans without any collateral. This is an informal banking activity. Therefore SHG and microfinance are beneficial to those who do not have access to formal banking services. Many of the labourers, farmers, petty shop owners, artisans, etc. benefitted from self-help groups. They started a small business and got self-employment. They are self-reliant. There is community development, improvement of status, promotion of savings habit, financial support to members, initiation of group activities, financial literacy and so on. These are the fruits of SHG and microfinance. In future, it results in the social and economic progress of our nation. Micro-credit is the order of the day. Banking the unbanked through self-help groups. The performance of SHG's in Ramanagar District is good. The greater number of respondents are impacted positively by being members of the SHG's. Membership enabled them to discover inner strength, gain self-confidence, social, economic, political and psychological empowerment and capacity building. In the near future Government must encourage the formation of more number of self-help groups in rural areas.

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