

## ROLE OF SELF HELP GROUPS IN SOCIO-ECONOMIC CHANGE OF VULNERABLE POOR OF JAMMU REGION

Dr. Sushil Kumar Mehta\*, Dr. Hari Govind Mishra\* & Mr. Amrinder Singh\*\*

\* Asstt. Professor, \*\* Research Scholar

School of Business

Shri Mata Vaishno Devi University, Katra, J&K, India

Email – mehta.sushil@smvdu.ac.in , govindhari1976@gmail.com & asraina3303@gmail.com

**Abstract**—Self help groups (SHGs) have appeared as popular method of working in the company of people in recent years. This movement comes from the people's desires to meet their needs and determine their own destinies through the principle "by the people, for the people and of the people". The present paper is a descriptive study of the SHGs promoted by Gramudyog Hastakala Kendra, an NGO working for promotion of SHGs in Kathua District of Jammu region in India. A sample of 10 SHGs consisting of 162 members have been taken to study the various aspects of the SHGs viz. educational profile, economic status and occupational pattern etc. pre and post SHG formation. It is found that most of the members of SHGs are economically weak. The overall findings of the study suggest that SHG – Bank Linkage Programme has significantly improved the access to financial services for the rural poor and has considerable positive impact on the socio-economic conditions and the reduction of poverty of SHG members and their households. It has also empowered women members substantially and contributed to increased self-confidence and positive behavioral changes in the post-SHG period as compared to the pre-SHG period.

**Key Words:** *Self help groups, credit, savings, socio-economic development*

### I. INTRODUCTION

Self help groups are voluntary gatherings of persons who share needs or problems that are not being addressed by existing

organizations, institutions, or other types of groups. The broad goals of a self – help group are to bring about personal and social – economic change for its members and society. All of those groups emphasis face to face interaction among members and stress a set of values or ideology that enhances a member's personal sense of identity. Coleman (1999) in a study considered the impact of group lending programmes in North East Thailand. This survey had shown that the impact of village banks that provide group-loans in villages is insignificant on physical assets, savings, productions, and productive expenditures and on other variables. However, it has positive impact on women's high interest debt because a number of members had fallen into vicious circle of debt from moneylenders in order to repay their loans on village banks. It has positive significant impact on women's lending out with interest because some members engaged in arbitrage, borrowing from village bank at low interest and

then lending out money at mark up. Puhazhendi, V and Satyasai, K.J.S (NABARD) (2000) conducted a study for NABARD on SHG-bank linkage programme. The study assessed the impact of microfinance on socio-economic conditions of 560 household members from 223 SHGs located in 11 states; Rajasthan (Northern region), Orissa and West Bengal (Eastern region), Madhya Pradesh and Utter Pradesh (Central region), Gujarat and Maharashtra (Western region), and Andhra Pradesh, Karnataka and Tamil Nadu (Southern region).

### II. OBJECTIVES

The present paper aims to study the following aspects of SHGs of Jammu region:

- To study the social impact of microfinance during Pre and Post- SHG period.
- To study the economic impact of microfinance during Pre and Post- SHG period.
- To study the empowerment of members of SHG during Pre and Post- SHG period.

### III. RESEARCH METHODOLOGY

The present paper is a descriptive study of the SHGs promoted by Gramudyog Hastakala Kendra (GHK), an NGO working for promotion of SHGs in Kathua District of Jammu region. GHK has promoted 400 SHGs in total in the whole Kathua District. The SHGs have been selected by using convenience sampling technique. A sample of 10 SHGs consisting of 162 members has been taken for the present study. The survey has been carried out during Jul-Aug, 2010. The questionnaire has been developed based on the earlier studies conducted by various researchers. To assess the impact of Microfinance, the respondents have been asked on various dimensions before and after using Microfinance.

### IV. ANALYSIS

This part of the paper deals with the analysis and interpretation of the primary data that has been collected through survey conducted among the members of selected SHGs promoted by GHK in Kathua district of Jammu region. A sample of 10 SHGs consisting of 162 members has been taken for the present study and the data has been analyzed

with respect to general profile of SHGs, social impact and empowerment of SHG members.

## V. Social Impact and Empowerment of SHG members

### A. *Communication Level of Members*

Table 1 presents the changes that occurred in the communication level of the members during pre and post SHG period. It is found that there has been 48 per cent increase in SHG members, who can now freely talk in the meetings while there has been a decrease of 17 per cent and 31 per cent members, who sometimes talk or hesitates to talk. It can be concluded that Microfinance movement is having a good impact on members, in their ability to express their feelings and has made people more confident to express themselves.

### B. *Self Confidence among Sample Members*

The group formation brought out the hidden talent and leadership qualities among the members. Table 2 presents the proportion of members showing positive responses to the questions about self-confidence. It can be seen that there has been an increase of 45.6 per cent in SHG members with respect to confidence building factors. Therefore, it can be concluded that after joining the SHG the members have improved their status in family, become helpful in family finance and sometimes helped others too.

### C. *Change in Family Violence*

Family violence being a sensitive topic was difficult to be ascertained from the members especially women. Fig. 1 depicts that family violence reported is nearly by 29 per cent of sample households. It has been seen that the most important element in violence is verbal abuse. Involvement with SHG has reduced this violence in 25 per cent cases especially due to reduction in economic difficulties. In most of cases the members revealed that their husbands should also be involved in SHGs.

### D. *Frequency of Interaction with Outsiders*

Table 3 presents the changes that occurred in the frequency of interaction with outsiders during pre and post SHG period. Members generally, got lesser opportunity to interact with bankers, Government officials, NGOs and others in the Pre-SHG period. It can be seen that in the Pre-SHG period 51 per cent of the members were not interacting with officials whereas after associating with SHGs, 91 per cent members had interacted with the outsiders and out of total 44 per cent have interacted more than 4 times with outsiders. This interaction helped them to articulate their problems and improved their self-confidence.

### E. *Status of Access to Amenities*

Since SHG programme has economic as well social implications, it is necessary to evaluate the various dimensions of the programme. Lack of infrastructure facilities, access to amenities like health, sanitation, education, market, water supply, affect the economic and overall development of the members. Table 4 presents the status of access to above facilities for the sample members.

It can be seen that there has been an increase of 40.53 per cent in SHG members in terms of their status of access to amenities factors. Therefore, it can be concluded that after joining the SHG the members have improved in getting access to amenities like medical, sanitation, education, market, water supply, transport.

## VI. Economic Impact of SHG Members

### A. *Change in the saving pattern of SHG members*

Table 5 presents the changes that occurred in the saving pattern of the members during pre and post SHG period. It is found that there has been almost 80 per cent and 15 per cent increase in SHG members, who are now saving there money in Bank & Post Offices and SHG, while there has been a decrease of 85 per cent and 10 per cent members, who were earlier having cash in hand and provided loans to relatives. It can be concluded that SHG is having a good impact on members, in their ability to save their hard earned money.

### B. *Change in the cumulative saving pattern of SHG members per month*

Table 6 presents the changes that occurred in the cumulative saving pattern of the SHG members during pre and post SHG period per month. It is found that there has been 74 per cent increase in SHG members who are currently saving more than Rs. 2000 per month, who were earlier saving nothing in the pre SHG period, while there has been a decrease of 10.5 per cent, 50 per cent and 13.6 per cent members, who were earlier saving between zero and Rs. 500, Rs. 500 and 1000 & Rs. 1000- 1500 per month and there has been no change in 8 members who were earlier also in the range of Rs. 1500 and 2000 per month. It can be concluded that SHG is having a good impact on the saving of the members.

### *Size of Loan taken till now*

Table 7 presents the changes that occurred in the size of the loan taken till now by the SHG members. It is found that there have been 5.5, 5, 10.5, 14.8 and 19.8 per cent increase in SHG members from the pre SHG period, who had taken loan between zero and Rs. 5000, Rs. 5000-10000, Rs. 10000-20000 and Rs. 20000-35000 in the post SHG period, while there has been a decrease of 55.5 per cent members who had not taken till now and there has been no change in 8 members who were earlier also in the range of Rs. 35000 and 50000. It can be concluded that SHG is having a good impact on the drawing pattern of the members.

### C. *Total No. of loans from SHG till now*

Fig 2 presents the distribution of the sample SHG members on the basis of total number of loans taken from SHG till now. It can be seen that 24 SHG members (15 per cent) have not taken loan till now from SHG, 65 members (40 per cent) have taken once, 49 members (30 per cent) have taken twice, 8 members (5 per cent) have taken thrice, 8 members (5 per cent) have taken four times and 8 members (5 per cent) have taken loan more than four times. So it can be concluded that the majority of sample SHG

members have started taking loan from SHGs in order to run their day to day consumption expenses.

Total No. of loans from Bank till now

Fig 3 presents the distribution of the sample SHG members on the basis of total number of loans taken from Bank till now. It can be seen that 77 SHG members (47 per cent) have not taken loan till now from Bank, 47 members (29 per cent) have taken once, 16 members (10 per cent) have taken twice, 6 members (4 per cent) have taken thrice, 8 members (5 per cent) have taken four times and 8 members (5 per cent) have taken loan more than four times. So it can be concluded that the majority of sample SHG members have started taking loan from Bank in order to start their enterprises.

Change in Asset Value

Fig 4 portrays the response of the members on the basis of change in their Asset value. It can be concluded that 113 SHG members (70 per cent) have increased their asset value in the post SHG period, 33 members (20 per cent) have no change in their asset value and only 16 members (10 per cent) have decreased their asset value. Therefore majority of the sample SHG members are benefited by joining the SHGs.

their socio-economic upliftment. The rural poor now feel that they can also be partners in the process of rural development by joining the SHG movement. The training of the members by the NGOs had increased their confidence, restored self worth and improved their social concern about the neighbours. This study has also indicated that even though the members have joined the SHGs for various reasons, all of them have one common goal, which is seeking a better standard of living via a better organization that works for their benefits. Hence, it could be concluded that the SHGs have proved that they could serve as an alternative instrument of financial intermediation for the poor. Also, the microfinance services offered by them have helped to push back. The SHG can contribute to changes in economic conditions, social status, decision making and increases women in out door activities. These SHGs play a very important role in social change. SHG not only changes the outer form of a community or a society but also the social institutions as well as ideas of the people living in the society. In other words it also applies to change the material aspects of life as well as in the ideas, values and attitudes of the people.

Tables and Figures

### VII. Conclusions

In sum, it could be concluded that the rural people have been vastly benefited by microfinance. It has helped them in

Fig. 1: Change in Family Violence

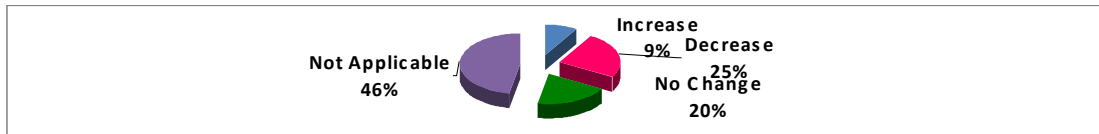


Fig. 2: Total No. of loans from SHG till now

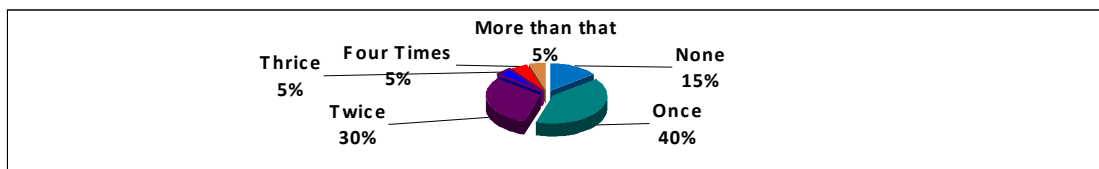


Fig. 3: Total No. of loans from Bank till now

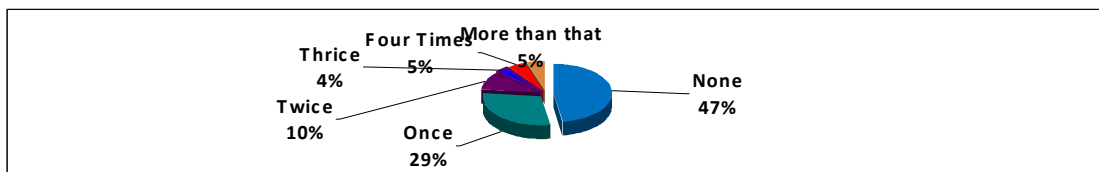


Fig. 4: Change in Asset Value

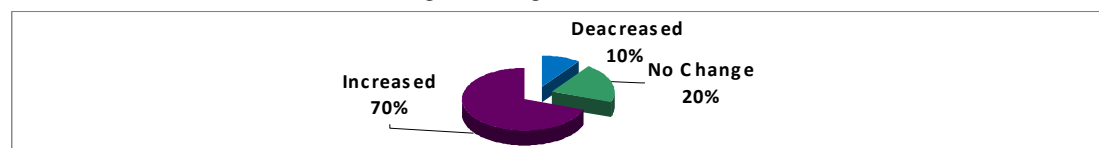


Table 1: Communication Level of Members

FEATURES	PRE-SHG		POST-SHG	
	Number	Percentage	Number	Percentage
Free Talks	38	24	116	72
Sometimes Talks	62	38	34	21
Hesitates to Talk	62	38	12	7
Total	162	100	162	100

Table 2: Self Confidence among Sample Members

FEATURES	PRE-SHG		POST-SHG	
	Number	Percentage	Number	Percentage
Members Revealed Confidence	44	27	132	81
Status in Family	62	38	128	79
More Respectful	60	37	126	78
Helps in Family Finance	60	37	148	91
Help Others	60	37	122	75
Average	57.2	35.2	131.2	80.8

Table 3: Frequency of Interaction with Outsiders

Frequency of Interaction with Outsiders	PRE-SHG		POST-SHG	
	Number	Percentage	Number	Percentage
None	82	51	14	9
Once	50	31	24	15
2-4 times	22	13	52	32
More than 4 times	8	5	72	44
Total	162	100	162	100

Table 4: Status of Access to Amenities

PARTICULARS	PRE-SHG		POST-SHG	
	Number	Percentage	Number	Percentage
Medical Facilities	82	50.6	146	90.1
Sanitation Facilities	50	30.8	134	82.7
Water Supply Facilities	48	29.6	106	65.4
Market Facilities	74	45.67	132	81.4
Adequate Transport Facilities	68	41.97	140	86.41
School For Children	76	46.91	134	82.71
Average	66.33	40.92	132	81.45

Table 5. Change in the saving pattern of SHG members

PARTICULARS	PRE-SHG		POST-SHG	
	Number	Percentage	Number	Percentage
In Bank & P.O.	0	0	129	79.6
In SHG	0	0	25	15.4
Cash in Hand	146	90.1	8	4.9
Loan to relatives	16	9.9	0	0
Total	162	100	162	100

Table 6. Change in the cumulative saving pattern of SHG members per month

PARTICULARS	PRE-SHG		POST-SHG	
	Number	Percentage	Number	Percentage
Rs. 0-500	25	15.4	8	4.9
Rs. 500-1000	89	54.9	8	4.9
Rs. 1000-1500	40	24.8	18	11.2
Rs. 1500-2000	8	4.9	8	4.9
More than Rs. 2000	0	0	120	74.1
Total	162	100	162	100

Table 7. Size of Loan taken till now

PARTICULARS	PRE-SHG		POST-SHG	
	Number	Percentage	Number	Percentage
Nil	122	75.3	32	19.8
Less than Rs. 5000	16	9.9	25	15.4
5000-10000	8	4.9	16	9.9
10000-20000	0	0	17	10.5
20000-35000	0	0	24	14.8
35000-50000	8	4.9	8	4.9
More than Rs. 50000	8	4.9	40	24.7
Total	162	100	162	100

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