

Study of the status of self help groups functioning in Kanpur

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ABSTRACT

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Women's role is silently appreciated but without economic recognition, regard and accountability. To improve her dignity and status it is essential to make the woman empowered. In this respect SHGs are making a great contribution. The paper attempts to identify the status of SHGs. Status includes the establishment and years of functioning of SHGs, grading exercises undertaken and revolving fund received by the SHGs. The results are based on the data collected in 2002 from Sarsaul block of Kanpur city. It has been clearly observed from the findings that all the SHGs had membership size of 11 to 15 members and had passed the first grading but none of them had passed third grading. SHGs had received their revolving fund from DRDA. Five SHGs had completed some formalities for becoming full-fledged contributory SHGs.

Key words : Swarnjayanti Gram Swarozgar Yojana, Self-help group, Grading exercise, Revolving fund

Swarnjayanti Gram Swarozgar Yojana (SGSY) is one such yojanas started by the Government which focuses on the organization of the poor at grass-root level through a process of social mobilization for poverty eradication. Its approach is to organize the poor people from the conviction that there is tremendous potential within the poor to help themselves and that the potential can be harnessed by organizing them. Social mobilization enables the poor to build their own organizations. One of such organization is Self Help Groups (SHGs) in which they participate fully and directly and take decisions on all issues concerning poverty eradication. Self-Help Groups (SHGs) play a vital role in rural development in general and for women in particular. SHG is defined as a special form of voluntary organization, usually formed by a small homogeneous group of people to attain certain goals, either social, economic or both.

The Self-Help Groups are a viable alternative to achieve the objectives of rural development and to achieve community participation. It is an organized setup to disburse micro-credit to the women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities. DRDA has made a very conscious effort in this regard.

Review of literature:

The review of literature is the basis for most of the research projects. Various studies have been conducted in the past on the related topic. Related reviews are as follows:

Fernandes (1993) in his study conducted in Karnataka found that the SHGs had membership of approximately 20-30 members. Pradan, an institution conducted a study in 2002 which promoted the formation

of 217 SHGs having in all 2319 members, which show that each SHG constituted 10-18 members.

Objectives of the study:

The research was conducted to study the profile of SHG in selected villages of Kanpur district. It studied the formation of the existing SHGs.

METHODOLOGY

Descriptive research design was used. The study was conducted in 2002 in the district of Kanpur. Out of the total twelve blocks of Kanpur district, one block, namely, Sarsaul block was selected randomly. It included fifty-nine villages. Out of which twenty-five villages had thirty women SHGs. Maximum SHGs were working for the promotion of dairy. So for investigation purposes seven SHGs i.e one third of the SHGs working for promotion of dairy were selected randomly. All the members of selected SHGs were interviewed making a total of 81 respondents.

An interview schedule was prepared for the collection of data. The interview schedule consisted of questions relating to status, evolution and revolving fund.

RESULTS AND DISCUSSION

The results and discussion of the study are being present below-.

Status of SHGs:

Self-Help Group is a small economically homogeneous and affinity group of rural poor which voluntarily agrees to contribute to a common fund to be lent to its members as per group decision. SHGs work for group solidarity, self and group awareness, social and economic empowerment in the way of democratic

functioning.

The status of the SHGs studied possessed the following characteristics-

SHG. No.	Name of SHG	Village	Date of establishment	No. of members
1.	Chamarantola	Mahrajpur	7-2-2000	11
2.	Meera	Suethok	9-9-2000	9
3.	Hema	Baradari	9-9-2000	15
4.	Geeta Samuh	Narora	20-10-2000	11
5.	Durga Samuh	Rajthok	30-9-2000	11
6.	Shri Krishna Samuh	Aima	8-8-2001	12
7.	Ma Durga	Khujaupar	15-9-2000	12
Total				81

The SHGs working in the selected seven villages of Sarsaul block of Kanpur were working for the promotion of dairys. Only one SHG had a membership size of 9 members.

It can be seen from Table 1 that almost all the SHGs had membership size of 11 to 15 members. Majority of the SHGs taken for the study were formed in the year 2000, only one SHG had been established in the year 2001.

NABARD has also recommended a group size of 15 members as ideal size for SHG as it helped the members to get an equal opportunity to participate in all the activities of the group including decision-making process. The present study also had 11-15 members.

Evolution of SHG:

Self-help Groups broadly go through three stages of evolution-

- Stage I. Group formation- formation stage
- Stage II. Capital formation through revolving fund

and skill development.

Stage III. Taking up economic activity for income generation

Formation stage lasts for six months. At the end of six months, it is necessary to subject each Self-Help Group to a test to see whether it has evolved into a good group and whether it is ready to go into the next stage of evolution. This is done through a grading exercise. The objective of this exercise is to identify the weaknesses, if any, and help the group to overcome the same so as to develop into a good group. A number of Government and Non-Government organizations across the country have evolved very effective strategies for grading the SHGs.

Number of gradings:

All the SHGs have to undergo grading exercise. Three gradings were done. First grading was done after 6 months of establishment of SHG. Second grading was done after 6 months of first grading. The third was done after demonstrated second grading test.

Table 2 shows that all the seven SHGs had passed the first grading; only five SHGs had passed the second grading and none of the SHGs had passed the third grading. For shifting from one grading to the next, the SHG has to undergo a grading exercise after each stage.

Time of grading exercise :

Three grading exercises are done.

Grading I:

Grading exercise helps to focus attention on weak groups. The first grading has to be completed after six months of establishment of the SHG, which is the group formation period. During this period the members form a group and build their corpus through regular savings. Corpus fund is used to advance loan to its members.

SHG No.	No. of gradings completed			Time when grading done			Manner of grading			Grading done by agency		
	I	II	III	Grading I	Grading II	Grading III	Asking questions	Seeing records	Observing group work	DRDA	Bank	Any other
1.	1	1	-	18 months	18 months	-	1	1	1	1	-	-
2.	1	1	-	9 months	18 months	-	1	1	1	1	-	-
3.	1	1	-	6 months	19 months	-	1	1	1	1	-	-
4.	1	-	-	8 months	-	-	1	1	1	-	1	-
5.	1	1	-	12 months	16 months	-	1	1	1	1	-	-
6.	1	-	-	18 months	-	-	1	1	1	1	1	-
7.	1	1	-	9 months	18 months	-	1	1	1	-	-	-
No.	7	5					7	7	7	5	2	
%	100	71.43					100	100	100	71.43	28.57	

The results in Table 2 shows that SHG no. 3 (Hema) was the only SHG which had got the grading exercise conducted on time. Two SHGs *i.e.* SHG no. 2 (Meera) and SHG no. 7 (Ma Durga) had got their grading done after 9 months of its formation. The SHG no. 5 (Durga Samuh) got its first grading at twelve months, while the other two SHGs, SHG no. 1 (Chamarantola) and SHG no. 6 (Shri Krishna Samuh) were too late in getting their first grading exercise done. They completed the grading exercises at 18 months of establishment of SHGs. The delay in the first grading exercise leads to delay in the receipt of the revolving fund.

Revolving fund helps in capital formation. The revolving fund is provided to the groups so that a large number of members access loans and the facility of capital loan is also increased.

Grading II:

After completing six months first grading and receipt of revolving fund, SHGs undergo second grading test to see if it had functioned effectively and whether it was able to take up any economic activity. This exercise brings about a shift from consumption loan to production loan. It also helps to identify the training needs of its members and accordingly gives value to the training input.

Results in Table 2 reveal that five SHGs had got their second grading done between 16 months to 19 months from first grading. SHG no. 5 (Durga Samuh) had got second grading exercise done after 16 months of the first grading. SHG no. 1 (Chamarantola), SHG no. 2 (Meera) and SHG no. 7 (Ma Durga) had got their grading done after 18 months of the first grading. SHG no. 3 (Hema) got its second grading in 19 months.

All of the 5 SHGs had not got their second grading exercise on time. The remaining two SHGs (Geeta Samuh and Shri Krishna Samuh) had not got their second grading exercise done till the time of investigation.

Grading III:

When the SHGs have passed successfully the second grading, they are eligible to receive the assistance for economic activities which is in the form of loan and subsidy. There are two ways in which the SHG receives this assistance.

- One in the form of : Loan –cum-subsidy to the individuals in a group.
- Second in the form of : Loan –cum-subsidy to the group.

When the investigation was conducted by the researcher in 2002, none of the SHGs had got the third grading exercise done.

Manner of grading exercise:

Grading exercise provides an opportunity for the members to assess their own performance to a participatory approach and the investigator assumes the role of the facilitator in the process.

The grading exercise is done by asking questions, seeing records and observing the group work. It should not be a questionnaire-oriented exercise where the members become passive participants.

It can be observed from Table 2 that all the SHGs had got their grading exercise done in the proper manner *i.e.* by asking questions, seeing records and observing group work.

Agency conducting grading exercise:

Grading of the SHGs can be done by the same agency that is involved in the promotion and development of the SHGs or by an independent agency contracted to undertake the grading exercise. It is desirable that the grading exercise is undertaken by an independent agency, as it will have objectivity and acceptance by financial institutions.

In the present study, 71.43 per cent of the SHGs had got their grading done by DRDA, while 28.57 per cent had got their grading done by banks.

Revolving fund :

The revolving fund is provided to the groups so that a large number of members access loans and thus facility of capital loan is increased.

Agency providing funds:

SHG demonstrates the potential of being a viable group when it enters the second stage, of evolution, where it receives the revolving fund and also embarks on further capacity building of its entire team. DRDA arranges to provide revolving fund to such groups. Ten per cent of this fund is met from the SGSY fund.

It is clear from Table 3 that 100 per cent SHGs had received revolving fund from DRDA and not from any other agency.

Uses of revolving fund:

The revolving fund can be used by the group for purchase of raw materials, marketing or infrastructure support for income-generating activities. It can alternatively be used for lending to individual members for their-own purposes.

Table 3 reveals that all the SHGs, had used the revolving fund in up-grading their dairy by increasing purchase of raw materials, increasing infrastructure

Table 3 : Details of the revolving fund

Sr. No.	Agency providing funds			Use of funds		
	DRDA	NGO _s	Any other	Purchase of raw materials	Fulfill the Needs	Infrastructure support for income generating
1.	1	-	-	1	1	1
2.	1	-	-	1	1	1
3.	1	-	-	1	1	1
4.	1	-	-	1	1	1
5.	1	-	-	1	1	1
6.	1	-	-	1	1	1
7.	1	-	-	1	1	1
Number	7	-	-	7	7	7
Percentage	100	-	-	100	100	100

support and some portion was used to fulfill the personal needs of SHG members.

Lastly, it can be briefed that out of seven SHGs, five SHGs had completed all the formalities of SHGs. The Government and various agencies working for the welfare of Self-Help Groups should come forward and help the SHGs in resolving their problems. This will help the SHGs to complete the grading exercise in time and thus to use the revolving fund effectively.

The study can serve as a practical manual for organizing and managing SHGs for group action and participation on a sustainable basis.

The perception regarding the effectiveness of SHGs was satisfactory, positive and encouraging, so it is clear that SHGs to some extent helped in improving the status of the rural People.

* (SHGs= Self Help Groups)

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