

A study on self-help group of E.E 107 Pandaravillai Co-operative bank Pandaravillai

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Abstract: *The microfinance sector plays an important role in promoting inclusive growth by providing credit to borrowers at the base of the economic pyramid. This sector has been instrumental in creating opportunities for low-income households. The microfinance industry has its own set of challenges, ranging from a lack of formal credit history, a lack of collateral, a laborious client acquisition process, and poor financial and digital education. The coronavirus pandemic has disrupted operations in all sectors of the world. From the unprecedented transformation of organizational operations to the total or complete closure of many companies, the repercussions have been severe. In this paper we discussed the various loan products and problems faced by the self- help groups.*

Key Words: *Microfinance, SHG, loan.*

1. INTRODUCTION:

A self-help group (SHGs) is a financial intermediary committee usually composed of 12 to 20 members of local women. Most self-help groups are located in India through SHGs can be found in other countries, especially in South Asia & Southeast Asia. SHGs is nothing but a group of people who are on daily wages, they from a group and from that group one person collects the money & gives the money to the person who is in need. Members also make small regular savings contribution over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in village for any purpose. In India, many SHGs are linked to banks for the delivery of micro-credit. Microfinance covers more than 4.5 million women with over 350 billion outstanding covering all 77 districts with 2400 more branches. More than 15 thousand people employed directly and contributing 1.5% to the nation's GDP. An average 60,000 of each borrower taken loan with an easy access to finance from MFIs. India's microfinance sector grew 17% year-on-year to Rs 2.48 lakh crore by the end of March, braving the pandemic and business disruptions. Collection efficiency improved to 95-98% by March 2021 from about 75% in September last year, before the raging second wave of covid-19 pandemic destabilised lives and livelihoods again.

2. STATEMENT OF THE PROBLEM:

The woman in village area is beset with socioeconomic problems. The Self Help Groups play a major role in enhancing the capabilities of women. The position of women in terms of education, social recognition and their contribution to the economic life of the society in general and to the family is generally underestimated and under reported. The researcher considers the questions of their capability building, skill- set enhancement and improvement in their socioeconomic conditions. Various social ills affect women in village. The moot question is whether the loan provided by SHGs is alternative to open market credit or not? After becoming member of SHGs, whether the economic status of the members increases or not? Or whether any changes occurred in the empowerment of women? Hence, an attempt has been made to study the role of SHGs in empowering women in thoothukudi district pandaravillai village.

3. REVIEW OF LITERATURE:

Richard Meyer (2002)³²in his study on "Microfinance, poverty alleviation and improving food security: implications for India", stated that India was attempting to expand microfinance through its large bank network as the primary way to supply microfinance services. He concluded that the SHG linkage strategy was complex and offering many opportunities for failures, inefficiencies and unproductive rent-seeking behaviour. He opined that the staff of NABARD, the banks, NGOs, and members of the SHGs themselves must all perform their respective tasks effectively if SHG members were to receive the financial services.

Soundarapandian (2006)40in his study “Microfinance for Rural Entrepreneurs Issues and Strategies”, made an attempt to analyse the growth of the SHGs and the role of microfinance in developing the rural entrepreneurship. The study suggests that though there is a positive growth rate of the SHGs in states in terms of growth of the SHGs there is wide variation among states. Linkages of banks with the SHGs are found impossible for this variation.

NCSW Report (2009) 58 states that Self-Help Groups have taken the form of a movement for women especially rural women’s social and economic development. SHGs have arisen out of the perceived problems of women’s lack of access to resources at both the household and the village level. In the past 20 years, Self-Help Groups have become significant institutions for rural development in India. This has been particularly true in the case of poor women.

2. OBJECTIVE OF THE STUDY:

- To know the loan products and repayment procedure of SHGs.
- To study the different problems faced by SHGs members.

2.1 HYPOTHESIS OF THE STUDY:

Self Help Groups are not effective in giving economic, social and political empowerment to women members in the study area.

3. RESEARCH METHODOLOGY:

The study in mainly based on primary data which was collected from the 120 self-help groups (SHGs) members and leaders located in Thoothukudi District Pandaravilai village. The self-help groups were chosen according to the convenience of the place.

4. LIMITATIONS OF THE STUDY:

- Some of the respondent of the study are unwilling to share information.
- The information given by the respondents might be biased because some of them might not be interested in providing correct information.
- Respondent tried to escape some statement. This was one of the most important limitation faced, as it was difficult to analysis and come at a right conclusion.
- This study is restricted to thoothukudi district pandaravillai village.

5. ANALYSIS AND DISCUSSIONS:

Table 1: Demographic profile of the respondents

Age	Frequency	Percentage
Below 30 Years	22	18.33
30 to 40 Years	42	35
Above 40 Years	56	46.67
Total	120	100

Source: primary data

Table 1 show that 46.67 per cent respondents are above 40 years. Among 35 per cent respondents are under the category of 30-40 years. Among 18.33 per cent respondents are below 30 years. Most of the respondents are above 40 years category.

Table-2 Amount of Internal Loan taken

Internal Loan	Frequency	Percentage
1,000-10,000	55	77.46
11,000-20,000	9	12.68
21,000-30,000	2	2.82
31,000-40,000	5	7.04
Total	71	100

Source: primary data

Table 2 inferred that out of 120 respondents, majority 77.46 per cent respondents are taken internal loan amounted to below 10,0000. Among 12.68 per cent of the respondents are taken loan between amounted to 11,000 – 20,000. Among 7.04 per cent of the respondents are taken loan between 31,000 – 40,000. And the remaining 2.82 per cent of the respondents are taken loan between 21,000 –30,000.

Table- 3 Repayment of Internal Loan

Repayment of internal loan	No .Of.Respondent	percentage
Regular	71	100
Irregular	0	0
Overdue	0	0
Total	71	100

Source: primary data

Table 3 inferred that out of 120 respondents, 100% of all the respondent are regular repayment of the Internal loan.

Table -4 Types of self- employment through SHGs

Self - employment	No. Of. Respondent	Percentage
Dairying	4	3.33
Cultivation	9	7.5
Idly, Dosa stalls	15	12.5
Business	11	9.17
Tailoring	17	14.17
Sheep Goat & cattle rearing	20	16.67
Pabads eatable items	7	5.83
Traditional occupation	16	13.33
Any Other	21	17.5
Total	120	100

Sources: Primary Data

Table-4 Shows inferred that out of 120 respondent, majority for 17.5 per cent respondents are doing other category. Others mention petty shops, flower shops. Among 16.67 per cent of the respondent are doing sheep goat and cattle rearing through the SHGs, Among 14.17 per cent of the respondent are doing tailoring works. Among 13.33 per cent of the respondent are done their traditional occupation, Among 12.5 per cent of the respondents are maintaining idly and dosa stalls. Among 9.17 per cent of the respondents are doing Businesses. Among 7.5 per cent of the respondent are doing cultivation. Among 5.83 per cent of the respondent are doing pabads eatable items sales and the remaining 3.33 per cent of the respondent are doing dairy related works.

Table- 5 Purpose of Loan

Purpose of loan	No. Of. Respondent	Percentage
Business Improve	19	15.83
Tailoring machine purchase	16	13.33
Stores Improve	7	5.83
Hotel Improve	14	11.67
Building contract	12	10.00
Cattle rearing	18	15.00
Agriculture	14	11.67
Education	15	12.50
Home loan	1	0.83
Personal use	3	2.50
Traditional occupation	1	0.83
Total	120	100

Sources: Primary Data

Table-5 From the table it shows inferred that out of 120 respondent, majority 15.83 per cent of the respondent are taking loan for the purpose to improve the Business. Among 15 per cent of the respondent are taking loan to improve the Cattle rearing, Among 13.33 per cent of the respondent are taking loan to purchase tailoring machine, Among 12.50 per cent of the respondent are taking loan for Educational purpose, Among 11.67 per cent of the respondent are improve their hotel business and Agriculture, Among 10 per cent of respondent are improve Building contract, Among 2.50 per cent of the respondent are taking loan for their personal use and remaining 0.83 per cent of the respondent are taking Home loan & traditional occupation.

Thus, Majority 15.83 per cent respondents are taking loan to improve their businesses.

Table - 6 Problems of SHGs

Problems of SHGs	No. of Respondent		Percentage	
	Yes	NO	Yes	NO
Lack of Strong leadership	27	93	22.5	77.5
Financial deficit	62	58	51.67	48.33
Misuse of group money by leaders	25	95	20.83	79.17
Lack of Education within the members	61	59	50.33	49.17
Non awareness of govt. schemes	82	38	68.33	31.67
Members don't repay the loan amount	21	99	17.5	82.5
Other problems	27	93	22.5	77.5

Sources : Primary Data

From the table it is shown that out of 120 respondents “YES” answered by the following ways, 68.33 per cent of the respondents not aware about the government schemes. Among 51.67 per cent respondents said financial deficit is one of the major problems of SHGs. Among 50.33 per cent respondents said problems with lack of education between the members. Among 22.5 per cent respondents said yes for lack of strong leadership and other problems. Among 20.83 per cent respondents said money misused by the leaders. Among 17.5 per cent respondents said members not repay the loan amount.

Thus majority of the respondents are said yes to the following statement, 68.33 per cent of the respondents not aware about the government schemes.

“NO” answered by the following ways, 82.5 per cent respondents not repay the loan amount. Among 79.17 per cent respondents said no to misuse the group money. Among 77.5 per cent respondents said no to lack of strong leadership and other problems. Among 49.17 per cent respondents said no to lack of education between the members. Among 48.33 per cent respondents said financial deficits. Among 31.67 per cent respondents not aware of the government scheme.

Thus majority of the respondents are said no to the following statement, 82.5 per cent respondents are not paid the loan amount.

6. SUGGESTIONS:

- The more number of SHGs are needed for encouraging the rural people. It will avoid the indigenous bankers and unscrupulous lending at rural level. Actually the country is totally depends upon the agriculturist for food related products.
- The government is to take effort to give them necessary entrepreneurial training for SHGs for doing small business.
- The government and NGOs should make sufficient efforts to increase the number of SHGs through educating the people living in rural areas.
- To create the awareness about the accounting practices, calculate the cost of production and fixing the margin of profit for selling the product at small level businesses particularly rate of interest calculations, it will reduce the inflation level in the country.

7. CONCLUSION:

The microfinance sector has grown rapidly over the past decades. Microfinance is not just about providing microcredit to the poor, but rather an economic development tool aimed at helping the poor lift themselves out of poverty. It covers a wide range of services such as credit, savings, insurance, remittances, as well as non-financial services such as training, advice, etc. Women must be empowered not only to find work for themselves, but also to create jobs for the community. Give some training programme to the group members and aware of government schemes help to increase enormous growth. Government initiatives play an important role in channelling the flow of credit to underserved areas through loans for priority sectors, Micro Units Development and Refinance Agency Ltd. (MUDRA) Yojana, the co-origination of loans and investments in the private sector. According to a PWC-SIDBI report released in November 2019, the global microfinance industry stood at over Rs 8.90 trillion with the loan disbursed amount increasing at an average annual rate of 11.5 per cent over the last five years. With the largest number of borrowers in 2018 (85.6 million) which is growing at a rate of 13.8 per cent, South Asia remains one of the leading markets in the global microfinance industry.

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