



Role of Self-Help Group as Micro Financial Intermediaries in Narsinghpur District of Madhya Pradesh

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ABSTRACT

The present study initiated "Role of self-help groups as micro financial intermediaries in Narsinghpur district of Madhya Pradesh." In Narsinghpur district 818 SHGs are functioning and all self-help groups are credit linked to different banks & NGOs. In this district, it appears that all kinds of groups are linked to banks. So, it is felt to choose three blocks namely Narsinghpur, Kareli, & Gotegaon of this district to assess the performance of SHGs. From a block three SHGs was selected from second stage and two from third stage of SHG. Thus, the total of 15 SHGs was selected from the three selected blocks randomly, which are functioning for the last 3 years and which are linked to different commercial banks and NGOs. The second stage of groups is those working properly and meeting at the time. It is passed first grading and gets revolving fund in case of DRDA promoted the self-help groups. Third stage of groups are those working properly loan distribution and recovery is very good and are in progress stage they passed second grading and also get revolving fund and approved final fund in case of DRDA promoted the groups. The specific information on selected SHGs with respect to membership working capital, saving, year-wise loan disbursement for different activates, recovery of loans outstanding and over dues were collected from each group.

Keywords: Self-help groups, NGOs, DRDA, working capital, blocks, Narsinghpur

India has the second largest tribal population in the world after Africa. After independence, the government of India opted an integrated approach in tribal development which offered the tribal communities the freedom for decision making about their lives rather than forcing them to replicate the lifestyles of the larger society (Chandran, 2012). SHGs are forum for the collective voice of the poor against common oppression and exploitation to understand individual and common problems and improving their skills and capacities to manage resources (Dwarakanath 2002). In India existing mainstream provision for rural lending does not

work. The policy environment and the institutional structure required to serve the needs of the rural people already exist. However, banking and co-operative institutions have not been able to recover costs on rural lending for a host of political and other reasons (Premchander, 2003). In the Indian context, several efforts have been made to meet the credit and other financial service need of the rural poor to bring about financial inclusion. Some of the initial measures in this regard include adoption of priority sector lending under which Banks are required to compulsorily earmark a certain percent of the total credit for the weaker section and to

create even separate financial institutions for the poor, such as establishment of Regional Rural Bank (RRBs) in 1975. Microfinance has been used as an effective tool for poverty alleviation around the world for decades. This approach not only created poor's access toward capital, but also allowed them to improve their business which in turn increased personal income and increased personal spending on children's education, family illness and improved housing and nutrition (Morduch, 2000; Coleman, 2005).

The self-help group SHG-Bank linkage programme (SBLP) promoted by the National Bank for Agriculture and Rural Development (NABARD) which was initiated in 1982, is one of the more recent of the measurement to help the poor access financing services from the formal system. Unlike the earlier intervention, (SBLP) is aimed at enabling the mechanism of informal groups. After more than 15 years of implementation, (SHG- Bank linkage programme has now come to be considered one of the largest microfinance interventions in the work. The effectiveness of SHGs would be enhanced if a symbiosis could be worked out between them and Panchayati Raj Institutions (PRIs) according to Bandopadhyaya *et al.* (2002). With the objective of improving the access of rural households particularly the rural poor, to institutional credit and to reduce their dependence on informal sources of credit, commercial bank (CBs) were nationalized in 19 July 1969. Reserve Bank of India (RBI) also stipulated that at least 40 percent of advances of the Commercial Banks should be earmarked for the priority sector 18 percent as direct as loan for agriculture and 10 percent as advances to weaker sections.

Therefore, the rural poor are left with the money lenders for meeting their consumption and production needs in the absence of institutional support. Some of the poor who have not been reached even by the vast network of the institutional credit delivery system have, however, organized themselves in to self help group (SHGs) and many such groups have comes into existence either spontaneously or with the active involvement of the non-government organizations (NGOs)/voluntary agencies (VAs) which motivated the rural poor to pool their small and frequent consumption and production credit needs. Poverty in India is

predominantly rural in character. It is intimately associate with over population and land resource. Substantial numbers of landless and small farmer are dependent on wage employment and experience unemployment seasonally. Policy makers realized that a possible solution to poverty is creation of self help group. In May 1986, the member institutions of APRACA. NABARD is also a member of APRACA and shared the concern of other members in effective financing of the poor. In order to assess the efficiency of SHGs as an effective instrument of credit delivery, NABARD conducted a study of 50 SHGs and 45 NGOs functioning in eleven state of country. To access the performance and progress of SHG. The present studies carried to study the working of self-help groups in Narsinghpur district.

RESEARCH METHODOLOGY

In Narsinghpur district 818 SHGs were functioning and all Self help groups were credit linked to different banks & NGOs. In this district, it appears that all kinds of groups are linked to banks. So, it is felt to choose three blocks namely Narsinghpur, Kareli, & Gotegaon of this district to assess the performance of SHGs. From a block three SHGs was selected from second stage and two from third stage of SHG. Thus, the total of 15 SHGs were selected from the three selected blocks randomly, which ware functioning for the last 3 years and which ware linked to different commercial banks and NGOs. The second stage of groups is those working properly and meeting at the time. It is passed first grading and gets revolving fund in case of DRDA promoted the self-help groups. Third stage of groups are those working properly loan distribution and recovery was very good and were in progress stage they passed second grading and also get revolving fund and approved final fund in case of DRDA promoted the groups. To assess the progress and performance of SHG loan disbursement and recovery, saving and working capital were considered for a period of three year (2009 to 2011). The specific information on selected SHGs with respect to membership working capital, saving, year-wise loan disbursement for different activates, recovery of loans outstanding and over dues were collected from each group. The data was also collected from five beneficiaries randomly selected from each group regarding pre and post

education of children, capital formation asset retention, adopting of improved in crop production techniques, employment generation, improvement in health care and extension contacts/institutional participation, particulars on borrowings and repayment etc. in order to know the socio-economic impact of the micro finance on these beneficiaries. Both primary and secondary data were used for study. Survey method was used to collect the needed information primary data was used from sample unit directly through personal interview using the pretested schedule. Secondary data was collected from the source i.e. official record of different departments. The data pertain to the agriculture year 2011-2012. To study the loan management by SHG the data for a period of 3 years relating to purpose-wise loan disbursement, range and length

of time for loan disbursement, recovery of loans and over dues were tabulated. Simple average and percentages were calculated and were presented in simple tabular forms.

RESULTS AND DISCUSSION

Overall progress of loan disbursement, recovery performance, saving and distribution of working of working capital in selected SHGs (2009 to 2011)

The overall performance in all the three blocks reveal that the number of loan disbursement was in 2011 it was 12.5 per cent, 51.72 per cent, and 50 per cent in Narsinghpur, Kareli, and Gotegaon blocks and the amount disbursement was 316.26, 328.57 and 687.20 per cent in Narsinghpur, Kareli

Table 1: Progress of loan disbursement and recovery performance during 2009-11 in Narsinghpur block

Group type	Year	Men	Women	Mixed	Stage II	Stage III	Overall
No. of loan disbursed	2009	20	—	—	—	20	20
	2010	20	4	—	4	20	24 (20)
	2011	20	7 (75)	—	7 (75)	20	27 (12.5)
Amount disbursed (₹)	2009	40,000	—	—	—	40,000	40,000
	2010	40,000	1,200	—	1,200	40,000	41,200
	2011	1,70,000 (325)	1,500 (25)	—	1,500 (25)	1,70,000 (325)	1,71,500 (316.26)
Recovery performance (₹)	2009	40,000 (100)	—	—	—	40,000 (100)	40,000 (100)
	2010	40,000 (100)	1,200 (100)	—	1,200 (100)	40,000 (100)	41,200 (100)
	2011	24000 (14.11)	1,100 (73.24)	—	1,100 (73.24)	24,000 (14.11)	25,100 (14.63)
Over dues status (₹)	2009	—	—	—	—	—	—
	2010	—	—	—	—	—	—
	2011	1,46,000 (85.89)	400 (26.66)	—	400 (26.66)	1,46,000 (85.89)	1,46,400 (85.64)

*Figure in parenthesis indicates percentage increase over the previous year.

Table 2: Progress of loan disbursement and recovery performance during 2009-11 in Kareli block

Group type	Year	Men	Women	Mixed	Stage II	Stage III	Overall
No. of loan disbursed	2009	2	5	—	—	7	7
	2010	17 (750)	12 (140)	—	16	13 (85.71)	29 (314.28)
	2011	25 (47)	19 (58.33)	—	23 (43.75)	21 (61.53)	44 (51.72)
Amount disbursed (₹)	2009	300	1,200	—	—	1,500	1,500
	2010	2,100 (600)	2,800 (133.33)	—	2,100	2,800 (86.66)	4,900 (226.67)
	2011	14,500 (590.47)	6500 (132.14)	—	8,000 (280.95)	13,000 (364.28)	21,000 (328.57)
Recovery performance (₹)	2009	300 (100)	1,200 (100)	—	—	1,500 (100)	1,500 (100)
	2010	2,100 (100)	2,800 (100)	—	2,100 (100)	2,800 (100)	4,900 (100)
	2011	8,800 (60.70)	5,100 (78.46)	—	5,100 (63.75)	8,800 (67.70)	13,900 (66.19)
Over dues status (₹)	2009	—	—	—	—	—	—
	2010	—	—	—	—	—	—
	2011	5,700 (39.30)	1,400 (21.54)	—	2,900 (36.25)	4,200 (32.30)	7,100 (33.81)

*Figure in parenthesis indicates percentage increase over the previous year.

Table 3: Progress of loan disbursement and recovery performance during 2009-11 in Gotegaon block

Group type	Year	Men	Women	Mixed	Stage II	Stage III	Overall
No. of loan disbursed	2009	—	3	3	—	6	6
	2010	12	9 (200)	5 (66.66)	16	10 (66.66)	26 (333.34)
	2011	16 (33.33)	16 (77.77)	7 (40)	22(38.5)	17 (70)	39 (50)
Amount disbursed (₹)	2009	—	400	600	—	1,000	1000
	2010	5,000	1,700 (325)	1,500 (150)	5,900	2,300 (130)	8,200 (720)
	2011	15,300 (206)	21,250 (1150)	28,100 (1766.66)	15,800 (167.7)	48,750 (2019.56)	64,550 (687.20)
Recovery performance (₹)	2009	—	400 (100)	600 (100)	—	1000 (100)	1,000 (100)
	2010	5,000 (100)	1,700 (100)	1,500 (100)	5,900	2,300 (100)	8,200 (100)
	2011	7500 (50.9)	14,875 (70)	15,000 (53.57)	12,100 (74.58)	17,000 (34.90)	29,100 (45.08)
Over dues status (₹)	2009	—	—	—	—	—	—
	2010	—	—	—	—	—	—
	2011	7,800 (51)	6,375 (30)	13,000 (46.43)	3,700 (23.42)	31,750 (65.10)	35,450 (54.92)

*Figure in parenthesis indicates percentage increase over the previous year.

Table 4: Distribution of saving of selected SHG

Group type	Narsinghpur block			Kareli block			Gotegaon block			Overall 09-11
	2009	2010	2011	2009	2010	2011	2009	2010	2011	
Men	2,400	9,600 (300)	16,800 (75)	700	5,200 (642.85)	10,360 (99.23)	1,500	13,700 (813.33)	25,600 (86.86)	85,860
Savings/member	96	384	672	28	208	414	60	548	1024	3434
Women	—	1,980	4,740 (139.39)	2,200	4,900 (122.72)	7,900 (61.22)	1,300	6,100 (369.23)	10,900 (78.68)	40020
Savings/member	—	80	190	88	196	316	52	244	436	1602
Mixed	—	—	—	—	—	—	1,800	4,200 (133)	6,600 (57)	12,600
Savings/member	—	—	—	—	—	—	75	168	264	507
II nd stage	—	4,380 (140.6)	9,540 (117.80)	—	4800	10,560 (120)	2,100	17,900 (752.38)	33,400 (86.59)	82,680
Savings/member	—	175	382	—	192	422	84	716	1336	3307
III rd stage	2,400	7,200 (200)	12,000 (66.66)	2,900	5,300 (82.75)	7,700 (45.28)	2,500	6,100 (144)	9,700 (59)	55,800
Savings/member	96	288	480	116	212	308	100	244	388	2232

*Figure in parenthesis indicates percentage increase over the previous year.

and Gotegaon blocks respectively. The recovery performance in all the 3 blocks namely Narsinghpur, Kareli and Gotegaon was 14.63, 66.19 and 45.09 per cent in 2011 whereas it was 100 per cent in the year 2009 to 2010 in all the three blocks. The overdue status shows that in this year 2011 it was 85.64, 33.81 and 54.92 per cent in Narsinghpur, Kareli, and Gotegaon blocks respectively.

Savings

Table 4 revealed that the overall distribution of savings of SHGs in all three selected blocks shows

that under men groups savings per member was ₹3,434 where is it was ₹1602 under women groups and ₹507 under mixed group. In IInd stage SHGs the saving per member was ₹3,307 whereas in IIIrd stage it was ₹2,232 in all the three categories.

Working capital

Table 5 revealed that the three distribution of working capita have been work out for all three blocks it was highest under man groups ₹470560 where as it was ₹101027 and ₹38,860 in women and mixed groups. The groups working under IIIrd stage

Table 5: Distribution of working capital of selected SHGs

Group type	Narsinghpur block			Kareli block			Gotegaon block			Overall 09-11
	2009	2010	2011	2009	2010	2011	2009	2010	2011	
Men	42400	55500 (30.8)	229400 (313.33)	750	5860 (681.3)	47700 (714)	1550	14400 (829)	73000 (407)	470560
Women	—	2260	6417 (183.93)	2500	5500 (120)	14800 (169.2)	1350	7100 (425.92)	61100 (760.56)	101027
Mixed	—	—	—	—	—	—	1860	5000 (170)	32000 (540)	38860
II nd	—	4760	23217 (387.75)	—	5260	26500 (403.8)	2150	19400 (802.32)	107000 (451.54)	188287
III rd	42400	53000 (25)	212600 (301.13)	3250	6100 (87.69)	36000 (490.2)	2610	7100 (172.03)	59100 (732.03)	422160

*Figure in parenthesis indicates percentage increase over the previous year.

have shown significant increase in working capital ₹422160 over IInd stage SHGs groups where it was ₹188287 from 2009 to 2011.

CONCLUSION

In this paper, we evaluated access the performance and progress of SHG. Working of self-help groups in Narsinghpur district. SHGs member's active participation is relatively better (76-100 per cent) in Narsinghpur block as compared to Kareli blocks (100 per cent) and Gotegaon block (91-100). The members regularly attendant in SHGs meeting and contributed to monthly saving ₹10 to ₹30 and weekly saving ₹20 a men group in Gotegaon block. The saving was used for lending loans to members and in certain cases, also community development. There was a considerable growth in number, amount and recovery performance between 2009 and 2011. In the case of Narsighpur block disbursed maximum number of loan (20) in case of men group circle the least was 7, by women groups. The overall performance of women and mixed groups were better in amount of loan disbursed recovery status (above 70 per cent) and lower over dues (less than 30 per cent) as compares to men groups in all the blocks. The total credit disbursement, recovery performance of Kareli block

was comparatively higher than that of Narsinghpur and Gotegaon blocks. The overall performance in all three blocks namely Narsinghpur, Kareli and Gotegaon respectively was 14.63, 66.19 and 45.09 per cent in 2011. The overall savings of three blocks ₹85,860 in the case of men groups and ₹40,020 in case of women groups and 12,600 in the mixed groups. The overall working capital of men groups ₹47, 0560, ₹10, 1027 of women groups and ₹38,860 in the case of mixed groups.

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