

Impact assessment of Self Help Groups on SHG members in Madhya Pradesh

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ABSTRACT

The concept of Self Help Group has its extraction in rural and urban Madhya Pradesh and striving to improve living conditions of poor especially poor women. It is self employment generation plan especially for rural women who don't have their own assets. Empowerment of women through micro finance institutions in rural Madhya Pradesh can challenge their traditional practice and culture to effectively promote their happiness. The present study addresses the impact assessment of SHGs on various aspects of its member's life like social impact, economical impact, psychological impact and political impact. It's based on the Condition, family background, education level, and size of the family.

The crucial task of the SHG programme is to supply access to credit in the context of poverty reduction and women's empowerment. With the aim to meet the Millennium expansion Goals and microfinance programmes' role in supporting it, there has been an increasing expectation on their impact on women empowerment. However, the perception and prospects of the members of the SHGs differ from person to person. This paper analyses the perceptions of the members of the SHG Programme.

Keywords – Microfinance, Rural Urban, SHG

1. INTRODUCTION

The term Self Help Groups (SHGs) is generally used in India to refer to unregistered groups of 10 to 20 members involved primarily in savings and credit activities. As in the case of the typical Accumulating Savings and Credit Associations (ASCAs) described by Bowman (1995), the members save periodically in the group and the savings are lent out to members who require loans at a fixed rate of interest. SHGs however differ from typical ASCAs in their small size, their being promoted among the poor by external agencies, and most importantly in their obtaining loans from banks. Over 90 percent of these groups have only women members. Tankha (2002) provides an overview of microfinance SHGs in India.

Self help groups are voluntary assembly of persons who share needs or problems that are not being attended by existing organizations or institutions. The major goals of a self – help group are to bring about personal and social – economic change for its members and society. All of those groups stress face to face interaction among members and put a set of values or beliefs that improves a member's personal feel of identity.

2. LITERATURE REVIEW

Coleman (1999) in a study covered the impact of group lending programmes in North East Thailand. This study had shown that the impact of village banks that provide group-loans in villages is immaterial on physical assets, savings, productions, and diligent expenditures and on other variables. However, it has positive impact on women's high interest debt because a number of members had fallen into brutal 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 measured the impact of microfinance on socio-economic states 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).

3. OBJECTIVES

The present paper aims to study the following aspects of SHGs of Madhya Pradesh:

- To study the perception of SHG members on impact on social environment.
- To examine the impact of SHG on psychological status of its members..
- To study the behavioural pattern of SHG members towards political environment.

4. RESEARCH METHODOLOGY

The present paper is a descriptive study of the SHGs promoted by SHPIs in four districts of Madhya Pradesh. Four district consist of Bhopal, Raisen, Indore and Hoshangabad. The data has been collected from Primary and Secondary sources. Convenience sampling technique has been used for selecting SHGs. A sample consists of 200 SHGs where 600 members have been taken for the current study. The questionnaire has been developed on the basis of earlier studies conducted by various researchers. To assess the impact of micro credit, the respondents have been asked on various aspects of their lives.

The primary data collected with the help of specially prepared questionnaire. Totally 600 respondents were selected out of which 570 were taken off for research purpose. Secondary data has been collected from previous research thesis, journals, Annual reports of NABARD, NRLM, RBI, Gram panchayat and Microfinance Status Report.

5. DATA ANALYSIS & INTERPRETATION

Measures of perception on the Impact of SHGs -The perception of the sample respondents regarding the economic impact, social impact, psychological impact and political impact shaped by the SHGs has been analysed with the help of a scaling technique. For analysing each category of impact, the opinion of the members on five given statements has been extracted on a five-point scale. By consolidating the scores obtained by every sample member for each statement with the help of the five point scale viz SA – Strongly Agree (5), A – Agree (4), NO- No opinion (3), D.A., Disagree (2) and S.D.A. – Strongly Disagree (1), the total scores have been computed. The total scores secured by the sample of 570 members shows the significance of each statement used to measure the economic impact, social impact, psychological impact and political impact. The total scores for the four categories of impact show the level of the significance of each category of impact from the viewpoint of the sample members of the study. Besides the total scores, the mean, median, quartiles and standard deviation also show the level of perception of the respondents on various categories of the impact of the SHGs.

The observation of sample elements on the four categories of impact such as economic impact, social impact, psychological impact and political impact has been calculated with the help of scores allotted to five statements related to four categories of impact on a five point scale. The thorough analyses of the statements, individual scores and total scores have been clarify below.

5.1 Perception of Economic Impact

Progress of human being purely depends on the constructive economic impact. The SHGs are helping to pick up the better economic conditions of its members. The improvements can be visualized through boost in savings, increase in value of assets, change in amount of borrowing and amount of expenditure and provision of employment opportunities. The perception of the sample members of the economic impact has been ascertained by taking into account the opinions of members on the economic variables like the capacity to spend more, increase in value of assets, rise in income, improvement in the savings habit and provision of employment opportunities.

Table 1 explains the views of 570 sample members on economic impact.

Sl. No.	Statements	S.D.A.	D.A	N O	A	S.A.	Total Scores
1.	Increases the expenditure capacity	68	129	225	88	60	1653
2.	Value of Asset has improved	68	277	36	130	59	1545
3.	Increases the Income	66	314	78	54	58	1434
4.	Increases the Saving amount	66	101	310	45	48	1618
5.	Offers Employment Opportunity	44	213	229	0	84	1577

It is observed from Table 1 that the perception of members on the statement that the SHGs help to increase the expenditure capacity gets the maximum scores followed by the statement that the SHGs help to increase the savings. The statements that the SHGs help to provide employment opportunities, increase in the value of asset and increase the income live in the third, fourth and fifth place respectively.

5.2 Perception on Social Impact

The SHGs create social awareness among their members. The insight on the social impact is computed with the help of statements like social responsibility, ability to object against social evils, authority of decision-making on important issues, awareness about health and knowledge of banking procedures.

Table 2 shows the perception of members on the social impact of SHGs.

S. N.	Statements	S.D.A.	D.A	N. O	A	S.A.	Total Scores
1.	Persuade Social Responsibility	45	0	220	65	240	2165
2.	Give Strength to Protest Against Social Evil	47	161	104	87	171	1884
3.	Increase command of Decision Making	62	157	220	35	96	1656
4.	Better Awareness About Health	101	218	91	89	71	1521
5.	Knowledge About Banking procedures	88	177	131	129	45	1576

It is clear from Table 2 that the perception of the statement “persuade social responsibility” takes the first place scoring the intensity value of 2165. The statements, “Give strength to protest against social evils”, “increase the command of decision making” on important matters, “form better awareness about health” and “impart knowledge about banking procedures” occupy the second, third, fourth and fifth places respectively.

5.3 Perception on Psychological Impact

The SHG provides scope for the improvement of mind and development of the body of an individual. The mind accelerates the various actions of the members and hence the psychological impact on the members has been analysed. The psychological impact comprises getting better confidence, consciousness on self-reliance, societal status, awareness of cleanliness and enhancing literacy and communication skills. The perception of members on the psychological impact has been considered with the help of five statements “SHG creates confidence to face problems”, “creates awareness about self-reliance”, “gives societal status”, “creates awareness about cleanliness of surroundings” and “improves literacy and communication skills”.

Table 3 shows the views of members on the psychological impact on members.

Table 3: Views of Members on Psychological Impact

S. No.	Statements	S.D.A.	D.A	N. O	A	S.A.	Total Scores
1.	Creating Confidence to counter Problem	88	175	154	22	131	1643
2.	Creating Awareness to acquire Self Reliance	45	337	80	0	108	1499
3.	Giving Societal Status	132	214	93	35	96	1459
4.	Generating awareness to maintain Cleanliness of Surroundings	107	192	94	45	132	1613
5.	Improving Literacy and Communication Skill	45	231	74	76	144	1753
							7967

Source: Primary Data

Note: S.D.A. Strongly Disagree, D.A. – Disagree, N.O. - No Opinion, A – Agree, S.A- Strongly Agree

It could be observed from Table 3 that the perception of sample members of the statement “improves literacy level and communication skills” takes the first place with scores of intensity value of 1753 pursued by the statement “that the SHG creates confidence to counter problems” (1643). The statements, “generate awareness about cleanliness of surrounding of environment”, “creating awareness to acquire self reliance”, and “giving societal status” live in the third, fourth and fifth place respectively.

5.4 Perception on Political Impact

Every resident knows about the political system of his/her country and its working, election, role of political parties and the like. The membership in the SHG provides the opportunity to obtain knowledge of the political dealings of the

country. The perception of members of political impact was measured with the help of the opinions of the sample members on statements such as “SHG induces participation in politics”, “induces to contest elections”, “creates awareness of the necessity of voting”, “helps to assume leadership to handle issues” and “improves leadership skill”. The opinions of the members on the political impact of the SHGs are shown in Table 4.

Table 4: Perception of Members on the Political Impact

Sl. No	Statements	S.D.A.	D.A	N.O	A	S.A.	Total Scores
1.	Suggesting Participation in Politics	102	157	150	16	145	1655
2.	Induce to Contest Election	56	377	115	22	0	1243
3.	Generating Awareness About Voting	110	261	12	45	142	1558
4.	Inducing to think about Leadership on Issues	213	108	71	34	144	1498
5.	Improving Leadership Skills	238	135	47	53	97	1346
							7300

Source: Primary Data

It is obvious from Table 4 that the perception of the sample members of the statement that “suggesting to participate in politics” takes the first place with scores of 1655 followed by the statement “generates awareness about inevitability of voting” (1558). The statements, “SHG improves leadership skills”, “inducing to think about leadership” and “induces to contest in election” occupy the third, fourth and fifth places respectively.

5.5 Overall Observation of the Perception Scores

In order to ascertain the importance of the four categories of impact the average, Standard Deviation and Co – efficient of variation have been calculated.

Table 5 reflects the details of the perceptions of the respondents on the different range of impact.

Table: 5 Details of Perception Scores of Respondents for Various Impacts

S.No.	Various Impact	Mean	Standard Deviation (σ)	Co-efficient of Variation
1.	Economic	13.74	3.62	26.34
2.	Social	15.44	3.22	20.85
3.	Psychological	13.97	5.35	38.39
4.	Political	12.79	4.53	35.41
5.	Overall	55.94	16.72	120.99

Source: Primary Data

It is seen from Table 5, that the perception of the sample members of the social impact occupies the first place (mean 15.94; Standard Deviation 3.22; co-efficient of variation 20.85) followed by perception of psychological impact. The perception of economic impact and of political impact occupies the third and fourth place respectively. This indicates the positive motivation required for political participation of the members of SHGs in Madhya Pradesh.

6. FINDINGS

The impact of the SHGs is classified into economic impact, social impact, psychological impact and political impact. To find the perception of each category of impact, 5 statements were created for each category and the opinion of the sample members on these statements was extracted. In general, most of the members believe that the SHGs agreeably contribute to women’s development. Moreover, the perception of a majority of the members of all the categories falls under the medium perception category. Among the four categories of impact, the perception of the psychological impact occupies the first place followed by the perception of the social impact. The perceptions of the economic and political impacts occupy the third and fourth places respectively. When the respondents’ scores were converted into ranks, it was found that the social impact factor gets the first place and the political impact factor gets the last place.

7. CONCLUSIONS

Finance is an element which everyone requires. Regular and immediate finance can play an important role for development of socio-economic states of the people particularly the rural poor. Microfinance is expected to play a

significant role in poverty alleviation and rural development particularly the rural women. The potential for growing micro finance institutions in India is very high. Major cross-section can have been benefited if this sector will grow in its fastest pace. From the analysis of data it can be concluded that numbers of members have started savings only after joining the groups, they have positive impact on employment creation and even on their asset holding status. After joining the groups most of the members solved their problems alone. Position of women in society has improved and they also take part in decision making in the family and in society too.

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