

A study on Agricultural women Self Help Groups (SHGs) Members Micro credit Analysis in Trichy district, TamilNadu

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ABSTRACT

The study found the Agricultural women SHGs performing well in availing and repaying microcredit which had contributed to their socio – economic empowerment and to better livelihood conditions. And the study found that the interest rate of Microcredit should be reduced, installment term for Loan repayment should be increased, Loan repayment should be flexible based on their varying levels of income and savings, should provide subsidy loan for Agriculture Women SHGs for innovative projects, should provide self employment loan for individual SHG members, should provide marketing facilities to the SHG products (Proper marketing channel could be arranged by the Government (or) NGO (or) private institutions) and should provide self employment training to the rural people.

Primary data required for the study were collected from 170 of Agricultural women retail SHG members representing 10 Self Help Groups from Trichy district villages during August 2011.

Percentage analysis, Tabular analysis and Class interval techniques was used to find the constraints imposed by the nature of data, Socio-economic condition, Women empowerment and Microcredit lending, Utilization, Repayment, Economic activities and to analysis the age, income, savings and food expenditure.

INTRODUCTION

The present study attempted to assess the Agricultural women Self Help Groups (SHGs) Performance in Trichy district, TamilNadu. Primary data required for the study were collected from 170 of Agricultural women retail SHG members representing 10 SHGs from Trichy villages during August 2011.

The study found the Agricultural women SHGs performing well in availing and repaying microcredit which had contributed to their socio – economic empowerment and to better livelihood conditions.

SOCIO – ECONOMIC PROFILE:

The average membership of the SHGs is about 17. About 78 % of the Agricultural women belonged to the age group 21 to 50 years which is the most productive period. About 76 % of the Agricultural women were married. Women headed households constituted 20 % of the total married members of the sample SHGs. About 86 %, were Hindus (BC) and remaining SC/ST. About 46 % of the respondents had primary education and 42 % had high education. The household-size of the Agricultural women families showed that more than half of the Agricultural women families (52.68 %) had five or more members. The study observed an average earner – dependency ratio of 1.

The study found that 76 % of the SHG members participated in banking activities for micro credit utilisation and 65 % of them are equal partners in decision making in their families. SHG member's monthly savings ranged from Rs20 to Rs120 per member. About 58 % of them made weekly savings and 42 % had monthly savings.

The banks charged an interest rate of 9 % to 12 % for micro credit extended to the SHGs. The interest rate charged by the SHG members for internal circulation of loan amount was 24 % per annum and its goes to SHG's savings. The interest savings is provided as dividend to members later. The SHGs are known for prompt repayment, often 100 %, of the micro credit availed by them from the banks. In this study, all the SHGs reported 100 % repayment. About 10 % each of the loan money was used for old debt repayment and house alteration and construction, about 10 % on education, 5 % on economic activity and about 2 % in gold jewellery.

The World Micro credit Summit envisaged providing micro credit to 25 million poor families in India by year 2015. NABARD, the nodal agency for micro credit in India, set a target of credit linking 1 million SHGs in a decade's time that is by the year 2007 which has already been achieved, three years ahead of the schedule, indicating that there is still a long way to go. Majority of the groups would be forming part of the SHG philosophy while some could come through alternate mechanisms comprising application of Grameen model, credit unions and other emerging approaches. According to NABARD, 14.7 million people accessed micro credit during 2009-10.

As per Tamil Nadu corporation development of women limited, total SHG in Trichy district is 10415 and 166640 Women formed in SHG and their investment is Rs 5466.40 lakhs as on 31.03.2010

REVIEW OF EARLIER RESEARCH WORK IN MICROCREDIT

Nagayya (2000) stated that there has been a massive expansion in the formal credit delivery network in the last three decades and there is an acceptable gap in financing the genuine poor, especially in remote rural area. .

Jayaraman (2000 and 2002) reported on the role and performance of fisherwomen SHGs in India. He found the fisherwomen SHGs performing well in availing micro credit, utilising it and repaying it in time. The micro credit programme implemented through SHGs contributed to the socio-economic welfare and empowerment of the fisherwomen. It also contributed to the eradication of usury and illicit liquor.

Sabyasachi Das (2003) reported on the functioning of Self-Help Groups and micro credit. It included social, economic, political and spiritual development of the poorer section of the society. NGOs gave some training to the SHGs for awareness building, entrepreneurship and skill training and some help in arranging inputs, and marketing, introduced saving and internal lending, helped in the maintenance of accounts and linked them with the banks for credit requirements.

Deepti Agarwal (2001) reported that the status of women is low and their socio economic conditions are much more depressed than that of men. Jeyesh Talati and Venkatakrishnan. (2001) explained women's empowerment in Jhabua district, Madhyapradesh. The women 'leaders' elected by the group members were responsible for the maintenance of group records and management of group. These women's groups laid the foundation for the empowerment of women.

Radhakrishna Rao (2002) says, Kerala's remarkable achievements in education and health have been greatly facilitated by its social and physical terrain. Socially speaking, community based social reform movements competed with each other for social advancement.

Bharat Dogra (2002) reported that 15 to 20 women formed such groups with as monthly savings of Rs.10 each or Rs.20 each. Initially, men in many villages used to make fun of these groups with their small savings and also observed that when these savings grew and women were able to take loans to meet several pressing needs, men also started self-help groups with monthly savings of Rs.50 each or more.

Laxmi Kulshrestha and Archana Gupta (2002) reported that Non-Government Organisations (NGOs) and voluntary action has been part of the historical legendary. In the 19th and early 20th centuries, several voluntary efforts were started in the fields of education and health. They projected development practitioners, government officials and foreign donors who observed that non-governmental Organisations (NGOs) by virtue of being small scale, flexible, innovative and participatory are more successful in reaching the poor for poverty alleviation. This consideration has resulted in the rapid growth of NGOs involved in initiating and implementing rural development programme.

Shetty (2002) reported on the impact of Rural Self Help groups and other forms of microfinancing. Solanki (2002) identified technologies for rural development in the directory of rural development published by National Institute of Rural Development, Hyderabad which is a unique effort in assembling the detailed information of 100 technologies developed by various R & D institutions/ agencies. This reference book will help the policy makers and technologists in analyzing and implementing the practical approaches. A large number of these technologies are being transferred free of cost, with a few on consultancy basis while some of them need license to enable their transfer.

FAO (2003) reported on the best practices and success stories in micro credit programs for women in coastal fishing communities in India. Uwe Tietze and Villared (2003) reported on the Regional proceedings of the workshop in support of Responsible Agriculture and Marine Capture Fisheries in Asia.

Shankar chatterjee (2003) reported that Networking Swarnajayanti Gram Swarozgar Yojana (SGSY), Banks and SHG initiatives in Utter Pradesh.

Suman Krishna Kant (2001) reported that women's empowerment and mutual cooperation in the family.

Jeyasudha (2004) reported that eradication of poverty and the ushering in of speedy socioeconomic progress is the goal with which the developmental programmes are being implemented through a multipronged strategy, reaching out to the most disadvantaged sections of the society. She placed the concept of rural development at the top of agenda in national policies of developing countries of Asia, Africa and Latin America. The developed countries have also recognized this need and have directed their efforts towards meeting the basic needs of the poorest people in developing countries.

Meenambigai (2004) stated that self-help groups play a major role in transforming rural economy. Micro credit helps the rural poor to improve their standard of living and fulfills their credit needs. Micro credit encourages savings, promotes income generating activities and benefits women.

Sheik Mohammed (2004) reported that Self-Help Groups worked for the success of women entrepreneurs. Senthil Vadivoo and Sekar (2004) stated that the self help groups are a movement for women empowerment; it covered women collectively struggling against direct and indirect barriers to their self development and their social, political and economic participation.

Women's empowerment can be viewed as a continuous process of several inter-related and mutually reinforcing components. Empowerment is a process of awareness and capacity building, leading to greater participation, greater decision – making power and control the transformative action to overcome the constraints in this process.

Tripathy (2004) explained economic empowerment through income generating activities through self help groups and also explained its importance in education, mid -day meals

scheme, health, agriculture and allied activities, community action and sustainable development and rural sanitation.

Thus, the SHGs have been found to be an effective tool of micro-credit delivery for women empowerment and rural development (Desai, 2000; Puhazhendhi, 2000). There are several success stories of how SHGs have benefited the poverty-ridden people in the rural areas in emerging empowered and how lending to SHGs have made loss-making branches of banks to turn around. Although SHGs have come to stay there are some germane issues that need to be sorted out.

OBJECTIVE OF THE STUDY

This study has the overall objective of analyzing the performance of the Agricultural women SHGs in Trichy district as no such study has not yet been undertaken. The specific objectives of the study are:

1. To collect socio-economic structure and activities of the Agricultural women SHGs.
2. To collect comprehensive information on the microcredit extended so far to Agricultural women through SHGs in Trichy.
3. To evaluate the financial performance of the SHGs.
4. To identify the reasons for the success, the constraints and suggestions on how micro finance could be delivered in future.

SCOPE OF THE STUDY

The study is important for applied research as well as basic research in the field of rural development. The study would provide a framework for drawing suitable programmes for the upliftment of traditional business with particular focus on Agricultural women. The opportunities for the creation of supplementary sources of income would also be explored. In short, the study would be highly useful to researchers, planners and policy makers in overcoming the problems of Agricultural women and in formulating strategies for the socio-economic development and empowerment of Agriculture through microcredit in Tamilnadu in general and in particularly in Trichy district

LIMITATION OF THE STUDY

The study was confined to Trichy of Tamilnadu state covering only four villages Lalgudi, Srirangam, Manachanallur, and Thuraiyur. The researcher personally contacted the Agricultural women individually and it was a Herculean task to make them willing to answer the questions listed in the interview schedule. The Agricultural women hesitated to answer several questions. However, with great difficulty their responses were obtained by paying sincere and thoughtful attention in bringing out several distinct features of saving and credit programmes. The data collected were cross- checked with available records such as registers, Bank Savings Account pass-books and records of banks concerned to ensure accuracy of the data collected

DESIGN OF THE STUDY

The choice of research method does have an influence on the inferences drawn from the analysis of data. This chapter describes the choice of the study area, selection of respondents, method of data collection and analysis of data and interpretation of results for drawing inferences.

SELECTION OF THE RESPONDENTS

The study makes use of both primary and secondary data. Primary data relating to the socioeconomic background, microcredit lending, utilisation and repayment, constraints and various other aspects relating to social empowerment of the Agricultural women were collected through pre-designed questionnaire from 170 Agricultural women representing 10 SHGs from the selected four villages. Average membership of the respondents in the study area was about 17 members. The membership pattern of the Agricultural women SHGs was good.

Secondary data connecting to the savings, loans, revolving fund received from banks and repayment undertaken were drawn out from the relevant records of the SHGs and from the animators/leaders concerned. Information on microcredit and Agricultural women at the state and district levels was obtained from many sources including Governmental and Non-Governmental Organizations.

DATA COLLECTION TOOLS

Interview questionnaire were designed to obtained general information on the SHG concerned from its office bearers. And also some questions are used to collect specific information from each member of the 10 Agricultural women SHGs.

TOOLS OF ANALYSIS

Percentage analysis, Tabular analysis and Class interval techniques was used to find the constraints imposed by the nature of data, Socio-economic condition, Women empowerment and Microcredit lending, Utilization, Repayment, Economic activities and to analysis the age, income, savings and food expenditure.

INSTITUTIONAL FRAMEWORK FOR MICRO CREDIT

Micro credit refers to provision of small amounts of credit to the poorest of poor who were not served by the formal financial institutions for many reasons and remain un reached. Frequent requirement of small amounts of credit, a large number of clientele and consequently high transaction cost and low net worth of the clientele are some of the reasons which excluded the poorest village people from availing the credit facilities of formal financial institution such as banks. Hence, they were dependent on loan sharks who provided timely and adequate credit at door steps but at spurious interest rates, up to 500 % p.a. The term microfinance may look new but the concept and process existed in many Asian countries long ago in various names. Informal and small-scale lending arrangements have long existed in many parts of the world,

especially in the rural areas, and they still survive. Good examples are schemes in Ghana, Kenya, Malawi and Nigeria ("merry-go-rounds", "esusus" etc.). In Asia too they existed, particularly in India, Vietnam, Thailand, etc.

MICROCREDIT IN INDIA

The Self Help Groups (SHGs) emerged as a component of the Indian financial system after 1996. They are small, informal and homogenous groups of not more than 20 members each. The size of 20 has been made mandatory because any group larger than this has to be registered under the Indian Societies Registration Act. Also, the repayment rate tends to be lower in large groups as the magnitude of the free rider problem and the propensities to default are high in heterogeneous groups.

CONCLUSION

For poverty reduction and empowerment Micro credit is an accepted tool. However, it did not reduce poverty significantly in earlier days because of its limited outreach lack of mechanism to sustain the positive impact on the small number of client's beyond the project period, poor infrastructure and slow agricultural growth and Limited markets could slow down or impair the sustainability of the micro credit programme. Consequence no perceptible improvement on the socio-economic livelihood conditions of the poor could be observed.

SUGGESTIONS

Micro credit renter needs to be successfully carried out in Tamilnadu. The concept of SHG is not fully covered in all small villages, towns and cities (Panchayat, Municipalities and Corporations). This concept is utilized especially for the poor section of the community belonging to the lower income group. Women SHGs could escort in marvelous changes in the society, in the economic, social and political levels. The utilization of microcredit concept provides a new scenario of the poor society. The NGOs promote the SHG in all localities like up-liftment of the poor, their standard of living, income, education, health, sanitation and other basic amenities, water and transportation. The Government developed institutions NGOs and private institutions need to conduct awareness programmes to promote the SHG concept to cover the "Unreached" section of the society.

The sustainability of the SHGs on long term basis could be assured with following strategies:

1. Interest rate of Microcredit should be reduced. .
2. Installment term for Loan repayment should be increased.
3. Loan repayment should be flexible based on their varying levels of income and savings.
4. Should provide subsidy loan for Agriculture Women SHGs for innovative projects.
5. Should provide self employment loan for individual SHG members.

6. Should provide marketing facilities to the SHG products (Proper marketing channel could be arranged by the Government (or) NGO (or) private institutions).
7. Should provide self employment training to the rural people.

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