

**Research Article**

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## **Economic performance of self help groups with special reference to a rural village in South India**

**Sneha B.C and Dr Suresh Mani**

PES University, Bangalore, India

E-mail: [sureshhuc@gmail.com](mailto:sureshhuc@gmail.com)

### **Abstract**

#### **Keywords**

self-help group,  
economic  
empowerment,  
women participation.

Self-help groups are small groups of people. Self-help groups promote small savings among their members. The survey was conducted among the four self-help groups in anchepalya .The study concluded that by participating in SHG there was an enhanced self-economic empowerment in terms of savings, access to loan and using of money. The SHG has improved the income of the members.

The study noted that by participating in SHG the respondents were able to access formal banking institutions with ease and access a better amount of loan as compared to pre SHG period.

### **Introduction**

The concept of microfinance was introduced in mid 1970s in Rural Bangladesh by Prof Mohammed Yunus. These microcredit of microfinance initiate with promise of providing credit to the poor without collateral, alleviating poverty and unleashing human creativity and endeavor of the poor people. There is rapid of growth microfinance throughout the world in India also the concept of microfinance became popular after the 1992 which was NABARD which apex bank for rural development .In India microfinance is dominated by self help groups bank linkage programmes aimed at providing a cost effective mechanism for providing financial services to the poor.

The basic purpose of SHG is for the members to provide spaces and act as a platform to support each other. The SHGs include very poor people with no access to formal financial institutions. It allows members to learn how to work together in a team environment. SHG is often established by NGOs and supported by government agencies. SHG is managed by regular meetings where members engage in trading activities to discuss various related topics. Self-help groups are saving money in specific areas of the production process by implementing joint action programs such as profitable loan programs, group learning forums with rural residents and promoting democracy.

Against this background an attempt has been made in this paper to socio economic status of the members and also purpose and participation in self help groups

**Data and Methodology**

The study has been focused with clear objectives to understand the socio-economic status of the members of SHGs and to study the purpose of participation in the self help groups. Therefore the study is purely descriptive and analytical nature. The study has been carried out through a well-structured questionnaire that is personnel administered to each of the 53 members for existing 4 SHGs in the Anchepalya village in Bangalore Rural District, Karnataka State in India. The study is based on random sampling comprised of literate as well as illiterate person. Therefore the intent of each of the question was

clearly appraised to the members and information obtained. The secondary data collected from Report on Trend and Progress in Banking in India published by Reserve Bank of India and Status of Microfinance in India by NABARD. In the present study basic statistical tools such percentage analysis and paired t-test is used.

**Improving Access to Credit: Growth of SHGs in India and Karnataka**

The table 1 shows that there is rise in the loans A cursory examination of the data on the temporal growth of SHGs (Table 1), reveals that in nominal terms, the loan per SHG increased from Rs. 37,287 in 2016-17 to Rs. 77,659 in 2019-20 and also number of loans disbursed increased from 18.3 per lakh to 31.5 lakh loan given to the self help groups

<b>Table 1 Progress of Microfinance</b>										
<b>(At end-March)</b>										
<b>Item</b>	<b>Self Help Groups</b>									
	<b>Number (₹ lakh)</b>					<b>Amount (₹ crore)</b>				
	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Loans Disbursed by Banks	18.3	19	22.6	27	31.5	37,287	38,781	47,186	58,318	77,659
Loans Outstanding with Banks	46.7	48.5	50.2	50.8	56.8	57,119	61,581	75,598	87,098	1,08,075
Savings with Banks	79	85.8	87.4	100.1	102.4	13,691	16,114	19,592	23,324	26,152

Notes: 1. Figures in brackets give the details of SHGs covered under the National Rural Livelihoods Mission (NRLM) and the National Urban Livelihoods Mission (NULM) for 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 respectively.

Source: Report on Trend and Progress of Banking in India 2020-21

<b>Year</b>	<b>Total No of SHGs</b>	<b>Loans Disbursed</b>
		Amount (Rs Lakhs)
2016-17	265043	572200.91
2017-18	399295	819680.29
2018-19	907391	115494.28
2019-20	874536	151437.38
2020-21	216748	469245.12

Source: Various Reports on Status of Microfinance in India, Nabard

The table 2 depicts that there is decline in loans disbursed by the banks to SHGs in Karnataka till 2019-20 however there was rising loans disbursed to Rs 469245.12 in 2020-21.

### Descriptive Statistics for the primary survey

**Table 3; Descriptive Statistics for the primary survey**

<b>Variables</b>	<b>Category</b>	<b>Number</b>	<b>Percentage</b>
<b>Gender</b>	Male	0	0
	female	53	100
<b>Marital status</b>	unmarried	0	0
	married	44	83
	widow	9	17
<b>Family</b>	Nuclear	49	7.5
	Joint	4	92.5
<b>Education</b>	Illiterate	23	43.9
	Secondary & high secondary	27	50.9
	Graduate	3	5.7
<b>Occupation</b>	Private Job	34	64.2
	Non-Agricultural labour	1	1.9
	Trade & Business	6	11.3
	Others	12	18.9

Source : Primary data 2021

Out of 53 respondents, 53 were female. Coming to the percentage 100% of respondents are female and male have not participated in self-help groups. The result showed that females are more active in self-help groups than male. The results showed that married women are more active in self-help groups.

The showed that there are 2 groups of family i.e., joint family and nuclear family.

Nuclear Family prefers the SHGs than Joint Family. The level of education of respondents is showed in table 3 It is clearly evident from the table that the majority of respondents (39.7 percent) are higher secondary, 4.4% are undergraduates, and 33% are illiterate. Occupation wise classification revealed that 50 percent are private job workers. 8.8 percent are business, 13.2 percent are unemployed, the rest of the respondents are others.

**Profile of SHGs**

**Table 4 Years of Joining the membership in Self Help Groups and linkage**

Years	Frequency	Percent	Linkage	Frequency	Percent
1-5	24	45.3	Bank	53	100
5-10	29	54.7	Others	0	0
Total	53	100	Total	53	100

Source : Primary Data 2021

The table 4 stated that the members who have joined for a long term membership of 5-10 years with 54.7 percent are in majority compared to members who joined for a short term membership 1- 5 years is 45.3 percent.

**Table 5 Name of SHGs and Period of Savings in SHGs**

Name of SHG	Frequency	Percent	Period	Frequency	Percent
Priyanka	20	37.7	Daily	0	0
Rajarajeshwari	9	17	Weekly	18	34
Suryodaya	10	18.9	Fortnightly	31	68.5
Spandana	14	26.4	Month	4	7.5
Total	53	100	Total	53	100

Source : primary data 2021

Priyanka is the largest group with 37.7 percent participants compared to others. Raja rajeshwari with 17 percent, Suryadaya with 18.9 percent and Spandana with 26.4 percent. A clear majority of 18 responses i.e., 34 percent of the

population saves on weekly basis, 31 responses i.e.,68.5 percent saves on weekly basis , only 4 responses i.e.,7.5 percent saves fortnightly and none on an annual basis. It’s all because of the nature of the work they do.

**Change in income before and after joining the SHG**

**Table 6: Monthly income of the respondents before joining the SHGs**

Income	Frequency	Percent
BELOW 1000	7	13.2
1001- 2000	13	24.5
2001-3000	4	7.5
3001-4000	10	18.9
4001-5000	11	20.8
5001 and above	8	15.1
TOTAL	53	100

Source : Primary data 2021

The primary study showed that the majority of the respondents earned before joining to self-help group. 13.2 percent SHGs members earned below - Rs 1000. 24.5 percent of SHG members got Rs 1001 – Rs 2000, 7.5 percent of SHG

members earned Rs2001 – Rs 3000 18.9 percent of SHGs members got Rs3001 - Rs 4000, 20.8 SHGs members got the income between Rs4001 - Rs5000 Only 15 percent of SHG members got income of 5001 and above per month.

**Table 7: Monthly income of the respondents after joining the SHGs**

Income	Frequency	Percent
Below 1000	0	0
1001- 2000	2	3.8
2001-3000	4	7.5
3001-4000	10	18.9
4001-5000	13	24.5
5001 and above	24	45.3
TOTAL	53	100

Source: Primary data 2021

The results show that the majority of the respondents earns before joining to self-help group 3.8 percent of SHGs members got income of Rs1001 – Rs 2000. 7.5 percent of Self help groups members earn the between income from between Rs2001 - Rs3000, 18.9 percent SHGs got income between Rs3000 - Rs 4000, 24.5 percent of SHGs members got income of Rs 4001 - Rs5000, 45.3 percent of SHGs members of income above 5000 and above per month. The

study clearly shows a feature of rise of low income groups data clearly gives the picture that there is no members moved upward income brackets. The number of studies on the impact of microfinance on poverty reduction has grown considerably, especially in the past few years, spurred by the growth of microfinance (Khandher, 2003)

**Paired T- Test For Monthly Income Before And After Joining Self-Help Group.**

The paired sample t-test compares the means of two measurement taken from the two measurements taken from the same individual, object or related units.

**Table 8 . Summary Statistics**

Variables	mean	observations	S.D	correlation
Monthly Income before SHG	3.55	53	1.7	0.552
Monthly income after SHG	5	53	1.144	

	Paired differences					t value	df	P value
	Mean	S.D	Std error Mean	95% Confidence Interval of difference				
				lower	Upper			
Pair1 Monthly income before SHG- Monthly income after SHG	-1.453	1.435	0.197	-1.848	-1.057	-7.369	52	.000

There was a significance difference in the score monthly income before joining SHG (mean 3.55 and S.D 1.7 and Monthly income after joining SHG (mean 5 and 1.144). There is a correlation between the monthly income before and after joining SHG is .552 percent.

**Null Hypothesis:** There is no difference between the monthly income before and after joining SHG.

**Alternative Hypothesis:** There is a difference between the monthly income before and after joining the SHG.

Since p value is 0.001 which is less than 0.01 hence we reject the null hypothesis at 1 percent level of significance .There is difference between the monthly income before and after joining the SHG.

**Purpose of Participating in SHG Activities and Benefits of Joining SHG**

The survey was conducted among the four self-help groups in anchepalya. There were 53 respondents. Their main purposes of participation in self-help group were on loans to business, education, farming, housing, health services in the self-help group.

**Table 9 Level of agreement of the respondents regarding the purpose of participation**

Particulars	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Loans to business	13 (24.53)	36 (68)	4 (7.5)	0	0	53(100)
Education	23 (43.40)	23 (43.0)	6 (11.32)	0	0	53(100)
Farming	7 (13.20)	28 (52.84)	14 (26.41)	2 (3.77)	0	53(100)
Housing	21 (39.62)	30 (56.60)	2 (3.77)	0	0	53(100)
Health services	16 (30.18)	33 (62.26)	4 (7.54)	0	0	53(100)

Source : Primary data 2021

Note: In bracket in percentage

As per the above table 8 there are 13 responses who strongly agree that their purpose is for loans to business, 36 responses agree and 4 responses are neutral for loans to business. There are 23 responses who strongly agree that their purpose is for education, 23 responses agree and 4 responses are neutral for education purposes.

There are 7 responses who strongly agree that their purpose is for farming , 28 responses agree and 14 responses are neutral and 2 responses

disagree for education purposes . There are 21 responses who strongly agree that their purpose is for housing, 30 responses agree and 2 responses are neutral for housing purposes. There are 16 responses who strongly agree that their purposes are for health services, 33 responses agree and 4 responses are neutral for health service purposes .Thus the results show that 28 responses are more that they agree for the farming purposes rather than the other purposes .

**Table 10: Level of agreement for benefits of joining the self help group.**

Particulars	Strongly agree	Agree	Neutral	Dis-agree	Strongly dis-agree	Total
Skill development	1 (1.88)	2 (3.77)	16 (30.18)	23 (43.39)	11 (20.75)	53(100)
Women empowerment	0	0	20 (37.73)	22 (41.50)	8 (15.09)	53(100)
Household consumption	5 (9.43)	42 (81.14)	6 (11.32)	0	0	53(100)
Wealth creation	10 (18.86)	39 (73.58)	4 (7.54)	0	0	53(100)
Education	21 (39.62)	30 (56.60)	1 (1.88)	0	0	53(100)
Child welfare	12 (22.64)	25 (47.16)	11 (20.75)	5 (9.43)	0	53(100)
Credit	19 (35.84)	23 (43.39)	10 (18.86)	0	0	53(100)

Source: Primary data 2021

Note : In the bracket in percentage



As per the above table 10 the level of agreement for the benefits of self-help groups showed that 1 response strongly agree for skill development program, 2 response agree, 16 responses are neutral, 23 responses disagree and 11 responses strongly disagree for the skill development in self-help group. 20 responses are neutral, 22 responses disagree and 8 responses strongly disagree for the women empowerment in self-help group. 5 responses strongly agree for household consumption, 42 responses agree, 6 responses are neutral for household consumption in self-help groups. 10 responses strongly agree for wealth creation, 39 responses agree, 4 responses are neutral for wealth creation in self-help groups. 21 responses strongly agree for education, 30 responses agree, 1 response is neutral for the education in self-help groups.

12 responses strongly agree for child welfare, 25 responses agree, 11 responses are neutral and 5 responses disagree for the child welfare in self-help group.

19 responses strongly agree for credit, 23 responses agree, 10 responses are neutral for the credit in self-help groups.

Thus results show 42 responses are more consistent for household consumption than other benefits. In this study the interesting results shows that SHGs members from the disagree regarding the women empowerment due to the SHGs. Majority of SHG members agree that benefits of joining SHG is household consumption and wealth creation.

## Conclusion

The results of the study showed a positive effect on members of self-help groups. SHG have social, economic, and political implications. There is the mobilization of savings and the execution of unsecured loans. This is an informal banking business. Many workers, farmers, small merchants, craftsmen, etc have benefited from self-help groups. They started a small business for themselves. They are self-employed. Community

development, improving status, promoting savings habits, financial support for members, starting group activities, financial education and more. These are the leads to SHGs.

SHGs financial support for the development of socio-economic status has been marginally marginalized in study areas, with social reach backwards.

SHG has very clear benefits, from personal strengthening to family growth and village development. "If women develop, the village will develop". It is important to provide women with financial opportunities. Given the opportunity to build credit, they invest in the financial growth of the family. And financial investment is slowly raising families from poverty to prosperity. The more women form a successful group, the more women will benefit from the effects of SHG and contribute to the development of the entire village.

As a result, it was concluded that participation in SHG improved Self-esteem enhancement in terms of savings and access to credit. According to survey, respondents are able to easily access to formal banking institutions and obtain loans than the before the SHG period by participating in the SHG. Most respondents after attending the SHG influenced the by enabling asset expansion, bookkeeping improvements, wise spending, and investment diversification.

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