

ANALYSIS OF ECONOMIC TRANSFORMATION OF SHG MEMBERS IN SOUTH THANE DISTRICT

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Abstract : The financial assistance provided the SHGs for development of social-economic status are found to reach the economically marginalized and socially backward in the study area. After joining the SHG though personal income economic transformation of SHG members is taken place in South Thane Districts i.e. Ulhasnagar and Badlapur. Savings habits of the SHG members have improved. It is observed that after joining SHG financial awareness of SHG members improved i.e. to use banks for saving, deposit amount, to spend amount on various purposes, receive the loan for meeting household expenses etc. These SHGs members have been working in right direction in eradicate poverty of the urban area. Still there is a vast scope for macro entrepreneurial activities in the rural as well urban areas

Keywords: Self-help Group, Micro finance, financial inclusion

1 INTRODUCTION

Self-help groups (SHGs) in India have been recognized as an effective and powerful instrument for the development and empowerment of women in rural as well as urban areas to enforce their entitlements to education and health and decent standard of living. The access to credit can be seen as the motivational factor behind the formation of SHGs and bond that sustain the groups over time. However, SHGs have potential that goes beyond the management of loan, once a group has been formed the credit link with the bank is created and then groups meet at regular intervals to take up other economic, social, political and cultural activities. SHGs provide a platform in which the members of the group can discuss various issues and their regular problems of life. During the period 1990-2000, there was a complete rethinking on the existing rural credit system. It was correctly pointed out by the government intervention indented poor poverty alleviation in the credit market needs to target mainly on helping poor women to achieve empowerment as a strategy to eradicate poverty and economic stability. The new approach is "help the women to help themselves"; in this new approach also the existing financial institutions have a very important role to play.

In the early 1980s, National Bank for Agriculture and Rural Development (NABARD) conducted a series of research studies independently and in association with MYRADA, a leading nongovernmental organization NGOs to study rural credit. The studies found that through the network of the rural bank branches were trying to create self-employment opportunities by providing bank credit, a large number of the poor population did not even have access to the banking system. The existing banking policies, procedures and system were not suited to meet the requirements of the poor. They required better access to the services and products rather than just cheap loans. NABARD recommended that alternative policies systems and procedures should be put in the place in order to achieve the objectives of financial inclusion.

Financial inclusion is the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections Micro finance can be defined as financial services (such as savings, insurance, fund, credit etc) provided to poor and low income clients so as to help them to raise their income, thereby improving their standard of living.

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Bangladesh has been acknowledged as a pioneer in the field of micro-finance. Dr. Mehmud Yonus, Professor of Economics in Chitgoan University of Bangladesh, was an initiator of an action research project 'Grameen Bank'. The project started in 1976 and it was formally recognized as a bank through an ordinance, issued by the government in 1983. Even then it does not have a scheduled status from the central bank of the country, the Bangladesh Bank. The Grameen Bank provides loans to the landless poor, particularly women, to promote self-employment. The end of December 2001, it had a membership of 23.78 lakh and cumulative micro-credit disbursement of Tk 14.653 crore.

Bangladesh Rural Advancement Committee (BRAC), Association for Social Advancement (ASA) and PROSHIKA are the other principal. Micro-credit Finance Institutions (MFIs) operating for over two decades and their activities are spread in all the districts of that country. BRAC is the largest NGOs of Bangladesh with total membership of 41.38 lakh. Initially set up in 1972 as a relief organization, it now addresses the issues of poverty alleviation and empowerment of poor, especially women, in the rural areas of the country. This institute also works in the field of literacy, legal education and human rights. BRAC has worked significantly in the fields of education, health, nutrition and other support services. PROSHIKA is also active in the areas of literacy, environment, health and organization building, while ASA and Grameen Bank are pure MFIS.

Self Help Groups is an economically homogenous voluntary group valuing personal interaction and mutual aid as a means of solving problems. These are self-managed institutions characterized by participatory and collective decision making. They deposit their pooled resource together with the external bank loan to provide interest bearing loans to their members. This financial assistance helps them to start small enterprises and earn money. Economic status of women has definitely improved after joining the SHG which leads to economic empowerment of women.

The paper is primarily aimed at examining the working and performance of SHG members with respect to financial awareness and economic transformation of SHG members

Objectives

1. To study the economic transformation of SHG members after joining SHG.
2. To study the role of SHG for financial awareness SHG members.

Hypothesis:

1. After becoming the member SHG members' income level is increased.
2. To become SHG member financial awareness of SHG women improved.

Methodology:

The paper is based on primary data only. Data for studying financial awareness of SHG women, to find out the economic transformation of SHG members was taken from field survey in South Thane districts i.e. Ulhasnagar and Badlapur. The structured questionnaire has been designed for SHG women. Simple statistical techniques were used for analyzing the economic transformation and financial awareness of SHG members. 60 female respondents were selected by using convenient random sampling.

Economic transformation of SHG members

1) Demographic Profile:

Age of selected SHGs: Age is one of the factors which helps in understanding the progress of SHGs. The study shows that 49.2 percent respondents are in the age group of 18-30 categories. 18.6 percent respondents are in the age group of 31-40 category and 32.2 percent respondents are in the age group of 41-50 category. 100 percent respondents were from urban area category only. 89.8 percent respondents are in the married category and 10.2 percent respondents in the divorce category. The total literacy rate as per census is 74 percent and the female literacy rate is 66 percent. The government has introduced several policy measures to raise the literacy rate, but still the incidence of illiteracy level of the respondents under study; out of 60 percent respondents 89.8 percent are illiterate and only 10.2 percent are literate and from that their education level only up to 5th std. Agriculture is the main occupation of the India. But most of the respondents are from urban area, their main occupation is labor work. 69.5 percent respondents are doing labor work and 30.5 percent are housewife. In India most of the people are in the BPL come from the reserve category. The study proved that 69.5 percent respondents mainly from SC category and 10.2 percent from open, OBC and ST category respectively.

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2) Economic transformation

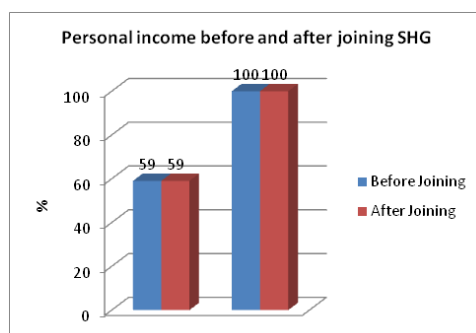
Majority of members of the SHGs belongs to BPL families in the study area. 100percent of the respondent's personal income before joining SHG was less than Rs.2000 category. After joining SHG the personal income of the 100percent respondents were transform to Rs.2001 to 4000category. The reason for increasing income is that respondent's savings habit increased. From their savings they also are getting loans at concessional rates.

Table-1 Personal income before membership of SHG

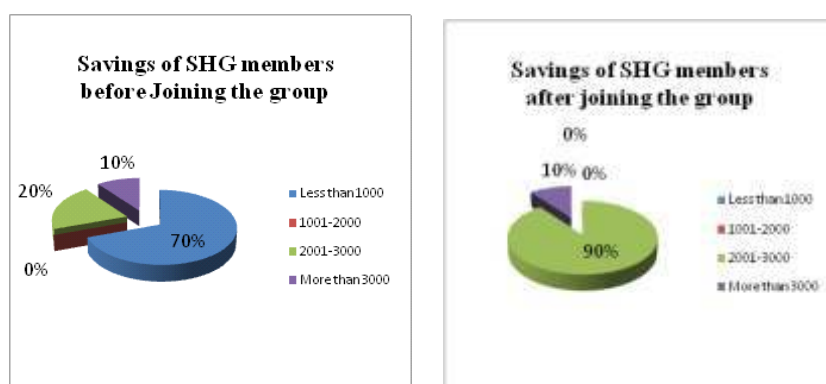
Parameters	Income group	Frequency	Percent
Personal Income			
Before Joining SHG	Less than 2000	59	100.0
After Joining SHG	2001-4000	59	100.0
Saving			
Before Joining SHG	Less than 1000	41	69.5
	1001-2000	0	0
	2001-3000	12	20.3
	More than 3000	6	10.2
	Total	59	100.0
After Joining SHG	Less than 1000	0	0
	1001-2000	0	0
	2001-3000	53	89.8
	More than 3000	6	10.2
	Total	59	100.0

Source- Field work

As far as savings of the SHG members is concerned, before joining SHG 69.5 respondents were in the less than Rs. 1000 income category. 20.3 respondents' savings were in the Rs.2001-3000 income category. After joining SHG savings of SHG members increased. 89.8 percent respondents transform in the Rs.2001 -3001 category and 10.2 respondents were transform in the more than Rs, 3000 income category.



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3) Financial awareness

Parameters	Class	Frequency	Percent
Membership since	Below 5 years	59	100.0
	5-10 years	0	0
Sources of Joining SHG	Self	6	10.2
	Friends and relatives	53	89.8
	Total	59	100.0
Purpose of Joining SHG	To start business	0	0
	To improve social status	0	0
	To develop savings habit	6	10.2
	To receive loan to meet Household Expenses	29	49.1
	Compulsion from other members	24	40.7
	Training/Livelihood skill development	0	0
Total	59	100.0	

Source- Field work

Financial awareness: After joining SHG financial awareness of SHG members improved such as to develop savings habit, to meet household expenses etc. 100percent respondents join SHGs are comes in the below 5 years category. From this 10.2 percent respondents join SHG as their own. 89.9 percent respondents join SHG because of their friends and relatives force. 10.2 percent respondents join SHG for developing the savings habits. 49.1 percent respondents join SHG to receive loan to meet household expenses. .Because as earlier stated that majority of respondents belongs to BPL families. 0 percent respondents showing interest to start business because their initial need is to meet household expenses only

Findings

- ❖ Large proportion of the SHG members (40 %) become members of SHG to persuasion / compulsion to other members.
- ❖ Contrary to common belief, SHG has been taken as an avenue to get financial health for Household purposes (49%).
- ❖ SHG Membership has not led to creation of self employment

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- ❖ SHG Members should be encouraged at entry point to start own business.
- ❖ Majority of SHG Members join in SHG within last 5 years. This may be either because of membership prolonged for longer period or there is loan/income of coverage of SHG membership the last 5 years. However, larger coverage of sampling may reveal a clean picture about this.

Micro finance programme enable the members to save, and setup and expand a credit fund consisting of savings so that members can initiate income generating activities. It also enables the members to acquire assets. After joining the SHGs personal income of respondents is increased (Table-1). This is clearly indicated that after a becoming of member of SHG economic transformation of members is taken place. The RBI's role in developing countries i.e. in India is mobilizing the saving through micro finance the study showed that, After joining the SHG saving of members also increased. This indicates that, As the income level rises members also save amount with banks (Table-1). Apart from that members of SHGs regularly save decided amount in the SHG group. This enables the involvement of the members in the economic activities.

The important motive of micro finance is financial inclusion. Through SHGs activities financial awareness of members also increased (Table-2). This indicates that after joining the SHG financial awareness of SHG members improved i.e. saving, how to operate bank account, to spend money on various activities, through this improve social status.

Policy implication:

1. Banks are required to provide greater linkage to SHGs in providing higher amount of bank loan.
2. The members should be provided training to make the micro financing more meaningful.
3. The current study showed that employment in rural area for women is greater than in the urban area. Therefore urban SHGs must give much more importance on providing employment opportunities to women members.

Conclusion:

The financial assistance provided the SHGs for development of social-economic status are found to reach the economically marginalized and socially backward in the study area. After joining the SHG though personal income economic transformation of SHG members is taken place in South Thane Districts i.e. Ulhasnagar and Badlapur. Savings habits of the SHG members have improved. It is observed that after joining SHG financial awareness of SHG members improved i.e. to use banks for saving, deposit amount, to spend amount on various purposes, receive the loan for meeting household expenses etc. These SHGs members have been working in right direction in eradicate poverty of the urban area. Still there is a vast scope for macro entrepreneurial activities in the rural as well urban areas. Therefore, more and more SHGs should be encouraged so that they provide development funds to the neglected target groups which in turn lead to socio-economic development of the region.

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