

EMERGING CHALLENGES IN SELF-HELP GROUPS IN SERVICE SECTOR: PROBLEMS & PROSPECTS

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ABSTRACT

Self Help Groups (SHGs) are small, economically homogenous and affinity groups of rural poor, not exceeding 20, voluntarily formed to save and mutually agree to contribute to a common fund to be lent to its members as per group decision. These groups are usually formed by Government or Non-Governmental organisations with emphasis on both thrift and credit activities. All financial decisions are taken by the groups through a consensual approach. While no definitive date has been determined for the actual conception and propagation of SHGs, the practice of small groups of rural and urban people banding together to form a savings and credit organization is well established in India. In the early stages, NGOs played a pivotal role in innovating the SHG model and in implementing the model to develop the process fully. In the 1980s, policy makers took notice and worked with development organizations and bankers to discuss the possibility of promoting these savings and credit groups. Their efforts and the simplicity of SHGs helped to spread the movement across the country. State governments established revolving loan funds which were used to fund SHGs.

By the 1990s, SHGs were viewed by state governments and NGOs to be more than just a financial intermediation but as a common interest group, working on other concerns as well. The agenda of SHGs included social and political issues as well. The spread of SHGs led also to the formation of SHG Federations which are a more sophisticated form of organization that involve several SHGs forming into Village Organizations (VO) / Cluster Federations and then ultimately into higher level federations (called as Mandal Samakhya (MS) in AP or SHG Federation generally). SHG Federations are formal institutions while the SHGs are informal. Many of these SHG federations are registered as societies, mutual benefit trusts and mutually aided cooperative societies. SHG Federations resulted in several key benefits including:

- ❖ Stronger political and advocacy capabilities
- ❖ Sharing of knowledge and experiences
- ❖ Economies of scale

The present study intends to study the Problems and Prospects of Self-Help Groups to meet the challenges in rural sector keeping in the view of Women Empower in Warangal District to analyze the emerging the challenges in Self-Help Groups. An attempt is made to explain the necessity and requirement of the schemes of economic program for women. Who were thrown out of the mainstream of social and economic life? The policy makers recognized the necessity of such

economic programmes for the upliftment of the highly neglected sections of the society i.e., women.

OBJECTIVES OF THE STUDY

At the fore set, an attempt is made in this study to asses the level of empowerment of woman has taken place in the recent part through a bird's eye view of the problems faced by members in service sector of SHGs in Andhra Pradesh in general, and in Warangal District in particular. Also an attempt has been made to suggest the measures to be taken to achieve goals of SHGs through of rural women in Warangal District.

- ❖ To review the existing research studies on SHGs and empowerment of women and identify the scope for further studies.
- ❖ To analysis the problems faced by SHGs in Andhra Pradesh in general and in the district of Warangal in particular
- ❖ To examine the samples collected with reference to patterns, profiles and characteristics of SHGs, selected from Warangal District.
- ❖ To examine the growth and development of SHGs in India, Andhra Pradesh and Warangal District.
- ❖ To analyze the performance of SHGs and their role in empowerment of rural women.
- ❖ To present the findings of analysis and suggest measures to improve the performance of SHGs.
- ❖ Inculcate saving and banking habits among the poor:
- ❖ Secure them with financial, technical and moral strengths
- ❖ Enable them to avail loans for productive purposes and repay the same over a period of time
- ❖ Gain economic prosperity
- ❖ Gain from collective wisdom in the financially matters in organising and managing their own finance and distributing the benefits among themselves.

Warangal district is one of the major districts in Telangana region in Andhra Pradesh covering area of 12846 Sq Kms and lies approximately between 17°19' and 18°13' of north latitude and 78°49' and 80°13' of east longitude with a population of 32.32 lakhs according to 2001 census. For administrative convenience the district has been divided into 4 revenue divisions and 51 mandals. The main stay of the population is agriculture. The major crops are paddy, cotton, chilly etc. In the district most of the farmers are small and marginal farmers. For the purpose of study five mandals namely Hanamkonda, Janagoan, Narsampet, Mahabubabad and Eturnagaram have been selected from different revenue divisions which represent differential development with respect to economic social development, literacy rates and superstition level. A total 500 members have been selected from 50 SHGs at the rate of 10 SHGs from each mandal for the sample.

A care has been taken, while selecting the SHGs to include different levels of entrepreneurship, different levels of literacy and different economic, social and cultural backgrounds.

The present study based on both the primary and secondary data. The primary data is collected through questionnaire for respondents of personal discussions with official of different development training centers agencies like Velugu, DRDA, NABARD, Bala Vikasa.

Empirical analysis pertaining to SHGs – empowerment of rural women in Warangal District has been presented in respect of growth of development of SHGs in Warangal District.

The scope is limited to Warangal District only.

In the analysis of data, statistical methods like mean, chi-square tests, test of hypothesis have been computed. Also electronic data packages like MS excel, MS Word have been used with the help of there packages descriptive statistics like tabular, percentage have been computed. In this paper the major findings that have emerged from the study are presented followed by a few suggestions in the light of the major findings: An evaluation of the physical performance of the Self-Help Groups in terms of economic activities taken up in Warangal District is relatively poor with only 1.36 per cent of groups starting economic activities. It can be concluded that the formation of SHG is a welcoming feature and a good sign but without taking up economic activity that commensurate with the analysis of groups formed, will reflect only the academic interest that the real purpose of Self-Help Groups movement.

Marital Status of Members of SHGs upto 31st March 2009

S. No	Marital Status	Number of Respondents					
		Hanmakonda	Janagoan	Narsampet	Mahabubabad	Eturnagaramt	
1	Married	60%	55%	70%	80%	65%	
2	Un-Married	30%	40%	21%	15%	15%	
3	Divorced /Widows	10%	5%	9%	5%	20%	
	TOTAL	100	100	100	100	100	

Source:- Complied from questionnaire data wise.

The above table shows the Marital Status of Members of SHGs up to 31st march 2009 in various Mandals of Warangal District. The above analysis shows that more of the SHG members are married and 30-40% are unmarried and 10-20% divorced /widows. The married women's actively participate in SHGs groups and they encourage all the members of group.

Analysis of marital status of Self-Help Groups members revealed that 83 per cent of the respondents were married, while 17 per cent of them were unmarried. This confirms the fact that the women became members in Self-Help Groups only after getting married. This reveals a close relationship between marital status and becoming members on one hand and a departure from the traditional value system of confining to household activities alone on the other. This may be again due to the necessity of earning livelihood after marriage. However, a sizeable portion of young

married women members became members before their marriage. This indicates the growing dynamism of women, which is a welcoming feature. This may be on account of higher levels of education among women, change in value system and the encouragement extended by the government and other agencies in the recent past.

Table – 4.6: Age Group of Members of SHGs
Age of Members of SHGs upto 31st March 2009

S. No	Age – Group (in years)	Number of SHGs				
		Hanamkonda	Janagoan	Narsampet	Mahabubabad	Eturnagaram
1	Below – 18	2%	2%	3%	4%	5%
2	18-30	94%	96%	95%	95%	94%
3	30-60	4%	2%	2%	1%	1%
4	Above – 60	-	-	-	-	-
	TOTAL	100%	100%	100%	100%	100%

Source :- Complied from questionnaire data wise.

Note :- Figure in parenthesis indicate percentage.

Age-wise distribution on Self-Help Groups revealed that among the four groups, the age group of 20-30 years ranked first, an insignificant portion of 7.23 per cent only were represented by the age groups of above 40 years. This confirms the fact the best age for entry into the Self-Help Groups was observed between 20 and 30 years. This indicates the concern, interest and obligation among the young women to achieve something in their lives. However, other research studies revealed inconsistent evidence with regard to the influence of age on group behavior in general and women empowerment in particular.

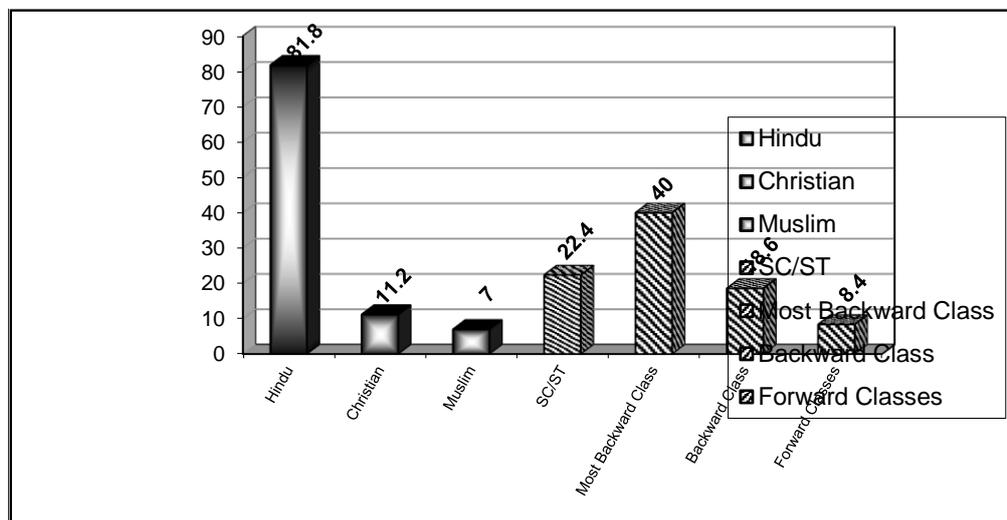
Table – 4.5: Community–Wise Distribution of Members of SHGs upto 31st March 2009

S. No	Community	Caste-wise & Mandal-wise SHGs				
		Hanamkonda	Janagoan	Narsampet	Mahabubabad	Eturnagara m
1	Schedule Caste	34%	42%	27%	24%	23%
2	Schedule Tribe	4%	9%	24%	42%	42%
3	Backward Community	45%	33%	28%	21%	27%

4	Others	17%	16%	21%	13%	8%
	TOTAL	100%	100%	100%	100%	100%

Source :- Complied from questionnaire data wise.

Note : Figure in parenthesis indicate percentage.



The above table shows the Community wise distribution of SHGs in various Mandals of Warangal District. The number of SHGs in Janagoan S.C and B.C. are high and others are at average level, In Mahabubad S.Ts are high and others are at average level. In Hanamkonda S.C and B.C are high and others are at average level. In Eturnagaram S.Ts are high and others are at average level and in Narsampet all communities are at equal level.

An enquiry into the community background of Self-Help Groups members revealed that the sample respondents were almost equally divided among the first and third category, where backward community with 42.22 per cent occupied first position and closely followed by scheduled caste community with 40 per cent. It is interesting to note that there was no single member from Scheduled Tribes; while other communities, which include forward community, occupied only 17.78 per cent. This indicates that the backward community and scheduled caste women were interested to join Self-Help Groups, whereas other forward community women were not interested to join Self-Help Groups. This may imply that there is no necessity for forward community women to earn.

Educational Background of Members of SHGs upto 31st March 2009

S. No	Educational Background	Number of SHGs				
		Hanmakonda	Janagoan	Narsampet	Mahabubabad	Eturnagaram
1	Illiterates	48%	52%	24%	74%	51%
2	Below 10 th	47%	24%	25%	25%	45%
3	Intermediate	2%	42%	20%	1%	1%
4	Diploma course	1%	1%	1%	-	1%
5	Degree	1%	1%	25%	-	1%
6	Masters Degree & Above	1%	1%	5%	-	1%
	Total	100%	100%	100%	100%	100%

Source :- Complied from questionnaire data wise.

Note : Figure in parenthesis indicate percentage.

The above table shows Educational Background of Members of SHGs up to 31st march 2009 in different Mandals of Warangal District. In all the mandals illiterates are more only in Hanamkonda mandal educated SHGs members are more than comparing to the other mandals, in these mandals those who are educated they only playing the main role as a group leader. Only 1 % members are only fully educated in four mandals and 25 % or above in Hanamkonda mandal. The above table shows the clear description of Illiterates in these mandals.

An enquiry into the educational of respondents revealed that, a majority (45.55 per cent) were illiterates followed by secondary education with 29.44 per cent. A notable portion (6.12 per cent) was graduates. Though, on the whole, there has been a change with regard to educational background of members. It is not up to the expected levels. In this ever-changing and most competitive world of business, entrepreneurs must have good professional and technical background. In rural areas, men as well as women were suffering from lack of education. This also indicates that the women with good educational background were not attracted towards Self-help Groups as they can earn their livelihood through other means like employment etc.

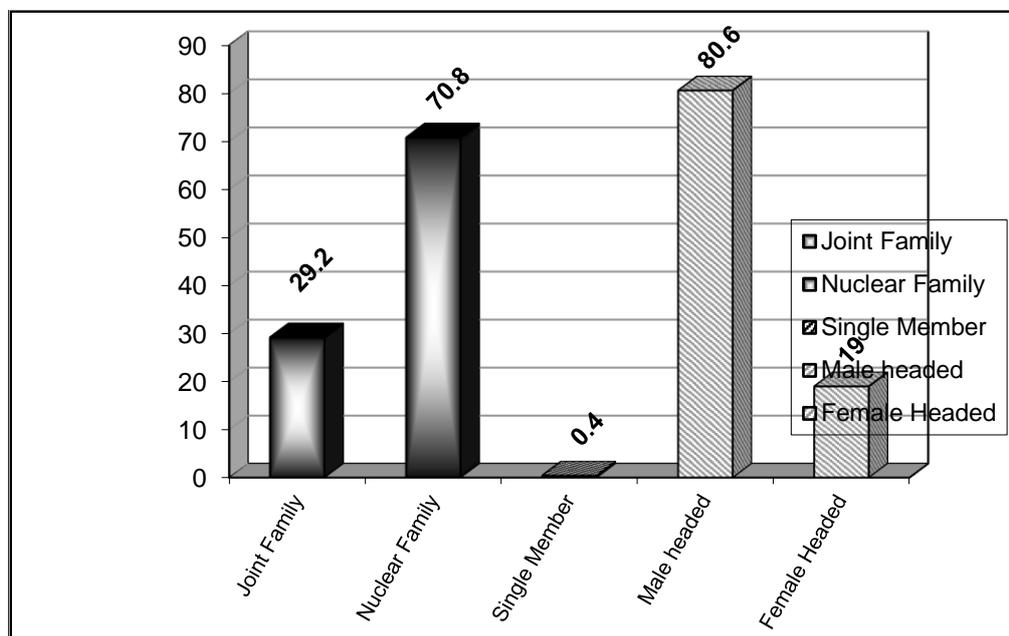
Type of Family of Members of SHGs

S. No	Type of Family	Number of SHGs				
		Hanamkonda	Janagoan	Narsampet	Mahabubabad	Eturnagaram
1	Joint Family	6%	8%	4%	12%	10%
2	Nuclear Family	94%	92%	96%	88%	90%
	Total	100%	100%	100%	100%	100%

Source :- Complied from questionnaire data wise.

Note : Figure in parenthesis indicate percentage.

The above table shows different families in SHGs in different Mandals of Warangal District. In all the mandals of Warangal District Joint families are of below 15% and the remaining above 85% are Nuclear families in these mandals because all the people are habituated to individuality due to their financial problems they are separately living. Overall the Nuclear families percentage is more in these mandals.



An analysis of the type of family of sample Self-Help Groups members revealed that about 75 per cent of the women were from the nuclear families, while 25 per cent were from joint family background. This confirms the argument that persons of joint families in general, and women, in particular became lethargic in joint family system. It is the urge, the necessity of the achievement, motivation etc. which were responsible to make the members of nuclear families as Self-Help Groups members.

Household Annual Income

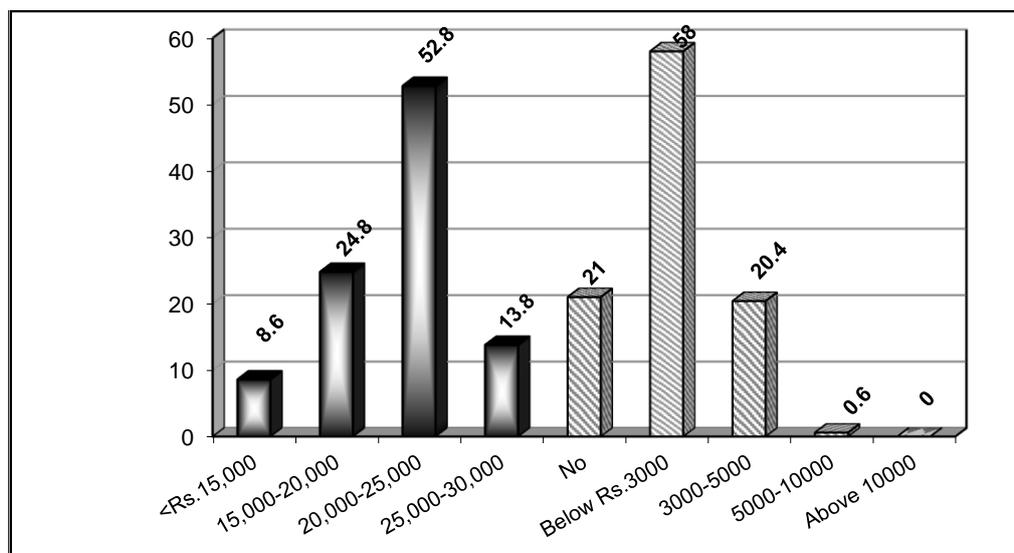
Occupation, Household Income and Annual Income of the Respondents

S.No.	Particulars	Number (n=500)	Percentage
1	Household Annual Income		
	☐☐ < Rs. 15,000	43	8.6
	☐☐ Rs.15,000-20,000	124	24.8
	☐☐ Rs.20,000-25,000	264	52.8
	☐☐ Rs. 25,000-50,000	69	13.8
2	Annual Income of Respondents		
	☐☐ No	105	21.0
	☐☐ Below Rs. 3000	290	58.0
	☐☐ Rs. 3000-5000	102	20.4
	☐☐ Rs. 5000-10,000	03	0.6
	☐☐ Above Rs. 10,000	--	--

Source :- primary data from Questionnaire

Table 5.7 shows that one-third of the respondents had an income of less than Rs. 20,000 per annum, about half earned

An examination of annual income of respondents revealed that a majority of 93.33 per cent of the respondents belonged to the income group of below Rs.25,000/- to Rs.50,000/-. Thus, we see a close relationship between income and membership of Self-Help Groups. It is also clear that economically poor people are interested to join Self-Help Groups to promote their financial position, an urge for independent life and participation in social awareness programmes as a group.



Source of Knowing about the SHGs Schemes

S. No	Source of Knowing	Number of SHGs				
		Hanamkonda	Janagoan	Narsampet	Mahabubabad	Eturnagaram
1	Friends and Relatives	43%	61%	39%	38%	33%
2	Govt. Officials	32%	28%	34%	36%	46%
3	Village Sarpanch	02%	02%	02%	02%	02%
4	Others	23%	9%	25%	24%	19%
	Total	100%	100%	100%	100%	100%

Source :- Complied from questionnaire data wise.

Note : Figure in parenthesis indicate percentage.

An analysis in the above table shows the Source of Knowing about the SHGs Schemes in different Mandals of Wrangle District. In all these Mandals main Friends and Relatives plays a main role, they are the main sources of SHGs schemes and next Govt. Officials also says about SHGs schemes, after that Village Sarpanch and others will tells the people about these schemes. But overall due to friends and relatives people knows the benefits of SHGs.

An examination in to the reasons for choosing their membership in Self-Help Groups, revealed that most of the members enter into Self-Help Groups “as a means of livelihood” with the first place, followed by “urge for independent life” with the second place. The others with miscellaneous reasons occupied the third place. It is a welcoming feature that a majority of members chosen their membership in Self-Help Groups for socio-economic reasons, such as need for earning livelihood, urge for independent life etc. This also indicates the increasing levels of aspirations among the rural women.

An enquiry into the source of initial idea revealed that as many as 41.67 per cent respondents got the initial idea to become member in Self-Help Groups form the other beneficiaries followed by the advice of their friends and relatives with 25.55 per cent. A good number of members also got the initial idea to become as members of Self-Helps Groups on their own with 16.11 per cent. This further confirms that it was the inner urge of the women to earn their own livelihood and to be independent economically were responsible for take up their membership in Self-Help Groups. It can also be observed that women who were confined to houses are being given freedom to participate in social awareness programmes. Though it is modest, but an important welcoming feature.

Age-wise distribution of enterprises of Self-Help Groups revealed that a great majority of 67.77 per cent of these enterprises was set up in the period below 5 years category while only 32.23 per cent set up in a period ranging between 5 to 10 years category. It is interesting to note that there was no single enterprise with age above 10 years. Thus, it can be concluded that women entrepreneurship in Telangana region is a recent phenomenon and slowly picking up. Since the trend of women entering into entrepreneurship with the help of Self-Help Groups, has set in the various agencies both in government and NGOs involved in the promotion of women entrepreneurship have to take necessary steps to speed up the process of empowering the women by extending all possible support and co-operation.

An analysis of type of ownership revealed that the 75 per cent of enterprises belonged to sole proprietorship category. There were 11.11 per cent enterprises under partnership and 13.89 per cent under co-operative society form of organization.

The classification of the nature of business carried out by women members of Self-Help Groups revealed that about 57.22 per cent of the respondents were engaged in commercial type of activity followed by service activity with 27.78 per cent. The most important Agriculture activity occupied the least position with 15 per cent. In most of the societies entrepreneurship started with commercial activity and then expanded into the most important and crucial manufacturing activity the reasons for choosing commercial activity by the members include: a) Easyness of setting up b) less amount of risk involved, c) No technical background, d) less capital and, e) Heavy work pressure associated with manufacturing.

Among the commercial enterprises cloth stores, saree houses, kanganhalls, beauty-parlours, floor mills, cosmetics manufacturing of note books, manufacturing of spices such as chillies, salt, papads etc., dominated the scheme.

With regard to the source of initial capital, 33.33 per cent respondents mobilized initial capital from their own sources followed by borrowings from banks with 28.33 per cent. Borrowing from financial institutions with 20.56 per cent and borrowing from relatives and indigenous bankers with 17.78 per cent occupied third and fourth places respectively. From the above analysis the following conclusions can be drawn.

Availability of capital was an important factor in promoting enterprises.

Banks have been playing an important role in development of women entrepreneurship through financial assistance.

It is a welcoming feature that women entrepreneurs did not rely much upon the relatives and indigenous bankers.

Source of working capital of women entrepreneurs of Self-Help Groups revealed that a majority of 40 per cent of respondent's mobilized working capital from friends and relatives followed by others with 32.22 per cent. Banks occupied third position with 26.11 per cent. The main reason

stated for this state of affairs was that neither they had property in their names nor could provide any security.

An enquiry into the business turnover of women entrepreneurs of Self-Help Groups revealed that the turnover of 46.11 per cent respondents ranged between Rs.25,000/- and Rs.50,000/-; while 24.44 per cent respondents had it below Rs.25,000/- a significant portion 16.66 per cent of respondents had highest turnover above Rs.1,00,000/-. On the whole it can be concluded that a great majority of enterprises operated by women entrepreneurs was on a small scale.

An analysis of profitability of women entrepreneurs of Self-Help Groups, revealed that profitability of 46.67 per cent of respondents ranged between Rs.5,000/- and Rs.15,000/- per annum. 5.56 per cent of respondents only got profit below Rs.5,000/-.

An analysis of the impact of Self-Help Groups on income of members of Self-Help Groups revealed that, on the whole a great majority of 70.56 per cent of sample members of Self-Help Groups reported that their income was increased, while remaining 29.44 per cent of the respondents reported that there was no change in their incomes. The incremental income was on account of increase in the average net income per member having economic activity between the pre and post-Self Group situations.

An examination of the impact of Self-Help Groups on savings of the revealed that a great majority of 80 per cent of the sample respondents reported that their savings were increased, while remaining 20 per cent of the respondents reported that there was no change. From this it can be concluded that membership in Self-Help Groups promoted their savings habit.

With regard to asset creation by members of Self-Help Groups 56.11 per cent members reported that their assets were increased, while 38.89 per cent members said that there was no change. Therefore, it can be concluded that implementation of Self-Help Group bank linkage programme significantly contributed to the improvement of the asset position over a period of time.

SUGGESTIONS

In the light of the above findings, the following suggestions have been offered to make Self-Help Groups meaningful, forceful and effective instrument for the improvement of women and ultimately empowering them. The government should undertake a total development package comprising stimulatory, support and sustaining activities for the development of Self-Help Groups in the Warangal District. The role of incentives and concessions, the re-engineering of delivery mechanism and creation of entrepreneurial clubs will go a long way in the development and creation of successful Self-Help Groups.

In order to get better results, there must be a greater awareness better mobilization and more scientific approach towards the development of Self-Help Groups. A major socio-economic revolution has to be envisaged to harness "Women empowerment". More contacts and field

guidance should be made available at the grass-root levels. The following steps may be followed towards this goal:

Several problems were reported to have been faced by the Self-Help Groups in dealing with government agencies such as “red-tapism”, lack of guidance and advisory service in time etc. Obviously, these factors needed to be considered in re-framing and re-organising EDPs and DRDAS.

Women entrepreneurs associations and the non-Govt. organizations (NGOs) interested in the course of promotion of economic empowerment of women should play an active role in the implementation of income generation schemes evolved by the central and the state governments.

Adequate insurance coverage should be provided to the industrial and business units promoted by Self-Help Groups against the business risks (financial losses) to safeguard the interests of the entrepreneurs as well as the employees of the enterprise.

Active participation in socio-economic development programmes like literacy, health, nutrition, housing, primary education, sanitation, etc., should be encouraged by matured Self-Help Groups. Because they contribute to overall empowerment of women.

The loan portfolio is dominated by consumption loan and hence there is a limited opportunity for income-generating activities.

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