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**Pratibha Singh**  
Deptt. of Home Science  
Extension, College of Home  
Science, G.B.P.U.A. &T,  
Pantnagar, Uttarakhand, India

**Poonam Tewari**  
Deptt. of Home Science  
Extension, College of Home  
Science, G.B.P.U.A. &T,  
Pantnagar, Uttarakhand, India

**Deepika Verma**  
Deptt. of Home Science  
Extension, College of Home  
Science, G.B.P.U.A. &T,  
Pantnagar, Uttarakhand, India

**Correspondence**  
**Pratibha Singh**  
Deptt. of Home Science  
Extension, College of Home  
Science, G.B.P.U.A. &T,  
Pantnagar, Uttarakhand, India

## Sustainability and effectiveness of self help groups in Uttarakhand

**Pratibha Singh, Poonam Tewari and Deepika Verma**

### Abstract

Present study was conducted to know the sustainability and effectiveness of women Self Help Groups in the state of Uttarakhand. Data was collected from 400 SHG's of seven districts of Uttarakhand. Findings reveals that out of the total groups studied 24.25 percent groups were active, 13.50 percent were dormant and 62.00 percent were discontinued. Active groups had undertaken income generating activities at individual level. Dairy was the main activity undertaken by SHG members and on an average each member was earning Rs. 22,130 annually. Majority of the SHG members had availed loan from bank for starting income generating activity. During the study it was observed that rural development agencies focus more on formation of large number of SHG, not in the monitoring, follow up and upgradation of knowledge and skills that resulted in discontinuation or dormancy of SHGs. There is need to focus more on monitoring/followup, microfinance, imparting knowledge and capacity building trainings, establishing market linkages to make SHGs more sustainable.

**Keywords:** Self Help Groups, group sustainability, empowerment, micro-finance.

### Introduction

Self help group movement is widely accepted as an approach for fulfilling credit need of the poor in many developing countries including India. This approach eliminates the need for collateral and is closely related to that of solidarity lending. The Central and State Governments, along with the National Bank for Agriculture and Rural Development (NABARD) are extending the required support for SHGs as a strategy for women empowerment. SHG's empower rural women in bringing about the needed social and economic transformation and creating awareness about the welfare programmes especially targeted to women and children. The efforts of SHGs are thus contributing to address the gender issues of economic development in India.

Role of SHGs for promoting rural entrepreneurship using local resources, local skills and local knowledge involving women workforce has long been emphasized. India's Self Help Group (SHG) movement has emerged as the world's largest and most successful network of community based organizations. Self Help Group in India has come a long way, since its inception in 1992. About 24.25 million poor households have gained access to formal banking system through SHG-bank linkage programme and 90% of these groups are only women groups. There are agencies which provide bulk funds to the SHG's through NGOs. Under All India Coordinated Research Project on Home Science Extension, study was conducted to know the sustainability and performance of women's Self Help Groups in the state of Uttarakhand and suitable measures were suggested to improve the functioning of Self Help Groups.

### Objectives

The specific objectives of the study were

1. To know the sustainability of women Self Help Groups.
2. To study the performance of Self Help Groups.
3. To suggest suitable measurement to strengthen Self Help Groups.

### Methodology

Data was collected from both the zones; Tarai and Bhabhar zone; and Hill zone of Uttarakhand.

Tarai and Bhabhar zone includes two district; namely Udham Singh Nagar and Haridwar, data was collected from both of these districts. Hill zone includes eleven remaining districts. For data collection four district namely; Nainital, Almora, Tehri Garhwal and Dehradun were selected from Hill zone. Secondary information regarding women Self Help Groups formed by different agencies in the selected districts was collected from the District Rural Development Agency (DRDA) of the respective district. From the list of SHG's of each district, groups registered in the year 2008-09 were selected and from these groups, SHG's having representation across blocks was selected. To ensure wider representation, care was taken to select not more than 2-3 SHG from one village. Data regarding the SHG, its members and their activities was collected from one office bearer of each group. The use of official records (registers, bank passbooks etc.) was also made. Thus the total data was collected from 400 SHG's of six districts of Uttarakhand.

**Result and Discussion:** Findings of the study are presented under various heads:

**Sustainability of Self Help Groups**

It includes present status of Self Help Groups, period of sustainability, monthly collection, membership status, reasons for discontinuation and dormancy of SHGs.

**Present status of Self Help Groups:** The study shows that some SHGs were involved in one or the other income generating activities and earning their livelihood whereas some were only collecting monthly fees and inter-loaning among themselves. A large number of the groups discontinued.

**Table 1:** Percentage distribution of SHG's according to their present status

| S. No. |              | Frequency | Percentage |
|--------|--------------|-----------|------------|
| 1.     | Active       | 97        | 24.25      |
| 2.     | Dormant      | 54        | 13.50      |
| 3.     | Discontinued | 249       | 62.25      |

Table 1 reveals that out of total 400 groups, 24.25 percent groups were active. These groups were involved in micro financing and income generating activities at individual level. These SHG's were collecting membership fees regularly from members, inter loaning the collected money to its members at the time of need. The members of these groups were engaged in one or the other income generating activities individually. Table further shows that 13.50 percent groups were dormant i.e. they were collecting money from the members, conducting meetings, micro financing the group members as and when needed. They were not involved in any income generating activities. Sixty two percent groups were discontinued i.e. these groups had been dissolved due to one

or the other reason.

**Table 2:** Distribution of groups according to sustainability

| S. No. | Group Sustainability | Frequency | Percentage |
|--------|----------------------|-----------|------------|
| 1.     | Less than 1 year     | 1         | 0.25       |
| 2.     | 1-3 years            | 47        | 11.75      |
| 3.     | 3-5 years            | 135       | 33.75      |
| 4.     | More than five years | 66        | 16.50      |
| 5.     | Continuing           | 151       | 37.75      |

Table 2 shows that a large number of Self Help Groups had been discontinued due to one or the other reason and still a good number of them are surviving. Findings reveal that 11.75 percent groups survived for only 1-3 years, 33.75 percent groups survived for 3-5 years, 16.50 percent groups survived for more than five years and 37.75 percent groups are continuing.

**Table 3:** Monthly collection status of groups at different stages of group sustainability

| S. No. | Stages       | Monthly Collection |
|--------|--------------|--------------------|
| 1.     | Formation    | 59.32              |
| 2.     | Registration | 59.49              |
| 3.     | Present      | 62.98              |

Table 3 reveals that on an average Self Help Groups were collecting Rs. 59/- at the time of formation and registration but at the time of study the average collection of the existing groups was almost Rs. 63/-. This indicates that these groups had increased their monthly collection amount with the need of the present days. This further reveals that these groups were satisfied with the working of their group and with the benefits associated with this i.e. micro financing at the time of need, getting loan to start income generating activities etc. that's why they have increased the membership fees.

**Table 4:** Membership status at different stages of group sustainability

| S. No. | Stages              | Average members |
|--------|---------------------|-----------------|
| 1.     | Formation(N=400)    | 8.9             |
| 2.     | Registration(N=400) | 8.89            |
| 3.     | Present (N=151)     | 10.81           |

On an average the groups had 9 members at the time of formation and registration (8.9 members at the time of formation and 8.89 members at the time of registration). At the time of study, these groups had 10.81 members. Finding refers that present membership status of group was higher as compare to formation and registration stage of group sustainability. It concludes that SHG's present status was gaining good ground by the initiation of members.

**Table 5:** Reasons for discontinuation of SHG (N= 249)

| S. No. | Reasons                       | Frequency | Percentage |
|--------|-------------------------------|-----------|------------|
| 1.     | Not interested                | 111       | 44.58      |
| 2.     | Lack of knowledge             | 8         | 3.21       |
| 3.     | Lack of time                  | 10        | 2.86       |
| 4.     | Non cooperation among members | 103       | 41.36      |
| 5.     | Lack of trust                 | 3         | 1.20       |
| 6.     | Lack of trainings             | 57        | 22.89      |
| 7.     | Problem in getting loan       | 30        | 12.05      |
| 8.     | Conflicts among members       | 22        | 8.83       |
| 9.     | Lack of follow-up/monitoring  | 53        | 21.28      |

Regarding the reasons for discontinuation of Self Help Groups, table 5 reveals that 44.58 percent groups were not interested in continuing the group due to one or the other reasons i.e. negative attitude of the family members, conflicts among members, more concern for earning livelihood for the family etc. Almost forty one percent groups discontinued because of non-cooperation among the members, 22.89 percent groups discontinued as they were not provided any trainings, 21.28 percent groups discontinued because of lack of follow-up/monitoring, 12.05 percent groups were having problem in getting loan. Other reasons for discontinuation were conflicts among members (8.83%), lack of time

(2.86%), lack of knowledge (3.21%) and lack of trust on its members (1.20%).

Reddy and Reddy (2012) found the reasons for discontinuation as migration, marriage, health reasons, age & death, negative attitude of household members, multiple memberships.

Out of total groups studied 13.50 percent groups were dormant i.e. they were not engaged in any income generating activity. The reasons for not starting income generating activities by the dormant groups had been presented in table 6.

**Table 6:** Reasons for not starting income generating activities by dormant groups (N= 54)

| S. No. | Reasons                       | Frequency | Percentage |
|--------|-------------------------------|-----------|------------|
| 1.     | Not interested                | 18        | 33.33      |
| 2.     | Lack of knowledge             | 12        | 22.22      |
| 3.     | Lack of time                  | 9         | 16.67      |
| 4.     | Non cooperation among members | 3         | 5.55       |
| 5.     | Lack of trust                 | 2         | 3.70       |
| 6.     | Lack of trainings             | 10        | 18.52      |
| 7.     | Problem in getting loan       | 9         | 16.67      |
| 8.     | Marketing problem             | 5         | 9.26       |
| 9.     | Lack of followup/monitoring   | 11        | 20.37      |

Almost Thirty three percent groups were not involved in income generating activities as they were not interested, 22.22 percent groups could not start income generating activities due to lack of knowledge regarding various income generating activities, how to start, where to market the produce etc. Twenty percent groups could not start due to lack of follow-up and monitoring from the forming agencies, 18.52 percent did not start any income generating activity due to lack of trainings and 16.67 percent due to problem in getting loan.

Other reason were lack of time (16.67%), marketing problem

(9.26%), lack of trust (5.26%) and non-cooperation among members (5.55%). Since majority of them were from low income groups they were more concerned to earn livelihood for their family.

**SHG Activities**

It includes SHGs involvement in conducting of meetings, income generating activities/entrepreneurial activities, income earned, loan taken from bank for starting income generating activities and trainings availed. Data regarding SHG activities was collected from only active and dormant groups.

**Table 7:** Distribution of groups according to frequency of meetings

| S. No. | Frequency of meetings                        | Frequency | Percentage |
|--------|--|-----------|------------|
| 1.     | Regular                                      | 129       | 32.25      |
| 2.     | Sometimes                                    | 157       | 39.25      |
| 3.     | Never  | 114       | 28.50      |
|        | Mean value (Range 1-3) from total groups     |           | 2.03       |
|        | Mean value (Range 1-3) for sustaining groups |           | 2.59       |

Table 7 reveals that 32.25 percent groups were conducting the meeting regularly whereas 39.25 percent groups were conducting the meetings sometimes. Twenty eight percent groups were never conducting the meetings. Mean value of

total groups was 2.03 and mean score of sustaining groups was 2.59. This indicates that sustaining groups conducted the meetings regularly.

**Table 8:** Distribution of members involved in income generating /entrepreneurial activities

| S. No. |                   | Groups involved in income generation (N=151) | Members involved in income generation (N=1301) |
|--------|-------------------|--|--|
| 1.     | Income generating | 97(64.24)                                    | 791(60.80)                                     |
| 2.     | Entrepreneurial   | -  | -  |

Finding of table 8 reveals that out of sustaining groups (N=151), 64.24 per cent groups were active i.e. they had undertaken income generating activities. Out of the members of these active groups (N=1301), 60.80 percent members had undertaken income generating at individual level and rest of the members were not involved in any income generating

activities. Reason may be that these members were not interested in undertaking income generating activities due to one or the other reason i.e. lack of interest, lack of time or not interested in availing loan due to high interest rate etc. None of the group members had undertaken income generating activities at entrepreneurial (group) level.

**Table 9:** Annual income of members from income generating activity

| S. No.       | Income generating activity | No. of women involved | Total income earned in Rs | Average income per individual in Rs. |
|--------------|----------------------------|-----------------------|---------------------------|--------------------------------------|
| 1.           | Dairy                      | 786(99.37)            | 1,72,40,080               | 21,933.94                            |
| 2.           | Fruit shop                 | 1(0.13)               | 25,200                    | 25,200                               |
| 3.           | Tailoring                  | 2(0.26)               | 1,44,000                  | 72,000                               |
| 4.           | Tempo                      | 1(0.13)               | 36,000                    | 36,000                               |
| 5.           | Welding shop               | 1(0.13)               | 60,000                    | 60,000                               |
| Total income |                            | 791                   | 1,75,05,280               | 22,130.00                            |

Table 9 shows the average annual income of SHG members earned from income generating activities. Few members were selling only 1 liter of milk whereas other members were selling 8-10 liters of milk. Therefore means were calculated to find out the average annual income of SHG members. Findings shows that annual income earned from dairy activity was Rs. 21,933/-, from fruit shop Rs. 25,200/-, tailoring Rs.

72,000/-, tempo Rs. 36,000/- and welding shop Rs. 60,000/-. Therefore it can be revealed that average annual income earned by SHG members by starting one or the other income generating activity was Rs. 22,130/-.

Lalitha and Nagarajan (2002) [4] reported that SHGs dealing with dairy farming have noted positive profit levels and short payback periods for loans.

**Table 10:** Use of loan by the group members

| S. No. |  |               |
|--------|--|---------------|
| 1.     | Groups who took loan (Percent)                         | 97(64.24%)    |
| 2.     | Members distributed among (Percent)                    | 791(60.80%)   |
| 3.     | Amount of loan taken (Rupees)                          | Rs. 34,471.55 |
| 4.     | Groups who returned the complete loan (Percent)        | 62(63.92%)    |
| 5.     | Groups who have to return the balance amount (Percent) | 35 (36.08%)   |
| 6.     | Balance amount due to be returned (Rupees)             | Rs. 73454.55  |

Data of table 10 reveals that out of the sustaining SHGs, 64.24 percent SHGs had availed loan from bank for starting income generating activities. The loan amount was distributed among 60.80 percent members of these groups as rests of the members were not interested in availing loan. A total loan of Rs. 2,72,67,000/- was availed by these groups thus on an average each member availed Rs. 34,471.55. Table further indicates that at the time of study, out of the total groups who availed loan, 63.92 percent groups had returned the complete

loan amount to the bank and 36.08 percent groups had to return the balance amount. The loan amount that was to be returned by these groups ranged from Rs.10,000 - Rs.3,00,000/-.. On an average each group had to return Rs. 73454.55. Das, et.al. (2015) [9] also observed group-wise difference in terms of income, savings, expenditure and debt reduction. Thus it was concluded that from the point of equity SHGs failed to serve the society in equal proportion.

**Table 11:** Training undertaken and its usefulness

| S. No | Area         | Groups received training (N=151) | Usefulness of training N=39 |           |           | Mean usefulness (1-3) |
|-------|--------------|----------------------------------|-----------------------------|-----------|-----------|-----------------------|
|       |              |                                  | Low                         | Medium    | High      |                       |
| 1.    | Dairy        | 36 (23.84)                       | -                           | 19        | 17        | 2.4                   |
| 2.    | Poultry      | 1 (0.66)                         | -                           | 1         | -         | 2.0                   |
| 3.    | Preservation | 2 (1.32)                         | -                           | 2         | -         | 2.5                   |
|       | Total groups | 39 (25.83)                       | -                           | 22(56.41) | 17(43.59) | 2.45                  |

Table 11 shows that out of those 64.24 percent that had started income generating activities, only 25.83 percent (one-fourth groups) were provided training. Out of this, 36 groups were provided training on dairying, 1 group on poultry and 2 groups on preservation. Table further shows that out of those groups that availed training on any income generating activity, 56.41 percent groups found the usefulness of the training to be of medium level and 43.59 percent found the training as highly useful. Mean usefulness score of the trainings was 2.45.

### Suggestions to improve Self-Help Groups

Though Self Help Groups are helping poor rural women by fulfilling their credit and thrift needs, the program lack adequate follow-up, delay in fund allocation and its proper utilization, challenge to target the real poor and vulnerable sections along with low survival rate of promoted micro-enterprises due to lack of trainings. Therefore, it is suggested that:

- There is need of proper follow-up and regulating authority at each level to monitor the group activities, to

solve their problems and also avoiding any misuse of money.

- SHG member's education and trainings should be viewed as long term investment in human capital development. All stakeholders (Govt. people, bank personnel, NGO's, University staff) should concentrate their efforts and time for capacity building of SHG members and providing them development support.
- Trainings should be provided to the rural women on income generating activities as per the need of rural women, market potential and availability of locally available resources.
- Training should also be provided on good governance of SHG's, democratic election, formation of entrepreneurship plan, solving financial and administrative issues.
- SHG's formed should be grouped into clusters, federations and registered cooperatives so as to converge with govt. schemes, facilitate collective purchase of input and marketing of products.
- Focus should be on qualitative growth of SHGs instead of

- increasing the number of SHGs
- There should be timely release of adequate loans and the eligible subsidy for starting micro-enterprise.
- Attendance at meeting and workshops should be made mandatory so that the members can enhance their group cohesiveness.

### **Conclusion**

SHG's proved to be effective by encouraging savings and promoting income generating activities through micro-finance and income generating trainings. It has also helped in empowering women. Their participation in the economic activities and decision-making at the household and society level is increasing and making the process of rural development participatory and democratic. During the study it was observed that rural development departments/agencies focus more on formation of large number of SHG, not in the monitoring follow up and upgradation of knowledge and skills of SHG members that result in discontinuation or dormancy of SHGs. There is need to give emphasis on monitoring, microfinance, imparting capacity building trainings, establishing market linkages to make SHGs more sustainable.

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