

DEPTH OF OUTREACH OF SELF HELP GROUPS - A STUDY OF SBS NAGAR DISTRICT OF PUNJAB

RUPNEET KAUR RANDHAWA
RESEARCH SCHOLAR
UNIVERSITY BUSINESS SCHOOL
PUNJAB UNIVERSITY
CHANDIGARH

DR. PARAMJIT KAUR
READER
UNIVERSITY BUSINESS SCHOOL
PUNJAB UNIVERSITY
CHANDIGARH

ABSTRACT

At present, India is brimming with Self Help Groups (SHGs). Such a growth is though heart warming but this expanded outreach should be examined from the qualitative aspect. The qualitative dimension is studied from the width and depth of outreach achieved. It is good to know how many people are covered under Self Help Bank Linkage Programme (SBLP) but at the same time it is equally important to know that who are being covered under this programme. Are the marginalised are being targeted or the better off's being served? This paper examines the depth of outreach of SHGs in terms of who actually are the SHG members and leaders? Does the programme penetrates to the absolute have nots? Study was conducted on 100 SHGs of SBS Nagar district of Punjab. Data collection was done through interview schedule and group discussions with the members and the Self Help Group Promoting Institutions (SHPIs). For data collection 2 women (one member and other leader of the group) were selected. In terms of selected social and economic parameters: wealth rank, caste, economic activity, schooling etc, this paper explores the true beneficiaries of the SBLP. Findings reveal that theory of outreach does not match exactly with the results of the study. Microfinance Policy makers should focus to weed out the disparities as the benefits do not accrue to those who actually need them.

KEYWORDS

Microfinance, Outreach, Self Help Groups, SBLP, Social and Economic Parameters.

INTRODUCTION

At present India is brimming with self help groups. But this saga of Indian struggle for microfinance dates back to 1969, when after independence, nationalisation of banks was considered to be a milestone and it was anticipated that India would achieve the target of financial inclusion in the coming times. But unfortunately, in spite of the wide spread of formal banking institutions, poor remained out of the preview of these institutions. Indian banking system failed to address the small and frequent credit needs of most of the poor. This led to the search for an alternative mechanism which could reach out to the poor to satisfy their credit requirements. Then in 1986-87, first official interest in informal group lending in India took shape. National Bank for Agriculture and Rural Development (NABARD) supported and funded an action research project on Savings and Credit Management of Self Help Groups of an NGO called Mysore Resettlement and Development Agency (MYRADA). NABARD provided MYRADA with a grant of Rs. 1 million to enable it to invest resources to identify affinity groups, to build their capacity and to match their savings after a period of 3-6 months. Subsequently, similar grants were provided to other NGOs. And it was almost after three decades of nationalisation, in 1992, NABARD launched the SHG-Bank Linkage programme (starting with a Pilot project to link 500 SHGs) with the support from the Reserve Bank of India, Government of India and of several States, notably Tamil Nadu, Andhra Pradesh, Maharashtra and Karnataka and supported strongly by thousands of NGOs and the banking sector, as well as by Multilateral Agencies notably IFAD. Since then there was no looking back and this home grown model progressed by leaps and bounds. According to the latest microfinance status report of NABARD, there are around 69.53 lakhs of SHGs with a total saving to the tune of Rs6198.71 crores operating across the country.

In India microfinance exists in two forms; Self Help Groups Bank Linkage Programme (SBLP) and Microfinance Institutions (MFI'S). The SBLP approach is the most dominant in terms of number of borrowers and outstanding loans. Also, it is considered to be the largest micro finance model in the world in terms of coverage (Reserve Bank of India). Under the SBLP approach, the following three different linkage models have emerged:

- Model I: SHGs promoted, guided and financed by banks.
- Model II: SHGs promoted by NGOs/ Government agencies and financed by banks.
- Model III: SHGs promoted by NGOs and financed by banks using NGOs/ formal agencies as financial intermediaries.

BACKGROUND OF THE PROBLEM

The SHG-Bank Linkage Programme is the flagship microfinance intervention of NABARD. NABARD has a vision to facilitate sustained access to financial services for the unreached poor in rural areas through various microfinance innovations in a cost effective and sustainable manner. The guiding spirit behind NABARD's microfinance initiatives has the following contours:

- Offers cost effective approaches to formal institutions for expanding outreach to the poor.
- Develop collateral substitutes.
- Focus on rural poor, especially women.
- Facilitate empowerment of the poor and
- Effectively pursue the macro-economic objectives of growth

NABARD has a mission to link nearly 9.2 crore households by the end of year 2015. This means coverage of more than 50% women through SHG bank linkage programme. "Table 1" shows the details of total number of women SHGs saving linked, credit linked and loans outstanding for the year 2009-10.

TABLE NO. 1: POSITION OF WOMEN SHGs (In crores)

Particulars	Total SHGs		Exclusive women SHGs		% age of women SHGs to total SHGs	
	No.	Amt	No.	Amt	No.	Amt
Saving linked SHGs	6953250	6198.71	5310436	4498.66	76.4	72.6
Loans disbursed	1586822	14453.30	1294476	12429.37	81.6	86.0
Loans outstanding	4851356	28038.28	3897797	23030.36	80.3	82.1

Source: NABARD Status of Microfinance in India 2009-10

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OBJECTIVES

HYPOTHESES

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There had been tremendous growth in the number of groups formed and women linked to the banks. According to NABARD web site, this is over 400 women per hour, which in itself is quite fascinating. SHGs represent a unique approach to financial intermediation which combines access to low cost financial services along with a process of self management. SHGs are seen to confer many benefits, both economic and social through bank linkages and other development programmes. Women have been seen as the true beneficiaries of the programme. SHGs enable women to grow their savings and to access the credit which banks are happily willing to lend to women members. SHGs provide women a platform not to enjoy financial freedom but also to raise their voice against the social evils like the abuse of women, dowry system, female foeticide, right to education etc.

Even though, the so far achievements made and the targets set for future are very promising but still there are a lot of issues that need to be answered at this moment of time. Most important of them are about the outreach of these groups. Are they just numbers or quality is also a concern? (Sinha et al. 2006) put forward these questions: what is the outreach of these groups? Are they really benefiting the people for whom they are meant? Do the poorest benefit? Do they not join at all or if they do join, are they more likely to drop out?

OBJECTIVES OF THE STUDY

Study had been conducted to focus on the following objectives:

1. To study the wealth ranking of the SHG members.
2. To study the social and economic status (including education, economic activity and caste profile) of the SHG members.
3. To study the profile of the SHG leaders.
4. To generate an idea about the overall workings of the SHG groups.

REVIEW OF LITERATURE

The most important findings of the last two decades reveal that the poor can save, can borrow (can indeed decide on loans to fellow poor) and can certainly repay loans (Sirinivasan & Sriram, 2003). Spark for microfinance was started by the Grameen Bank in Bangladesh and it ignited the milestone project in Indian history called the Self Help Group Linkage Programme (SBLP). Programme had set priorities to reach the unbankable poor (NABARD). This home grown model of SHG has gained momentum as witnessed by the figures provided by the apex agricultural bank. SHGs as a registered or unregistered group come together to save small amounts regularly, giving contribution to a common fund to meet the emergency needs on mutual help basis (RBI). The distinguishing feature of peer pressure ensures proper end use of credit and timely repayment thereof. Another feature of SBLP is that it has generally targeted poor women thereby improving the status of women within the family and the community (Kumaresan and Chitrakala, 2009). Facts and figures revealing the outreach of the groups are tempting as the women groups linked during 2009-10 had gone up to 12.94 lakhs. (Patil and Bhuvaneshwari, 2005) emphasise that rural poor people have peculiar credit requirements, to fulfil which, they need microfinance. (Syed, 2008) also feels that there is value in using SHGs as a conduit for poverty alleviation initiatives. (Chakrabarti, 2005) finds that microfinance is gaining momentum in India and SHG model has become an accepted part of rural finance. (Sarangi, 2003; Umanshankar, 2006) advocate the significance of the role played by SHGs in the empowerment of women. (Sathayprabha, 2000) in a study conducted in one of the district of Tamil Nadu found that women have become politically, socially and economically empowered after joining SHGs. (Moyle et al. 2006) reveals that SHG members experienced positive appraisals of self-worth, purpose and independence and had negative appraisals of pressure, challenge and stress. But at the same time it shouldn't be forgotten that banking sector India is benchmarked as "quantitatively impressive but qualitatively weak" (Misra, 2006). The expanded outreach and increased loan disbursement of SBLP should be seen in the context of the quality of what has been achieved.

(Srinivasan, 2008), says that "the quality dimension is basically examined from the width and depth of outreach achieved. The distribution of the microfinance services across the country and also the coverage of the most vulnerable sections of population are matters for closer scrutiny". In some of studies conducted across different states of India, it is difficult to conclude that the most poor have been prioritised. Coverage of the programme is limited to the upper strata of the poor and not so much to the ultra poor. (Sinha et al, 2006) found that only 51 percent of the sample SHG members were poor. Another study carried out by (NCAER, 2007) National Council of Applied Economic Research showed that in Uttar Pradesh, Andhra Pradesh and Maharashtra, SHGs with majority non-poor members was as high as 63, 43 and 34 percent respectively. (Isern et al, 2007) found that out of the five NGOs studied only one had the deepest outreach: almost all SHG members were tribal people or members of scheduled castes and were also the poorest having no homestead land or having marginal non agricultural landholdings. (Medhabati Devi and Upadhyay, 2008) in a study conducted in Assam found that more than 55% of the sample lives above the poverty line. Literacy rate of members is high. Other castes (46%) were dominant in membership followed by SC (28%), BC (17%) and ST (8.5%). Review of literature shows that SHG model is progressing fast conferring different social and economic benefits on its members but at the same time some studies found that the programme is not reaching the targeted poor.

METHODOLOGY

Major objective of the paper is to see as to who the true beneficiaries of the SBLP. In order to discover the depth of the outreach of the programme the most appropriate approach was to reach the SHG members. Population for the study is the Self Help Groups operating in the rural areas of SBS Nagar (earlier called Nawanshahr) district of Punjab. In this district, only the government agency is active in forming and operating the self help group. There is no NGO operating in the area. This situation is quite similar to the rest of Punjab state. In most of the districts there are no NGOs or Banks facilitating the formation of groups or acting as SHPI for them (Punjab State Level Bankers Committee Report, 2008). Child Development Project Officer's normally called as CDPOs are given the responsibility to form the groups and to look after them. CDPO's coordinate and implement the Integrated Child Development Services (ICDS) programme and are responsible for managing the project. They supervise and guide the entire project team including the Mukhya Sevika's and Anganwadi workers. CDPOs give their responsibility to the Mukhya Sevikas, who are in turn in charge of particular circles in a block. These circle supervisors further delegate their responsibility to the anganwadi workers who are having thorough knowledge of the village and the women residents. "Figure 1" shows the delegation of authority and responsibility by the CDPO's.

FIGURE 1: DELEGATION OF RESPONSIBILITY

CDPO'S (BLOK LEVEL)



CIRCLE SUPERVISOR'S (Mukhya Sevika's)



ANGANWADI WORKERS

A total sample of 100 women SHGs had been taken for the study. Further in each SHG, two members (one member and one leader) were covered making the total number of respondents to 200. The study is based on primary data collection and the respondents to be covered were the rural women of the district.

Based on the objectives of the study interview schedule was prepared for data collection. Group Discussions with the SHG members and the promoting agencies (SHPIs) gave an indepth insight into the workings of the groups. "Table 2" shows the selection of the SHGs:

TABLE NO. 2: RANDOM SELECTION OF THE SHGS IN SBS NAGAR DISTRICT

Blocks	Total no of SHGs	Rural SHGs	Sample	% age of the total
Saroya	112	112	13	12.73%
Nawanshahr	450	388	44	44.09%
Aur	100	100	11	11.36%
Balachaur	150	104	12	11.82%
Banga	200	176	20	20%
Total	1012	880	100	

List of the SHGs was obtained from the CDPO offices located in each block. And there after random selection of 100 SHGs was made as per the table above.

WEALTH RANKING

Poverty assessment of the SHG members was done on the basis of wealth ranking matrix as developed by the **EDA Rural Systems Private Ltd (2006)**. There are four wealth ranking categories namely Very Poor, Poor, Borderline and Non poor. Different indicators based on housing, assets, food security, income sources, education etc are used to assign a wealth category for the SHG member.

DATA ANALYSIS

Data was analysed using statistical data analysis tool called SPSS (version 14). Depending on the objective of the study data has been analysed and presented through charts and tables. Frequencies have been analysed as a percentage within the sample to show the findings.

FINDINGS OF THE STUDY

AGE AND MARITAL PROFILE OF THE SHG MEMBERS

Majority of the SHG members are married. Few members are from the vulnerable class i.e. widows and divorcees. Unmarried women have less involvement in the groups "Figure1". Widows and other disadvantaged classes of women can earn a respectable livelihood through this programme. Moreover women from young generation can come up with enthusiasm to implement this scheme in its true spirits. In the sample data, women aging between 35-45 score a high percentage in the SHGs followed by those from the age group of 45-55. Women from age groups of 25-35 and above 55 account for an equal percentage. Only 10% of the respondents are from the age group of 18-25 "Figure 2".

FIGURE NO. 1: MARITAL STATUS

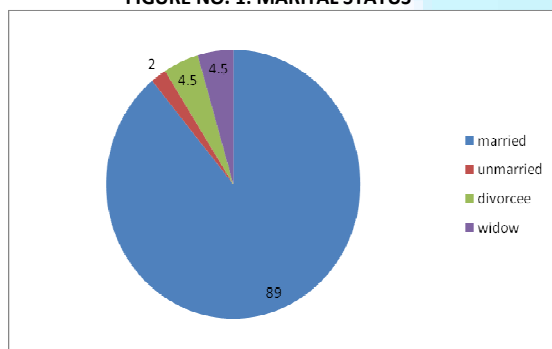
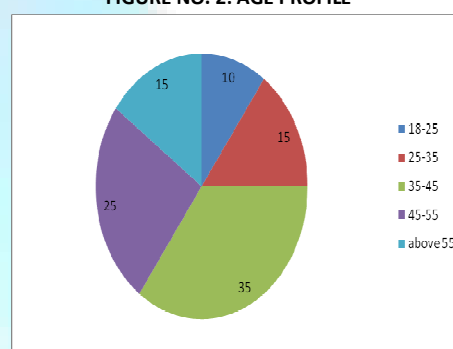


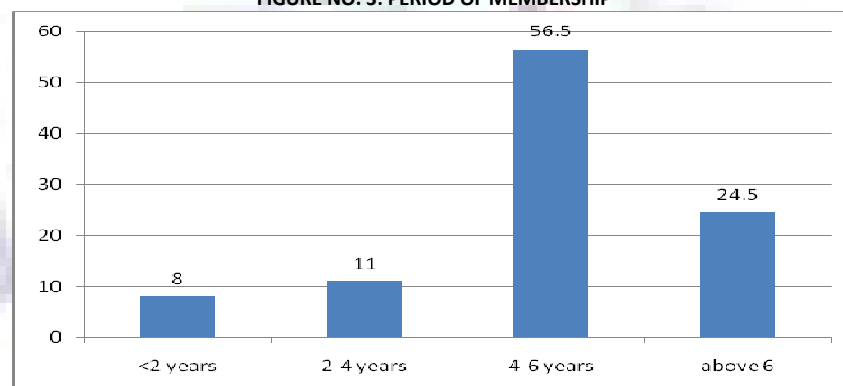
FIGURE NO. 2: AGE PROFILE



TIME PERIOD OF MEMBERSHIP

Period of membership shows that 56.5% of the women are members for around 4-6 years. This is a fairly large period to bring change in one's socio and economic status. 25.5 % is member of SHGs for over 6 years. 8% are members for less than two years and 11% are member for 2 to 4 years. Mature SHGs not only prove that they are working for the betterment of women but also they assure about the sustainability of the groups. If the groups are sustainable then only they can reap the benefits of the programme.

FIGURE NO. 3: PERIOD OF MEMBERSHIP



DEPTH OF OUTREACH: INCLUSION OF THE POOR

WEALTH CATEGORY

Assessment of the poverty of the respondents was done through the EDA's wealth ranking matrix. "Table 3" shows the wealth ranking of SHG members.

TABLE NO. 3: WEALTH RANKING OF SHG MEMBERS

Wealth category	Frequency	Percentage
Very poor	6	3
Poor	37	18.5
Borderline	45	22.5
Non poor	112	56
Total	200	100

Just contrary to the theory of the microfinance, only 21.5% of the respondents fall under the category of very poor + poor. Borderline members account for 22.5% while non poor have a high percentage of 56. According to NABARD, the main objective of SBLP is to reach the poor sections of the society but the sample data shows that non poor are benefitting more from the scheme.

UNDERPRIVILEGED CATEGORY

In India scheduled castes, minority (Muslims) and backward classes are considered to be the underprivileged ones and as such SBLP targets to reach such people. Following table shows the caste distribution of the members:

TABLE NO. 4: CASTE DISTRIBUTION OF SHG MEMBERS

Caste	Frequency	Percentage
Scheduled castes	140	70
Minority	5	2.5
Backward classes	11	5.5
General	44	22

Scheduled castes are Indian population groupings that are explicitly recognized by the Constitution of India and were previously called the "depressed classes". In the sample data 70% of the respondents are from scheduled castes while minority and backward classes together comprise of 8% of the sample. 22% of the respondents fall into the general category. Data shows that this programme is reaching to the underprivileged classes.

WEALTH VS CASTE CATEGORY

Simply judging the caste profile of the members will not give a satisfactory answer to the coverage of the disadvantaged class by SBLP. What matters the most is their wealth profile also. Majority of the SC covered are those from the well off families which can be taken as inappropriate coverage of the deprived section of the society. It is also worth mentioning that general category may not be financially strong as there SC counterparts. So not only the caste profile but the economic status of the SHG members should be considered before determining the outreach.

TABLE NO. 5: WEALTH AND CASTE CATEGORIES OF THE SHG MEMBERS

	Scheduled caste	Minority	Backward castes	General
Very poor	4.3% (6)	-	-	-
Poor	20% (28)	-	9.1% (1)	18.2% (8)
Borderline	19.3% (27)	40% (2)	27.3% (3)	29.5% (13)
Non poor	56.4% (79)	60% (5)	63.6% (7)	52.3% (23)

Note: figures in parentheses show the actual number of the members.

Apart from caste, a vulnerable and under-privileged group amongst women are the widows. "Table 6" shows that in the study sample, only 3% of the SHG members are widows. Women head of household are the ladies who do not have a male earner in the family. In the sample, 5% of the SHG members are women heads of households. None category comprises of married women not falling into the above two categories and they have a highest percentage of 92 in the sample.

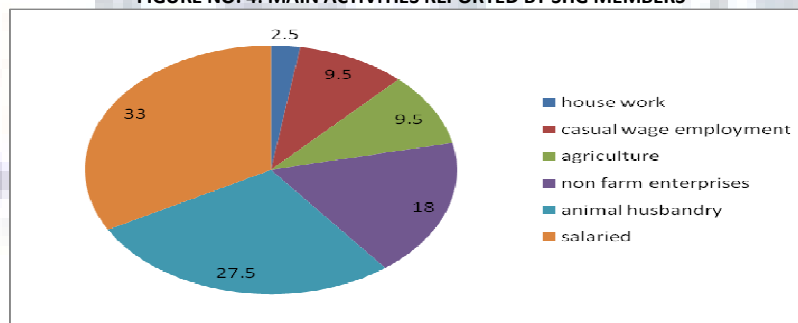
TABLE NO. 6: WIDOWS AND WOMEN HEADS OF HOUSEHOLDS (WHH)

Category	Frequency	Percentage
Widows	6	3
Women head of households	10	5
None	184	92

SHG MEMBERS- WORK AND LITERACY

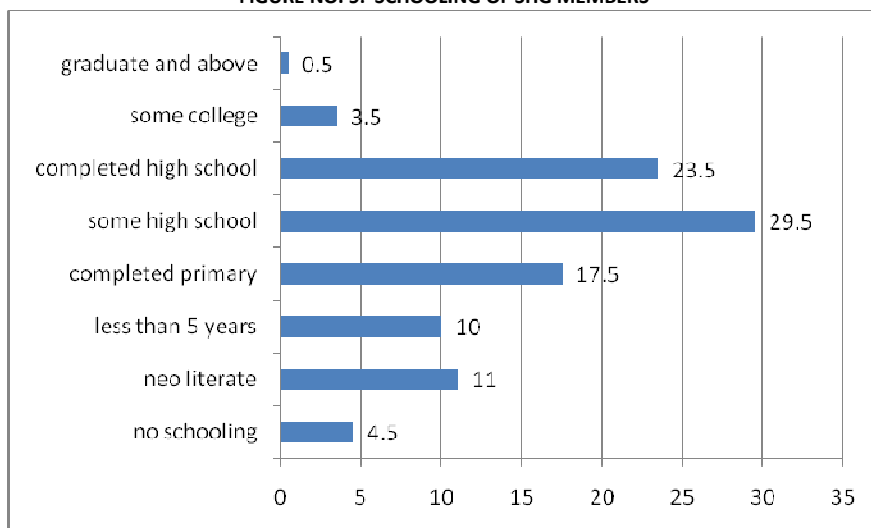
High percentage (33%) of women is from the salaried class. It sounds surprising but these women are employed in the anganwardi's as workers or helpers. Group discussions with the Circle Supervisors revealed that CDPO's force the circle supervisors, who are already overburdened with the work from ICDS, to form SHGs. These supervisors further give targets to the anganwadi workers who too are reluctant to burden themselves with this work. These anganwadi workers along with their helpers and some "convenient" ladies from the village form the groups. Second main activity is animal husbandry (27.5 %) whereby the ladies mainly keeping a cow or a buffalo (milk animals) to earn a living. Non farm enterprises (18%) rank third. It mainly includes small beauty parlour, stitching and embroidery work, making sweaters and other woollen clothes. 9.5% of women engaged in agriculture and casual wage employment and only a small percentage of 2.5 doing house work "figure 4".

FIGURE NO. 4: MAIN ACTIVITIES REPORTED BY SHG MEMBERS



Schooling levels of the SHG members as shown in "figure 5" are not that good but still better as compared to other states (Sinha et al, 2006). Only 4.5% have no schooling and 11 % are neo literate (able to read and write some words/ numbers with difficulty, though a bit more than just signing their names). 10 % had some schooling while 17.5 % completed primary. 29.5 % of the SHG members had some high school and 23.5 % completed high school (again this ratio is high because of involvement of anganwadi workers and helpers who are well educated than rest of the SHG members). 3.5% have some college and a small percentage of 0.5 are graduates.

FIGURE NO. 5: SCHOOLING OF SHG MEMBERS

**SHG LEADERS**

Each SHG has usually three leaders namely a president, secretary and a treasurer. 50% of the sample i.e. 100 respondents were group leaders who were deliberately chosen to see whether they are well of than the members. Leader's caste usually reflects the caste composition of the SHG, in comparison with the overall membership profile. "Table7" shows that SHG leaders are more likely to be non-poor and have had good schooling. NABARD in its guidelines has clearly mentioned that poor people by playing leadership roles in the group will learn to do the things by themselves. But if they are not given a chance to hold the responsible positions they can never develop the confidence to do something.

TABLE NO. 7: LEADERS WITHIN THE SOCIO- ECONOMIC CATEGORIES

TABLE NO. 7: LEADERS WITHIN THE SOCIAL ECONOMIC CATEGORIES						
	Very poor	poor	Boderline	Non poor		
Within wealth rank	4%	13%	20%	63%		
	(2%)	(24%)	(25%)	(49%)		
	SC	MN	BC	Gen.		
Within caste	67%	2%	6%	25%		
	(73%)	(3%)	(5%)	(19%)		
	Neo-lit	< primary	primary	Some high school	High school	Some college
Within levels of schooling	13%	9%	18%	30%	26%	4%
	(9%)	(11%)	(17%)	(29%)	(21%)	3%

Note: figures in the parentheses show the comparative percentage of the women who are only members of SHGs but not leaders.

OBSERVATIONS MADE DURING GROUP DISCUSSIONS WITH SHG SUPERVISORS AND SHG MEMBERS (LEADERS AND MEMBERS)

In one of the group, though the group was shown working in the records, had no member. All the members were fake and the anganwadi worker, who was the leader of the group, contributed 100 Rs from herself for the group, showing a contribution of Rs 10 each by the fake members. She told that the circle supervisor is aware of this but she told her not to close the group and to show it operating in the records. This seriously put a question mark on the workings of the group. Majority of the groups are showing that they are doing some group enterprise like soap making, bag making etc. in the records but in reality no such enterprises are being run. When supervisors were asked about this, some blamed the SHG members for not showing willingness to start any enterprise and some told that banks not helpful in providing loans. Even if banks give loan the amount is not enough to start an enterprise even at micro level. On the contrary, SHG members accused the supervisors for not taking initiative to start some work.

The ICDS department has so much work to do regarding the child and mother health care that the supervisors find it difficult to get time to look after the SHG scheme. Not only this, they are even responsible for the distribution of pensions to the elderly persons in the villages. Amid such a hectic schedule they do not get time to perform their SHG related duties properly.

Anganwadi workers too find it difficult to form and operate the groups. Though they appreciate the scheme but find it difficult to recover the loans from the SHG members. In some of the villages where there are more than one anganwadi's, workers and helpers of these anganwadi together form the group in order to avoid the problem of recovery from the other ladies of the village.

Almost all SHG leaders reported non availability of record keeping registers in lieu of which they are forced to record the group operations on simple note books.

DISCUSSION AND RECOMMENDATION

Present study attempted to analyse the depth of outreach of the self help groups through a sample of 100 SHG covering 200 SHG members. This study cannot claim any statistical confidence since the quantum of groups covered is so small as compared to the whole country or even to whole of the state. This study aimed to analyse, even though on small basis, as to who are the SHG members and who are the leaders in terms of selected social and economic indicators of wealth rank, caste, economic activity and schooling. The results of the study are quite similar to the studies earlier conducted by EDA Rural Systems and NCAER where by it has been shown that SBLP scheme is not reaching the poor of the poorest rather non poor people are benefitting from this scheme. The underprivileged classes are no longer the one who were oppressed and deprived. Study shows that majority (56.4%) of the SC members are non poor. Rather going by number of the disadvantaged community it should be viewed as to how many poor underprivileged people were covered. Even though the schooling level of respondents is good yet more educated members can play a better role in group functioning and maintenance of group records. Scheme is not reaching to common individuals but has been restricted to the workers of the ICDS or well off women in the villages. The most disappointing thing explored in the study is the pessimistic role of the government agencies. Study puts a question mark on the performance of the government machinery with regard to the working of the SHGs. There is a serious flaw in carrying out the programme. There is a lack of voluntary organisations in Punjab who can take up this noble cause of financial equality and poverty reduction.

Findings of the study can help the policy makers and those implementing the policies, to address the flaws in the system. Policies should incorporate such by laws that the scheme reaches the women who truly deserve this. Infact, attempt should be made to set up a special department for the implementation of the scheme, whose sole aim should be to work full heartedly, to achieve the targets set by NABARD that too not only quantitatively but also qualitatively. NGOs like MYARDA, SEWA, APMAS etc. working in other states can be requested to work in Punjab. There is a lot of imbalance in the growth of the programme across the

country. NABARD should focus on correcting the imbalances and to sponsor studies in all the states to know the true situation prevailing there. Just reporting of the consolidated numbers is not enough to make the scheme successful. Present study was restricted to small sample covering only one of the districts of Punjab state. Study was unable to cover several issues like the drop outs, reasons for dropping, non-members, reasons for not joining, broken or not functioning groups, views of bankers about the scheme. These topics have the potential to strengthen the quest for the outreach of the Self Help Groups. The true spirit of the scheme lies in making it assessable to those for whom it is framed.

CONCLUSION

To conclude, the study attempted to figure out what actually is the reach of SHGs both in social and economic context. It had been explored that even though the number of groups is increasing by leaps and bounds yet the qualitative aspect needs to be strengthened a lot. Benefits of the scheme are not reaching the ultra poor who are in a dire need of it. Simply making policies inside closed AC rooms is not going to help anymore. To help the poor, policy makers should themselves know as to how ruthless poverty is. There is a need of coordination between the policy makers and those implementing it. No doubt, this SBLP model is one of its kind yet a lot has to be done to implement it in true sense.

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