



Institutional Sustainability of SHGs: An Analysis

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Abstract

Self Help Groups are considered as new form of cooperatives. They follow all the values and principles of cooperation except the principle of Open and Voluntary membership in the sense the SHGs limit the member. SHGs being an organisation of weaker sections of the community, their perpetual existence is required for ensured inputs for the transformation of the members of the SHGs. An attempt is made here to assess the performance of the SHGs in terms of individual indicators grouped as institutional sustainability. Each indicator is assessed on five point scale. Based on the score obtained, SHGs are grouped under poor, moderate and good category. 400 SHGs were selected at random from four districts of Tamil Nadu for the study. The study revealed that better performance could be noticed among the SHGs in Theni district, aged and middle aged groups and in mono-caste groups in terms of institutional sustainability.

Key Words: Self Help Groups, SHGs, Sustainability, Group Management, Federation activities, NGOs, Cooperatives

Introduction

Self Help Groups (SHGs) are yet another form of cooperatives. They follow all the values and principles of cooperation except the principle of Open and Voluntary membership in the sense the SHGs limit the member. SHGs are organised mostly on affinity basis. At the initial stage, to start with, a SHG require support form external force. The external force may be in the form of NGOs, Government, Cooperatives, and Individuals. SHGs are organised to fulfil the common economic and social needs. They are organised and managed by the members. As an institution, they need to follow certain rules and regulations for better performance. How the SHGs are functioning in respect of group management aspects such as meeting, record keeping, external supervision, federation and public activities?. Weather all these activities are sustainable? Is there any differences among SHGs and their sustainability in terms of regional, gender and cast? To answer these questions this study is carried out.

Review of related studies

Ariz Ahamed, M. (1999) in his study found that the involvement of women in groups not only empowered them but also helped them to emerge as social activists by checking the malpractices and injustices in the implementation of different schemes and programmes of the government.

Friends of Women's World Banking – India, (1999) their study exhibited the cases of India's emerging federations of women's savings and

credit groups in different parts of the country. The study predicted that women's savings and credit groups have both direct and indirect positive benefits for women.

Puhazhendhi, V. and Satyasai, K.J.S. (2002) reported that there was an increase in net income of the household, improvement in self confidence, better treatment within the family, improvement in communication skills, behavioural change in respect of protecting / resisting social evils like abusing women in films, husband beating wife, gambling, and drinking. The study concluded that the impact of SHGs was relatively more pronounced on the social aspects than on the economic aspects.

Sudharani, K. et al, (2002) reported that the extent of participation in house management, health and sanitation, leadership qualities, economic activities and decision making process increased with the period of participation.

Tankha, A. (2002) addressed the three main issues of efficiency, effectiveness and sustainability in the context of SHG promotion. The study provided insights into the development of SHGs in India, NGO strategies and structures for financial intermediation in SHG development, costs of SHG promotion, sustainability of SHGs and SHG-based institutions, and impact of SHG-based microfinance programs. The study recommended the development standards for SHGs, support for microfinance and promotion of SHGs in poverty belt states, development of loan products for MFIs working in

undeveloped states, funding for state-level support institutions and resource NGOs for SHG development, and research on sustainability of SHG/ SHG Federation.

A study conducted by **Tamilselvi, P and Rathakrishnan, T.** (2004) revealed that majority of the SHG leaders performed seven roles viz (i) ensuring the participation of all in every meeting; (ii) regular savings by members; (iii) convincing the members the need for regular attendance in group meetings; (iv) working for improvement of members' literacy; (v) creating awareness on the present social situation; (vi) disseminating development information; and (vii) motivating the members towards collective action. The study brought out the need for motivating the leaders for better performance.

Vasudeva Rao, D. (2004) identified main factors behind the formation of SHGs among the tribals are illiteracy, poverty, more number of non-earning dependents, unemployment, low yield in agriculture, low income and so on. It is reported that less number of SHGs was formed with self interest. Motivation by government officials and village development officer played a major role in forming SHGs. 95 per cent members attend all the meetings. They met once in a month.

Kanniammal, K. et al, (2011) found that the intervention of micro finance through SHG-Bank Linkage Programme has positive impact on the economic and social status of the members in terms of increase in income, savings, employment generation, asset

creation, decrease in the dependency on money lenders, improvement in decision making skills, participation in community affairs and the empowerment of women.

The review of related studies reveals that even though several studies are available on the SHGs and their performances, studies on sustainability of SHGs are scanty and outdated. To fill this gap, the present study is undertaken.

Methodology

This study is analytical in nature. The main aim of the study is to ascertain the level of sustainability of Self Help Groups in Tamil Nadu. Multi-stage stratified sampling is used to select the sample of 400 SHGs in Tamil Nadu. At the first stage, four district were selected based on the number of SHGs functioning in the district. In the next stage, four SHG promoting institution is selected. In the final stage 25 SHGs were selected at random from each SHG promoting institutions. An interview schedule with indicators of assessing institutional sustainability is administered for collection of data in the SHG meetings. Scoring and percentages are the major statistical tools used for meaningful analysis across the area, age and caste characters of SHGs.

Analysis and Discussion

The individual scores of each SHG in respect of each indicator of institutional sustainability are added up to arrive at the scores to measure the institutional sustainability. For this purpose, the following factors are taken as indicators. They include: (i) group management (15 indicators), (ii)

federation activities (1 indicator) and (iii) linkages and convergence (1 indicator). Thus, in toto, 17 indicators are used under the institutional sustainability. Each indicator is assessed with five point scale. The total possible maximum scores of all the 17 indicators is 85. The actual total score obtained by each SHG is converted as percentage to the total possible scores. Based on the score percentage the SGHs are positioned at three levels of sustainability viz poor, moderate and good with scores below 50

per cent, between 50 to 75 per cent and a score of above 75 percent respectively.

The details on indicators applied are in order *group management* includes regularity of meeting, place of meeting, timing of the meeting, attendance in the meeting, items of agenda in the meetings, periodicity of meeting attended by NGOs, help extended by NGOs in the conduct of meeting and maintenance of account books and records, transparency in account keeping, and auditing of account books.

Federation activities are taken as a single indicator

Linkages and convergence is also taken as a separate indicator.

Table 1
Institutional Sustainability of SHGs: A Comprehensive Picture
(Number of Groups)

Indicator Variables	Institutional Sustainability Status of SHGs			Total
	Poor	Moderate	Good	
District				
Dharmapuri	6(6.0)	90(90.0)	4(4.0)	100(100.0)
Theni	0(0.0)	60(60.0)	40(40.0)	100(100.0)
Tiruchirapalli	4(4.0)	78(78.0)	18(18.0)	100(100.0)
Kanchipuram	7(7.0)	92(92.0)	1(1.0)	100(100.0)
Age				
Young	13(10.0)	99(76.2)	18(13.8)	130(100.0)
Middle	4(1.9)	190(90.5)	16(7.6)	210(100.0)
Aged	0(0.0)	31(51.7)	29(48.3)	60(100.0)
Community				
Mono-caste	14(3.8)	300(80.6)	58(15.6)	372(100.0)
Multi-caste	3(10.7)	20(71.4)	5(17.9)	28(100.0)
Total	17(4.2)	320(80.0)	63(15.8)	400(100.0)

Figures in parentheses are percentages to row total
Source: Compiled from field data

The data on the institutional sustainability of SHGs revealed that 15.8 per cent of the groups are having better scores i.e. more than 75 per cent; majority (80.0 per cent) of the groups

obtain a moderate score of 50 to 75 per cent. Poor level of scores i.e. less than 50 per cent is secured by 4.2 per cent of the SHGs. Accordingly, nearly one-sixth of the total groups could be graded as

sustainable and the majority (four-fifth) of the groups as potentially sustainable.

Among districts, the highest proportion (40.0 per cent) of SHGs in Theni district have secured good scores in terms of institutional sustainability followed by Tiruchirapalli district (18.0 per cent). Among the rest, most SHGs have scores which can be rated as moderate. The number of SHGs under moderate category is more in Kanchipuram followed by Dharmapuri district.

In respect of age of the groups, 48.3 per cent of the aged groups have good scores of sustainability and none of the aged SHG is rated as poor in this regard. It could, thus, be stated that there is close association between age of the groups and institutional sustainability. As far as the young and middle aged groups are concerned, the SHGs secured sufficiently to be rated as good account for 13.8 per cent and 7.6 per cent respectively and nearly three fourth (76.2 per cent) in young and 90.5 per cent in middle aged SHGs secured moderate scores of sustainability. Poor level of institutional sustainability is found in young age groups (10 per cent) and in middle aged SHGs (1.9 per cent). Thus, nearly half of the aged groups are institutionally sustainable and the rest have potentials to become institutionally sustainable. Less proportion of young and middle aged groups fall under the category of 'good'. However, most of these groups have the potential to attain the level of institutionally sustainable.

As far as the community-wise distribution of SHGs is concerned, majority of the groups have secured

scores to be rated as moderately sustainable. There are differences in respect of their proportion among the mono and multi caste groups. The proportion is around four-fifth (80.6 per cent) in mono caste groups, whereas it is a little more than seven tenth (71.4 per cent) in multi caste groups. The SHGs that secured good scores with multi caste membership constituted 15.6 per cent whereas it was 17.9 per cent in mono caste groups. Poor level is found to be 10.7 per cent in multi caste and 3.8 per cent in mono caste groups. It appears that mono-caste SHGs perform a little better than multi-caste SHGs in terms of achieving institutional sustainability of SHGs.

Conclusion

It can be concluded that better performance could be noticed among the SHGs in Theni district, aged and middle aged groups and in mono-caste groups in terms of institutional sustainability.

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