

MICROFINANCE AND SELF-HELP- GROUPS: A STUDY ON FINANCIAL MANAGEMENT OF SC-SHG_s IN RURAL ASSAM

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ABSTRACT

Financial management helps in the proper functioning of every SHG. Every SHG has good practice of managing the financial resources available with them. Finance can be raised by the SHGs through microfinance. Through microfinance a small proportion of loan and other financial support is provided to the poor in a small quantity by the financial institutions. SHGs are formed by a group of people living in the same village known to each other and start their operations with savings and create a fund. Proper monitoring and review by the management is very essential in order to control the financial management of the group. The paper has attempted to understand the financial management practiced by the SHGs with special reference to the SC-SHGs that have been registered under economically weaker areas and also flood affected areas of rural upper Assam.

KEYWORDS

Financial Management, Microfinance, SHGs and SC Communities.

INTRODUCTION

Every country at present mostly concentrates on development of all segments of the society for economic development. Poverty has affected the development in India. Poverty in both the rural and urban areas is more prominent in the backward class of the country. The main victims of this poverty problems are SC and ST communities. Absence of properly accessible facilities like education, health and hygiene care, sanitation, etc. are the chief issues behind the underdevelopment.

Microfinance is basically providing small loans and other financial support to the needy granted by the financial institutions. Here the Self-Help-Groups (SHGs) are the key takers of this small finance to run their economic activities. The term micro finance also includes financial support provided by the financial institutions to the poor in order to meet their general day to day financial needs. Management of finance is a critical issue for every taker of these small finances. In this regard SHGs role is vital. It is a volunteer organization setup by 10-20 rural members to achieve a common goal. It is formed to improve the economic conditions of the members by setting up their savings and loan fund. Generally, SHGs are formed by a group of people living in the same village known to each other and have started their operations with savings and have created a fund. After saving in a bulk, the group has provided loans to its members at a reasonable interest rate either for an emergency or for any other need. The income earned in the form of interest in a particular financial year is divided among the members of the group. This group is an inclusive team with common occupations like animal husbandry, fishing, farming or any other common economic activity. In order for smooth functioning of the group's activities including the financial transactions, loan recovery etc. the group meets once in a week or fortnight. Proper monitoring and review by the management is very essential in order to control the financial management of the group. In this regard the management also advises the members of the group about the proper fund utilization and accordingly plans programs and strategies to reinforce the group's financial position on one hand and economic position of the members on the other hand. The paper has made an attempt to understand the financial management practiced by the SHGs that had registered at Development Blocks under economically and flood affected areas of Lakhimpur district of Assam.

REVIEW OF LITERATURE

As revealed by Ahmed & Kalita (2016), house wives and day labour was the major farmer for keeping indigenous pig in the households in Kamrup and Darrang district of Assam. Lack of scientific knowledge, lack of breeding boar, lack of veterinary & extension service, lack of vaccine created problems in functioning the SHGs under the study area.

On the other hand Barman & Bhattacharya (2015) revealed that Govt. and agency should give emphasis to the rural women for increasing their economic as well as entrepreneurial activities by facilitating more exhibitions, melas for products of SHGs. Another finding showed that as a driving force of society especially for poor and women, SHGs were considered as a tool for empowerments and thereby promote rural development.

According to Bhuyan (2013) SHGs have dominated by the women beneficiaries who were interested only in receiving the subsidy rather than implementing the SGSY scheme in Lakhimpur district. In the district weaving activity generated highest number of mandays per beneficiary, increases the income level of the members as compared to the other activities in the district.

As revealed by Das (2019) improper orientation and training on skill of all SHG members, SC members were the major socio-economic problems that were face by the SC communities in Lakhimpur district of Assam. Among the different problems low confidence level building among the SHG members, low skill up gradation, misunderstanding among the SC members of the SHGs which cause slow growth of self-dependence of the SC members in the Lakhimpur district of Assam too.

Saha (2019) revealed about the improvement of the SHG members in Hooghly district of West Bengal after joining the SHGs which improved the food and non-food consumption habits which enhanced the standard of living of the members.

Singh (2010) interpreted about the performance of SHG members in various forms of saving strategies such as self-reliance and reducing dependency in Manipur. They also mentioned in their study that, SHGs perceived savings as obligatory and as the first priority before spending anything. The financial literacy conveyed to the SHG members has a positive impact on the saving and asset accumulation strategies adopted by them.

OBJECTIVES OF THE STUDY

- ❖ To analyze the saving behaviour of the sample SHGs;
- ❖ To understand the collection pattern of the SHG's contribution; and
- ❖ To study the utilization of funds of the groups.

METHODOLOGY OF THE STUDY

In order to achieve the main objectives of the present study, a field survey has been conducted covering all the Development Blocks at Lakhimpur, Dhemaji and Majuli districts of Assam. For the purpose of the study both the primary and secondary information were used. Primary data was

collected by interviewing the president/secretary of each sample SC-SHG in the district. A total of 160 SHGs were randomly selected from the sixteen sample development blocks representing 10 SC-SHGs each from every block. For analyzing the data statistical tools like simple average and percentage analysis were used by the researcher.

FINDINGS OF THE STUDY

SAVING MANAGEMENT OF THE SAMPLE SHGs

Table 1 below shows the monthly contribution per member of the SHGs to the SHGs fund of the district under study

TABLE-1: DISTRIBUTION OF THE SHGs ACCORDING TO MONTHLY CONTRIBUTION PER MEMBER TO THE SHGs FUND

Sl. No.	Monthly contribution	At the initial stage	At the time of Survey
1	Upto ₹ 50	94(58.8)	0(0.0)
2	₹ 51- ₹ 100	66(41.3)	56(35.0)
3	₹ 101- ₹ 150	0(0.0)	101(63.1)
4	₹ 151- ₹ 200	0(0.0)	3(1.9)
5	Above ₹ 200	0(0.0)	0(0.0)
	Total	160(100.0)	160(100.0)

Source: Compiled from primary data.

Note: The figures given in parentheses indicate percentages of no. of SHGs.

It was observed from Table 1 that after joining the SHGs there is tremendous improvement in the savings behavior of the respondents in the district. At the initial stage of the formation of the groups 58.8% SC-SHG were able to collect monthly contribution up to ₹ 50 per month per member and 41.3% SHGs were collected between ₹ 51 to ₹ 100 per member. Not a single member was able to contribute more that ₹ 100 per month. But after taking economic activities SC members are able to increase in their monthly contribution. 63.1% SC-SHGs have been able to collect ₹ 101 to ₹ 150 per month from each member. 35% SHGs have collected their monthly contribution between ₹ 51 to ₹ 100 per month and 1.9% SC-SHGs have started contribution even more than ₹ 150 per month per member. It clearly shows that there is an increase in saving behavior of the respondents after joining the SHGs in the study districts. The entire monthly contribution of the members is collected by the SHGs on a regular basis as depicted in Table 2 below.

TABLE-2. DISTRIBUTION OF SHGs ACCORDING TO FREQUENCY OF COLLECTION OF MONTHLY CONTRIBUTION

Sl. No.	Monthly Contribution is collected	No. of SHGs	Percentage
1	Regularly	160	100.00
2	Irregular	Nil	0.00
	Total	160	100.00

Source: Compiled from field survey

It is observed that the savings among the SC members of the SHGs have maintained a complete regularity (100%) which indicates about building immense corpus of funds and creating opportunities for rotation and repayment of SHG funds in the area under study.

UTILIZATION OF SHG's FUND

The researcher has also made a humble attempt to understand the utilization of these monthly contributions by the sample SHGs. Table 3 shows the utilization pattern of monthly contribution by the sample SHGs:

TABLE-3. DISTRIBUTION OF SHGs ACCORDING TO UTILIZATION OF MONTHLY CONTRIBUTION

Sl. No.	Contribution is Utilized by	At the initial stage	At the time of Survey
1	Deposited in the bank account	160(100)	144(90.0)
2	Distributed as a loan among the members	0(0.0)	3(1.9)
3	Deposited and then distributed as a loan	0(0.0)	13(8.1)
4	Invested further in the business	0(0.0)	0(0.0)
5	Remains with the group representative	0(0.0)	0(0.0)
6	Kept in locker of the group	0(0.0)	0(0.0)
	Total	160(100.0)	160(100.0)

Source: Compiled from primary data.

Note: The figures given in parentheses indicate percentages of no. of SHGs.

Table 3 reveals that at the time of formation of SHGs all the contributions collected from the members were deposited into the Bank account. But during pre-SHG stage, the contributions collected by the SHGs were deposited by 90% of the SHGs. 1.9% distributed the same among the members as loan, whereas 8.1% SC-SHG's were first deposited certain amount to bank account and then the balance distributed to the members or sometimes to non-members as loan.

CONCLUSION

The development of every community depends on rural development programs. Providing of adequate finance to the rural needy poor can also overcome the financial crises they have faced. In the economically backward and flood affected areas like Dhemaji, Lakhimpur and Majuli districts the development of the poor people particularly the SC communities living in rural areas are possible if these communities are financially developed. The only solution to the particular issue is the microfinance which could provide enough scope for financing the poor to become self-employment through SHGs. Microfinance through SHGs provides enough scope for financing the poor for self-employment. However, increase in saving by the SHGs has resulted in positive impact of SHGs and its members. Contribution collected from the members through savings is expected to meet the emergency need of the members. This small savings is also expected to be gone up over time and may be invested further in different economic activities. On the other

hand, productive utilization of fund by any SHG helps increasing the income from the investment to that SHG.

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