

## Performance assessment of the self-help groups in Udham Singh Nagar district of Uttarakhand

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### ABSTRACT

Self-help groups (SHGs) provide platform for financial inclusion of poor and marginalized sections of the society. These informal credit management groups are formed and supported by self-help promoting institutions which are generally NGOs or government agencies. SHGs confer economic and social benefits to their beneficiaries by linking financial institutions and other stakeholders to rural development programmes. It is essential for the developmental agencies to keep an account of performance of existing SHGs. The present research study was conducted with the objective of assessing the performance of SHGs in Udham Singh Nagar district of Uttarakhand state. The study was undertaken in Gadarpur block of the district. All operational SHGs in five villages under Madnapur Panchayat of Gadarpur block were selected for the study. A total of 11 SHGs and 139 SHG members were included in the study. Results revealed that majority of the SHGs were less than five years old, comprised only women members and had 15-20 members (54.54%). The promoter agency of most of the SHGs was local NGO (45.45%) and had primary objective of promoting savings. The members of SHGs belonged to the age group of 25 to 45 years and 46 to 65 years (44.60% each), were mostly illiterate (82.73%), mostly were schedule tribes (64.03%), all were Hindus, belonged to nuclear families (63.30%) and had 5 to 7 members (48.92%) in the family. In most cases head of the family was husband (78.42%); members were associated with SHGs for 1 to 3 years (43.16%) and they utilized SHG credit for family expenditure (48.20%). The overall score of critical rating index which was based on 14 performance attributes revealed that majority of SHGs (45.45%) were performing well.

**Keywords:** Credit; development; empowerment; microcredit; self-help groups

### INTRODUCTION

The progress of the rural society depends on the availability of human resource and social capital. Realizing the need for capacity building, increased knowledge, enhanced skill set and improved living standards, government has introduced various programmes like integrated rural development programme, Jawahar Rozgar Yojana, training of rural youth for self-employment, development of women and children in rural areas, support to training and employment programme, Swa-Sakti Project, Swaranjayanti Gram Swarozgar Yojana, Ajeevika Mission etc. These programmes experiment with different approaches ranging from individual to group for empowering people. The concept of self-help group is an emancipatory-extension approach based on the

idea of making credit accessible to the poor and people economically, socially and professionally strong.

The self-help group-bank linkage model which is a group-oriented model has emerged as the dominant model and has been successful in the country as it is an innovative tool for the promotion of self-employment (Vasanthakumari 2012). The self-help group-bank linkage programme (SBLP) from linking a pilot of 500 SHGs of rural poor two decades ago has now become the World's largest micro-finance initiative with over 7.4 million SHGs representing 97 million rural households directly becoming part of this movement (Thakur 2016).

A self-help group is characterized by small size, similar interests, social background and occupation,

intimate knowledge of members' intrinsic strengths, needs and problems, flexibility, responsiveness, democracy, simple documentation, collective leadership, mutual discussion, group solidarity through self-help and awareness and social and economic empowerment (Murugan and Dharmalingam 2000). Paramanandam and Packirisamy (2013) stated that majority of the SHGs were promoted by NGOs which were financed from banks directly (72.0%). Asokhan (2006) documented that majority of the members had received up to five trainings (47.67%) followed by more than five trainings (26.67%). Jayaraman (2008) reported that the average membership of SHGs was about 17, majority of the respondents were married (86%) and educated up to primary level (46%). It was also found that women-headed households constituted 10 per cent of the total married members of sample SHGs with five or more members in the family (52.68%). Jayaraman (2002) reported that fisherwomen SHGs were performing well in availing micro-credit, utilizing it and repaying it on time.

Under present investigations an exhaustive study was done on the present status and performance of existing self-help groups in the state of Uttarakhand.

## METHODOLOGY

The analytical research design was followed. Multistage purposive sampling was done in the study. Locale of the study was Gadarpur block of Udham Singh Nagar district of Uttarakhand state. Five villages were selected randomly viz Haripura, Charanpur, Madnapur, Khatola I, Khatola II (belonging to one village Panchayat Madnapur). Every village had different number of operational SHGs with varied group size (Table 1). Thus a total of 11 SHGs and 139 SHG members formed the sample. A well-structured schedule was prepared and used for studying socio-economic status of SHG members. Information on SHGs' profile was gathered through interview schedule and secondary sources like bank passbook, minute book, attendance register, ledger book etc. Performance of SHGs was measured using NABARD critical rating index (CRI) rating grade scale (Das 2013).

## RESULTS and DISCUSSION

### Profile of the SHGs

The data given in Table 2 show that only 27.27 per cent groups were more than 5 years old whereas

27.27 per cent each were 1 to 3 years or less than one year old. All the groups were having only female members. Most of the groups (54.54%) had 15-20 members each whereas 36.36 per cent had 10 to 14 members. Mainly the groups (45.45%) were promoted by the NGOs followed by Bank-NGO collaboration (36.36%). All the groups were formed for the purpose of promoting savings followed by 81.82 per cent to avail loan at lower interest. The savings of the groups were more than Rs 25000, Rs 5001-15000 and less than Rs 5000 (27.27 each).

### Socio-economic status of the SHG members

Table 3 shows that most of the respondent members were between the age of 25 and 65 years (44.60% each being 25 to 45 and 46 to 65 years of age). Mostly they were illiterate (82.73%). Nearly two-third members (64.03%) were scheduled tribes and 36.69 per cent belonged to general category. All of them were Hindus. Mainly they were having nuclear families (63.30%). Majority (48.92%) were having 5-7 members in the family followed by 33.09 per cent with 1-4 members. In majority of the cases (78.42%) the head of the family was husband. Their association with the SHG was not very old as 43.16 and 26.62 per cent had been in the SHGs for the last 1-3 years and less than one year respectively. Mainly the members utilized the credit taken from the SHG account for family needs (48.20%) or for increasing their personal savings (46.04%). Sharma et al (2009) also observed that the main objective of forming SHG was to encourage the habit of saving, utilize money during critical time, income generation through establishment of enterprise and develop social participation.

### Performance of the SHGs

Majority of the group members had very strong feeling of belongingness/homogeneity/solidarity towards the group (72.72%) (Table 4). All of them were aware about the objectives of the group and rules and regulations of the group functioning; 81.82 per cent having awareness about member-wise savings and loan position. In most of the cases (63.64%) the meetings were held regularly on fixed date, time and place and in case of 18.18 per cent group meetings were held regularly once a month but at the convenience of all members. At the same time it was also found that in case of 18.18 per cent groups the meetings were held irregularly. In 54.54 per cent groups the attendance in the meetings was 70 to 90 per cent though in 27.27 per cent it was even above 90 per cent. In 36.36 per cent groups all fund collections from

Table 1. SHGs and their group size

Name of the village	SHG (group size)
Khatola I	Naya Savera (10), Nayi Kiran (17), Kiran (14), Sakhi (15)
Khatola II	Deep (12), Sakhi (12)
Madnapur	Nirmal (12), Vimarsh (12)
Haripura	Ujala (15), Tara (15)
Charanpur	Milan (15)

Table 2. Profile of the self-help groups

Parameter	Frequency (n= 11)	Percentage
<b>Duration of formation (years)</b>		
Less than one	3	27.27
1 to 3	3	27.27
3 to 5	2	18.18
More than 5	3	27.27
<b>SHG typology (on the basis of group composition)</b>		
Homogenous (female-based)	11	100
Homogenous (male-based)	-	-
Heterogeneous	-	-
<b>Number of group members</b>		
10-14	4	36.36
15-20	6	54.54
More than 20	1	9.09
<b>Promoter agency</b>		
Self-initiated	2	18.18
Local NGO	5	45.45
Bank-NGO collaboration	4	36.36
<b>Objective of group formation*</b>		
To promote saving	11	100.00
To avail loan at lower interest	9	81.82
To meet day to day emergency needs	7	63.64
To achieve self-dependence by handling one's money themselves	4	36.36
<b>Total amount of group savings till date (Rs)</b>		
Less than 5000	3	27.27
5001 to 15000	3	27.27
15001 to 25000	2	18.18
More than Rs 25000	3	27.27

\*Multiple response

members and financial decisions were made in the meetings but loans were disbursed outside followed by 27.27 per cent wherein fund collections from the members were made outside meetings but loan decisions were taken during the meetings. In more than fifty per cent groups (54.54%) all the members were aware about all the financial transactions in the group

Table 3. Socio-economic status of the self-help group members

Parameter	Frequency (n= 139)	Percentage
<b>Age (years)</b>		
18 to 24	15	10.79
25 to 45	62	44.60
46 to 65	62	44.60
<b>Educational qualification</b>		
Illiterate	115	82.73
Primary	7	5.04
High school	1	0.72
Intermediate	7	5.04
UG	1	0.72
Technical diploma	4	2.88
PG	4	2.88
<b>Caste</b>		
General	51	36.69
ST	88	64.03
Others	-	-
<b>Religion</b>		
Hindu	139	100
Other Religion	-	-
<b>Type of family</b>		
Nuclear	88	63.30
Joint	51	36.69
<b>Number of family members</b>		
1 to 4	46	33.09
5 to 7	68	48.92
More than 7	25	17.99
<b>Head of the household</b>		
Self	9	6.47
Husband	109	78.42
Father in law	18	12.95
Father	3	2.16
<b>Duration of association with the SHG (years)</b>		
Less than one	37	26.62
1 to 3	60	43.16
3 to 5	30	21.58
More than 5	12	8.63
<b>Use of credit obtained from SHG account</b>		
Personal expenses	8	5.76
Family expenditure needs	67	48.20
Increase the personal saving collection	64	46.04

whereas in 27.27 per cent cases above 75 per cent of the members were aware of it. In case of on time payment of savings it was found that in 27.27 per cent of SHGs each there was 100, 90 and 70-90 per cent on time payment of savings by members. In majority

Table 4. Performance of SHGs on critical rating index attributes

Attribute	Frequency (n= 11)	Percentage
<b>Feeling of belongingness/ homogeneity/solidarity (as observed during interactions with the groups)</b>		
Very strong	8	72.72
Moderate	2	18.18
Not very much	1	0.72
<b>Governance issues (additive value)</b>		
Awareness about objectives of the group	11	100
Awareness about rules and regulations of group functioning	11	100
Leader responsibility sharing by group members	1	9.09
Awareness about member-wise savings and loan position	9	81.82
<b>Conduct of meetings</b>		
Meetings held regularly on fixed date, time and place	7	63.64
Meetings held regularly once a month but at the convenience of all members	2	18.18
Meetings not held regularly but conducted on fixed date, time and place	-	-
Irregular meetings	2	18.18
<b>Attendance of members in meetings (during last six months)</b>		
Above 90%	3	27.27
70-90%	6	54.54
50-70%	1	0.72
Less than 50%	1	0.72
<b>Financial transactions in the group (during last six months)</b>		
All fund collections from members, financial decisions and disbursement of loans to members made in the meetings	2	18.18
All fund collections from members, financial decisions made in the meetings but loans disbursed outside	4	36.36
Fund collections from the members made outside meetings but loan decisions taken during the meetings	3	27.27
Both fund collections from the members and financial decisions taken outside the Meetings	2	18.18
<b>Members' awareness about the financial transactions</b>		
All members aware about all the financial transactions	6	54.54
Above 75% of the members aware about all the financial transactions	3	27.27
Only few members aware about all the financial transactions	2	18.18
None aware about all financial transactions	-	-
<b>Regularity of savings (during last six months)</b>		
100% on time payment of savings by members	3	27.27
90% on time payment of savings by members	3	27.27
70% to 90% on time payment of savings by members	3	27.27
Less than 70% on time payment of savings by members	2	18.18
<b>Pattern of internal lending</b>		
Need-based loans availed by 2-3 members at a time	3	27.27
Need-based loans availed by many members	6	54.54
Equal distribution of loans among all members	2	18.18
Loans extended repeatedly to only a few members in the group	-	-

**Velocity of internal lending= Total loans disbursed from the beginning/corpus (corpus= savings + interest earned + grants/seed money)**

Over 2 times- 2	5	45.45
Over 1.5 times- 1	-	-
Between 1-1.5 times	3	27.27
Less than 1.5 times- 1	-	-
No internal lending	3	27.27

**Repayment terms prescribed**

Monthly installments	7	63.64
Quarterly installments	-	-
Lump sum payment	4	36.36

**Repayment pattern**

Regular repayment of principal and interest in full on monthly basis	-	-
Regular repayment of principal in part and interest in full on monthly basis	3	27.27
Regular repayment of only interest in full on monthly basis	8	72.72

**Borrower quality (number of defaulting members)**

Less than 2 members	5	45.45
Between 2 to 5 members	3	27.27
More than 5 members	-	-
Not started borrowing yet	3	27.27

**Loan quality= Amount overdue for more than 3 months/Total loan outstanding**

Less than 2%	5	45.45
Between 2 to 5%	3	27.27
More than 5%	-	-
Not applied for loan	3	27.27

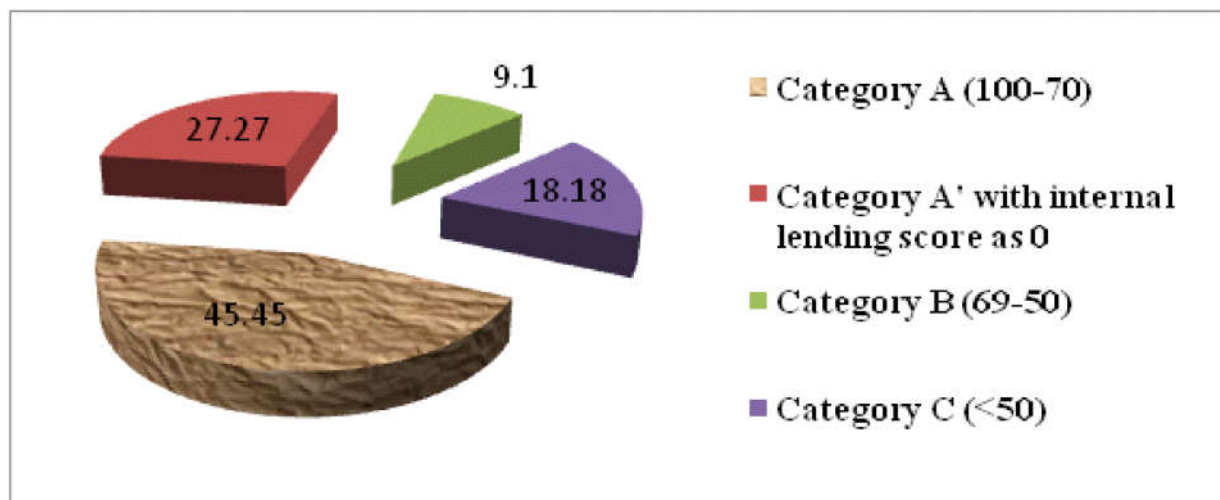
**Up to date maintenance of records**

Adherence to the group's bye-laws	9	81.82
Attendance at the meetings	9	81.82
Financial decisions taken at the meetings	8	72.72
Savings collections	11	100.00
Loan disbursement	8	72.72
Repayment performance	4	36.36
Member-wise savings and loan portfolio	5	45.45

n= Total number of SHGs

of the SHGs (54.54%) there were need-based loans availed by many members followed by 27.27 per cent wherein need-based loans were availed by 2-3 members at a time. Velocity of internal lending was over 2 times to 2 (45.45%) followed by between 1 to 1.5 times (27.27%) and remaining 27.27 per cent had no velocity of internal lending. Repayment terms prescribed for majority of the groups was monthly installments (63.64%) and rest 36.36 per cent prescribed lump sum payment. Most of the groups had regular repayment of only interest in full on monthly basis (72.72%) followed by 27.27 per cent with

repayment pattern of regular repayment of principal in part and interest in full on monthly basis. In case of 45.45 per cent SHGs only one member was defaulter. Less than 2 per cent amount was overdue for more than 3 months in 45.45 per cent groups and it was 2 to 5 per cent in 27.27 per cent. There were also 27.27 per cent groups where borrowing was not started yet. Up to date maintenance of record of savings collection was done by all the SHGs; 81.82 per cent each of group adherence and by-laws and attendance at the meetings and 72.72 per cent each of financial decisions taken during the meetings and loan disbursement.



**Fig 1. Performance of the surveyed SHGs**

The overall performance of SHGs (Fig 1) was assessed with total score obtained for each SHG in CRI. The results revealed that majority of the SHGs fell in category A with CRI score of 100 to 70 which states that they could be considered for loaning (45.45%) followed by 27.27 per cent SHGs belonging to Category A' with score of 100 to 70 but with an internal lending score of 0 as they were newly formed (less than one year). It was also found that 18.18 per cent groups fell in category C stating their requirement for intensive capacity building and 9.1 per cent of SHGs belonged to category B with CRI score of 69 to 50.

### CONCLUSION

It was observed that all the groups were having only female members and all the groups were formed for the purpose of promoting savings. Mainly the members utilized the credit taken from the SHG account for family needs or for increasing their personal savings. The CRI stated that majority of the SHGs belonged to category A and therefore could be considered for loaning. None of the SHGs was involved in the income generation even after doing collection for the last 3 to 5 years. It is therefore suggested that the SHGs should be encouraged to take loans from the banks or other agencies and start some income generating activities.

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