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Self Help Groups and their problems with reference to Kootagal Hobli in Ramanagara District – An Empirical Study

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Abstract: *Self Help Groups and Microfinance are the vital tools for poverty eradication. A group of 4 to 20 members can form a self-help group as per NABARD. They develop a habit of savings. The amount so collected is used for disbursement of loan. Those who do not have formal banking facilities can avail these loans for self-employment and livelihood. The self-help group and microfinance is for those who do not have access to formal credit facilities such as banks or co-operative societies. Self-help groups become the basis for action and change. It is facing social, economic, political and marketing problems. This study focuses on those problems and gives suggestions. Self-help groups disburses small loans to the rural and urban poor for the purpose of making them self-reliant and encouraging them to enter in to the mainstream of economic activities. Access to microfinance enhances the position of women and others. Ultimately results in financial inclusion.*

Keywords: *Self-help groups, Microfinance, Savings, Women Empowerment, Economic Independence, Sustainable Development.*

I.INTRODUCTION

Self Help Group is playing a vital role in the process of financial inclusion and women empowerment. It is a small group formed by 4 to 20 members of the same locality in the same village area, who come together to solve their problems, social issues and they alleviate poverty

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through mobilization of financial resources by way of individual savings. In rural area people do not have excess awareness of Self Help Groups. Besides the comparison of urban areas and rural areas they have limited access to all kinds of resources such as education, financial support, transportation, training, availability of current information etc., but have more hidden talents, which have to be brought into light, to provide marketing knowledge and finance related activities shall provided by the government and NGOs.

The NGO's and the NABARD imparts various skill training programs to the members and improves their capacity. The SHG members were facing lot of problems. This research paper focuses on those problems and gives suggestions to overcome the problems.

II. STATEMENT OF THE PROBLEM

Self-Help groups have greater importance, which is considered as the most necessary tool to adopt participatory approach for the social, economical, marketing and financial improvement of SHG members. This study focuses on social problems, personal problems and financial problems of SHG members. These problems are hurdles for financial inclusion, poverty eradication and sustainable development.

III. REVIEW OF LITERATURE

In order to create a foundation for the study, to understand the various dimensions of the topic of study as well as to prepare a proper methodology and framework for the study, elaborate efforts will be made to review the available literature on the topic.

Abhijit V. Banerjee and Esther Duflo (2019) Very few poor households get loans from a proper lending institution like a commercial bank or a cooperative. In the survey we conducted in Udaipur, in rural India, about two thirds of the poor had a loan. Of these, 23 percent were from a relative, 18 percent from a moneylender, 37 percent from a shopkeeper, and only 6.4 percent from a formal source. The low share of bank credit is not due to the lack of physical access to banks, because a similar pattern occurs in urban Hyderabad, where households living below $2 a day primarily borrow from moneylenders (52 percent), friends or neighbors (24percent), and family members (13 percent). Only 5 percent of their loans are with commercial banks. In all the

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countries we have in our eighteen-country data set, less than 5 percent of the rural poor have a loan from a bank, and less than 10 percent of the urban poor do.

Sarita Takur (2016) At the grass-root level the microfinance scheme is being implemented through commercial banks, co-operative banks, co-operative societies and regional rural banks with government agencies. The findings of the study revealed that microfinance can contribute to poverty eradication.

Shijna. A. S and P.Ezreth (2016) The study emphasize that SHGs are the financial measure for the illiterate and ensures social commitment to its members.

Somasekar K (2015) The study has noted that SHGs play a vital role to earn livelihood. However, the microfinance programmes confront many challenges. These need immediate remedial measures with regard to financial inclusion.

Jun Goto (2014) The impact of self-help group programmes: Experimental and survey evidence from South India**.** The result of the study of SHGs by a foreign scholar shows that group members who are rich are very likely to be benefited economically. In the case of poor members asset creation and consumption needs are taking out poverty through self help group model of microfinance.

Karmakar (2008) Reported various expert studies that Self Help Groups and microfinance have indeed helped in the social and economic empowerment of rural women at the same time delivering important financial services.

Dogra (2005) Studied Self Help Groups in Saharanpur district of Uttar Pradesh found Self Help Groups are successful in breaking the stronghold of private money lenders, and families do not go to private money lenders as forced labour and need not mortgage land or valuables as a result of SHG intervention.

IV.OBJECTIVES OF THE STUDY

1,To study the self help groups in rural areas.

2,To study the socio-economic characteristics of the respondents.

3,To find out the problems faced by members of self help groups.

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4, To give suggestions to overcome those problems.

V. SCOPE OF THE STUDY

The study is restricted to the Kootagal Hobli of Ramanagara District in Karnataka. The sample is selected in the study area. Since the study focuses on the problems faced by the members of Self- Help groups only those aspects related to SHG members were collected, analyzed and interpreted.

VI. LIMITATIONS OF THE STUDY

1. This study is limited only to Kootagal village and not other areas.
2. The findings of the study are based on opinion of respondents.
3. Many members hesitate to give actual information.
4. Time is one of the limitations to meet more and more respondents.

VII. HYPOTHESIS OF THE STUDY

H 0: There is no significant relationship between the Age and Personal problems of respondents.

H 1: There is significant relationship between the Loan availed and Social problems of respondents.

H2: There is significant relationship between the Marital status and Marketing problems of the respondents

H3: There is significant relationship between the Motivation and Financial problems of the respondents.

VIII. RESEARCH METHODOLOGY

The present research work is carried out in Kootagal village in Ramanagara Taluk, Ramanagara District of Karnataka. Primary data is collected through questionnaire. Analysis is made using tables and percentages. Statistical tools like chi-square test, ratios, and hypothesis were used for interpretation and to give suggestions.

Sample Size

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The survey has been carried out in Kootagal village in Ramanagara Taluk, Ramanagara District of Karnataka state. It covers 170 respondents in the study area. The sample size is 170 respondents from 20 self help groups.

IX. DATA ANALYSIS AND INTERPRETATION

For the purpose of study the primary data were collected through the questionnaire. Secondary data is collected through articles, journals containing questions relating to problems faced by members of SHGs.

Table -1 Gender of the Respondents

Sl. No.	Gender	No. of Respondents	Percentage
1	Male	43	25.3
2	Female	127	74.7
	Total	170	100.0

Source: Primary Data

Interpretation

The table reveals that out of total respondents taken for the study, 25.3% of the respondents are the male members 74.7% of the respondents are female members.

Table – 2 Age of Respondents

Sl. No.	Age	No. of Respondents	Percentage
1	25-30	69	40.4
2	31-35	57	33.3
3	36-40	25	14.9
4	Above 41	19	11.4
	Total	170	100.0

Source: Primary Data

Interpretation

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Table 2 represents the age wise respondents. Among the respondent 40.4% belongs to the age of 25-30, 33.3% belongs to the age of 31-35, 14.9% belongs to the age of 36-40, 11.4% belongs to the age of above 41and above.

Table – 3 Marital Status of Respondents

Sl. No.	Marital Status	No. of Respondents	Percentage
1	Married	93	54.4
2	Unmarried	33	19.3
3	Divorced	25	14.9
4	Widow	19	11.4
	Total	170	100.0

Source: Primary Data

Interpretation

The table 3 represents that the marital status of respondents, 54.4% represents the married respondents, 19.3% represents un-married respondents, 14.9% represents divorced respondents and 11.4% represents widow respondents.

Table – 4 Motivation of Respondents

Sl. No.	Motivation	No. of Respondents	Percentage
1	NGO	52	30.7
2	Members in the group	63	36.8
3	Government Agency	18	10.5
4	Neighbors and friends	37	22.0
	Total	170	100.0

Source: Primary Data

Interpretation

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The table 4 shows motivation of members, 30.7% of respondents says NGO, 36.8% of respondents says members in the group, 10.5% of respondents says government agency, 21.9% respondents says neighbors and friends.

Table – 5 Loan availed by the Respondents

Sl. No.	Loan Availed	No. of Respondents	Percentage
1	Rs. 10,000	30	17.5
2	Rs. 20,000-30,000	79	46.5
3	Rs. 40,000-50,000	42	24.6
4	Above Rs. 50,000	19	11.4
	Total	170	100.0

Source: Primary Data

Interpretation

The table 5 shows the loan availed by the members of SHGs, 17.5% members availed Rs.10,000, 46.5% of members availed loan Rs.20,000-30,000, 24.6% of members availed Rs.40,000-50,000 and 11.4% of members availed above Rs.50,000.

Table -6 Personal problems of SHG members

Sl. No.	Personal Problems	No. of Respondents	Percentage
1	Lack of Training	22	13.2
2	Lack of Encouragement	21	12.3
3	Family Responsibilities	48	28.1
4	Lack of Formal Education	66	38.6
5	Lack of Freedom to take Decisions	13	7.8
	Total	170	100.0

Source: Primary Data

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Interpretation

The table 6 reveals that 13.2% of the respondents say lack of training, 12.3% of the respondents says lack of encouragement, 28.1% of the respondents due to family responsibilities, 38.6% of the respondents is that they do not have formal education, 7.8% of the respondents do not have freedom to take decisions.

Table – 7 Chi-Square tests

Age and Personal problems	Value	df	Assymp.sig (2 sided)
Pearson Chi-Square	163.571a	12	.025
Likelihood Ratio	162.551	12	.002
Linear-by-Linear Association	72.366	1	.206
N of Valid Cases	170		
a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is 1.03.			

Interpretation

Table 7 shows that the chi-square between the age and personal problems of respondents and the Pearson chi- square is (.025) significant value is less than 5. Hence, the null hypothesis is accepted (H0).

Table -8 Social problems of SHG members

Sl. No.	Social Problems	No. of Respondents	Percentage
1	Lack of Leadership	33	19.3
2	Lack of Communication Skills	39	22.8
3	Non-cooperation from the group	22	13.2
4	Lack of Social Mobility	19	11.4
5	Conflicts among group members	57	33.3
	Total	170	100.0

Source: Primary Data

Interpretation

The table 8 reveals that 19.3 % of the respondents due to lack to leadership, 22.8% of the respondents have a lack of communication skills, 13.2% of the respondents due to non co-

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operation from the group, 11.4% of the respondents due to lack of social mobility, 33.3% of the respondents due to conflicts among the group members.

Table – 9 Chi-Square tests

Loan Availed and Social Problems	Value	df	Assymp. Sig (2 sided)
Pearson Chi-Square	203.545a	12	.210
Likelihood Ratio	209.608	12	.004
Linear-by-Linear Association	88.507	1	.000
N of Valid Cases	170		
a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is 1.58			

Interpretation

Table 9 shows that the chi-square between the loan availed and social problems of respondents and the Pearson chi-square is (0.210) significant value is less than 5. Hence, the alternate hypothesis is accepted (H1).

Table – 10 Marketing problems of SHG members

Sl. No.	Marketing Problems	No. of Respondents	Percentage
1	Heavy competition	67	39.5
2	Lack of experience about Marketing	34	20.2
3	Collection of Bad debts	24	14.0
4	Lack of training in marketing of products	15	8.8
5	Market risks & Un-certainties	30	17.5
	Total	170	100.0

Source: Primary Data

Interpretation

Table 10 shows that 39.5 % of the respondents say heavy competition, 20.2% of the respondents say lack of experience about marketing, 14.0% of the respondents says collection of bad debts,

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8.8% of the respondents says lack of training in marketing of products, 17.5% of the respondents says marketing risks & un-certainties.

Table – 11 Chi-Square Tests

Marital Status and Marketing Problems	Value	df	Assymp. Sig (2 sided)
Pearson Chi-Square	240.454a	12	.332
Likelihood Ratio	216.765	12	.008
Linear-by-Linear Association	101.879	1	.001
N of Valid Cases	170		
a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is 1.14.			

Interpretation

Table 11 shows that the chi-square between the marital status and marketing problems of respondents and the Pearson chi-square is (0.332) significant value is less than 5. Hence, the alternate hypothesis is accepted (H2).

Table – 12 Financial problems of SHG members

Sl. No.	Financial Problems	No. of Respondents	Percentage
1	Heavy Interest Rate	13	7.9
2	Shortage of Capital	79	46.5
3	Lack of Financial Information	27	15.8
4	Insufficient Loan	39	22.8
5	Lack of Collateral Security	12	7.0
	Total	170	100.0

Source: Primary Data

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Interpretation

Table 12 reveals that 7.9% of the respondents say heavy interest rate, 46.5% of the respondents say shortage of capital, 15.8% of the respondents say lack of financial information, 22.8% of the respondents says insufficient loan, and 7.0% of the respondents says lack of collateral security.

Table – 13 Chi-Square Tests

Motivation and Financial Problems	Value	df	Assymp. Sig (2 sided)
Pearson Chi-Square	153.008a	12	.110
Likelihood Ratio	176.419	12	.001
Linear-by-Linear Association	92.413	1	.001
N of Valid Cases	170		
a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is 0.84			

Interpretation

Table 13 shows that the chi-square between the motivation and financial problems of respondents and the Pearson chi-square is (0.110) significant value is less than 5. Hence, the alternate hypothesis is accepted (H3).

X. FINDINGS OF PERCENTAGE ANALYSIS

1. Majority of the respondents 74.7% were female.
2. Majority of members 40.4% belongs to the age group of 25-30 years.
3. Majority of respondents 54.4% were married.
4. Majority of respondents 36.8% were motivated by SHG members.
5. Majority of respondents 46.5% availed the loan of Rs. 20,000 –30,000.

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6. Majority of respondents 38.6% lack in formal education.
7. Majority of respondents 33.3% says there are conflicts among the group members.
8. Majority of respondents 39.5% says there is heavy competition in the market.
9. Majority of respondents 46.5% says there is shortage of capital.

FINDINGS OF CHI-SQUARE ANALYSIS

1. There is no significant relationship between the age and personal problems of respondents. Hence the alternate hypothesis (H0) is accepted.
2. There is significant relationship between the marital status and marketing problems of respondents. Hence the alternate hypothesis (H1) is accepted.
3. There is significant relationship between the loan availed and social problems of the respondents. Hence the alternate hypothesis (H2) is accepted.
4. There is significant relationship between the motivation and financial problems of the respondents. Hence the alternate hypothesis (H3) is accepted.

XI. SUGGESTIONS

1. The practical training programs to be conducted to create awareness among villagers.
2. Insurance coverage should be provided to the business units promoted by SHG against the financial risks to safeguard the interest of the members.
3. The members suffer from shortage of capital for the expansion of their small business; the NGOs may help them in getting loan from the government.
4. The Banks has to organize Financial Literacy camps to inform the SHGs about the new schemes, soft loans, subsidies, interest subvention, etc.
5. NGOs have to increase the literacy level of SHGs members through stage plays in villages.
6. The SHGs members are advised to utilize the amount only for carrying out the income generating activities and not for domestic purposes.
7. Book-keeping and transparency is a must to avoid conflicts among the SHG members.

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XII. CONCLUSION

The study concludes that the society, government, NGOs and SHG members to find remedy for the problems. Further the State Government, NGOs, banks, NABARD and various financial institution have to tackle the problems by way of providing formal education, creating awareness, leadership skills, increase the loan amount and the team building power, etc., and also by providing various types of incentives and subsidies to all the members.

SHG has a significant human resource. It can play their role efficiently if they are provided with opportunities and status as those of the business. It is the clear that by involving voluntary organizations in social mobilization and creating an enabling policy environment, microfinance can achieve a radical change in the society and can become a tool for poverty eradication. The success of SHGs depends upon the efficiency and effectiveness of groups. The Government needs to focus on major problems faced by the self help groups and tackle those problems. This ensures resource mobilization, employment opportunities, women empowerment, financial inclusion, poverty eradication and sustainable development.

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