

Perceived Constraints and Suggestions of SHGs in Kerala

Sajesh, V.K¹ and Premlata Singh²

ABSTRACT

The process of social engineering initiated by the Self Help Groups has generated wider interest in the society and SHGs have been upheld as new paradigm of societal transformation. But, as in the case of any other institution there are many bottlenecks in this movement also. If these constraints are identified and removed timely, they will hamper the philosophy of SHGs. The present study was conducted on the groups promoted under Kerala State Poverty Eradication Mission. The study revealed that there are doubts regarding sustainability of groups after withdrawal of promoting institutions SHGs need infrastructural support and assistance for maintaining accounts. There should be effective strategy to deal with the local politics.

Poverty and economic deprivation of large section of population are the foremost challenges to the developing economies in the world. Poverty and deprivation encompasses several interconnected aspects such as lack of assets, under employment, uncertain and relatively unproductive employment, low remuneration, economic vulnerability, illiteracy, social disadvantage etc. While there are several structural dimensions to the rural poverty, it is generally accepted that it arises due to the lack of capital or lack of surplus. The established policy prescription tries to uplift lower rungs of society through infusion of multiple doses of credit. Different programmes have been implemented, enormous funds expended, yet the target was not fulfilled. The most effective tool against human deprivation is building human capital among the deprived, through sustainable development initiative which is taken by deprived themselves. So, in the context of developing programmes for the poor, Self Help Groups have been emerged as effective tools for poverty alleviation as well as for social and economic empowerment of the poor. In India, Self Help Saving and Credit groups were promoted by Non Governmental Organisations from 1974 onwards. It became a country wide movement, followed by the NABARD sponsored SHG-Bank linkage programme, which started in 1992. An association between the financially deprived and the formal financial system has been initiated through Self Help Groups (SHGs). Remarkably, large number of formal and non-formal bodies

has involved in this unique process of socio-economic engineering. What had started off in 1992 as a modest pilot testing of linking around 500 SHGs with branches of half a dozen banks across the country with the help of a few NGOs, today provide banking services to over 86 million poor households through 45,00,000 SHGs linked to banks. More than 1000 NGOs and many development agencies in the governmental and non-governmental sectors are involved in the SHG bank linkage programme (NABARD, 2009). Apart from the economic interventions there are also social interventions like social evil eradication, disaster preparedness, education, sustainable farming, etc.

The process of social engineering initiated by the Self Help Groups has generated wider interest in the society and SHGs have been upheld as new paradigm of societal transformation. But, as in the case of any other institution there are many bottlenecks in this movement also. If these constraints are identified and removed timely, they will hamper the philosophy of SHGs. The study by Bharathi and Badiger (2006) SHG members in Darward and Gadag district of Karnataka has revealed that lack of formal education, insufficient power supply and institutional issue like inadequate loan disbursement are the major constraints faced by them. The major suggestions by the SHG members include sustainability and up scaling of SHGs, increase in loan amount and provision of information on credits and markets. Kropp and Suran (2002), in their assessment of SHG-Bank linkage programme have revealed some of the

lacunas in the functioning of SHGs like lack of proper book keeping practices and accounting/auditing support to newly established SHGs. Sometimes regular attendance at group meetings and absence from village because of outside employment (mostly males) was reported as a problem. Monitoring/evaluation of SHGs still leaves room for improvements. Internal checks and control of the SHG-loan portfolio and a dual control by an outside agency (NGO, Government or SHG- Apex body) may become necessary. There is only a limited consultancy standby for those SHGs (which do not get direct NGO support) that had to face some internal trouble. Parida and Sinha (2010) have reported that constant infighting and ego problems are the major obstacles to the progress of the SHGs. Puhazhendi and Badatya (2002) emphasised lack of infrastructural and office facilities, low leadership rotation and unenthusiasm on the part of the bankers as the major limitations. All these studies point out the facts that constraints perceived by the group members are contextual. Priority varies from place to place. The present study was carried out to identify and analyse the constraints faced by the SHGs in Kerala, one of the pioneering states in Self Help movement.

METHODOLOGY

The study was conducted in Kerala state, on the SHGs promoted under 'Kudumbasree' project. Kudumbasree is a poverty eradication project officially launched by the Government of Kerala with the active support of the Centre and NABARD for wiping out absolute poverty from the State within 10 years. The project was inaugurated on May 17, 1998. The State Poverty Eradication Mission of the State Government-through local self-governing bodies implements this project. It aims at eradicating absolute poverty in ten years through concerted community action under the leadership of local self-government bodies. At the grass root level project operates through Self Help Groups exclusively of women. These SHGs are functioning under Area Development Societies (ADS) at ward level and Community Development Societies (CDS) at panchayat level. The study was conducted in Kozhikode and Wayanad districts based on purposive sampling. Based on the criteria of number of groups formed and saving mobilization Kozhikode was found among the best performing districts and Wayanad, among least performing districts (Status Report of NHGs and Thrift & Credit under Kudumbashree, 2005). The units of analysis of the study were individual members of an exclusive women Self Help Group under KudumbaSree project. On the basis of interaction with District Mission Officials of the project one Gram Panchayat was selected from each district by random selection. From each Panchayat five SHGs were selected

by random selection. From each SHG, 10 members were randomly included in the sample. The data was collected through personal interview with the respondents.

RESULTS AND DISCUSSIONS

Major findings revealed during the interaction and interview with SHG and SHPI members are classified and given below.

Constraints perceived by SHG members

The major constraint felt by the majority of the members (71 %) was doubt about the sustainability of the SHGs after the withdrawal of SHPI (Kudumbasree). Kudumbasree, started in 1998 is supported to revamp its operation by 2008. So members of SHGs were suspicious about the continuity of SHGs after the operation of Kudumbasree is terminated. Efforts need to be made for sustaining these groups. Now the groups are working in close supervision and with support of the elected representatives of Local Self Governing Bodies (LSGBs). LSGBs are integral part of Kudumbasree. Financial support of Kudumbasree in the form of revolving fund, subsidy, and role as an intermediary between banks and SHGs are also of vital importance for the SHGs. CDS members and elected members have played a crucial role in conflict management and smooth functioning of group. Now Kudumsree is intervening through CDS, to see that neighbouring SHGs are undertaking different activities so that there will not be problem in marketing. If the organizational structure has disrupted, there is chance for duplication of effort among SHGs. That was the case in early stages, where all the SHGs produced similar products and found it difficult to market.

Table 1: Constraints: Perception of SHG members

Sl. No.	Constraints	Percent	Rank
1.	Doubt about sustainability of SHG	73	1
2.	Fluctuating market prices	68	2
3.	Low return from income generating activity	47	3
4.	Difficulty in maintaining accounts	45	4
5.	Conflict during decision making	42	5
6.	Political biasness	34	6
7.	Lack of awareness	31	7

Fluctuating prices of inputs and outputs is ranked as second important constraint by 68 percent of respondents. It is obvious in the case of Kerasree units (SHGs involved in coconut processing). A sudden fall in the market price of coconut oil had created a condition in which SHG members efforts had no values. Harithsree units involved in lease land farming were also affected badly, because

the shelf life of produce is very less. So they had been forced to sell it off. As a consequence of fluctuating prices and other reasons 'Low return from income generating activity' is ranked as third constraint.

Another constraint is difficulty in maintaining the accounts. Regular collection of saving, credit disbursal to needy members, details of repayment by members, and loan availed from banks, and other financial aspects related to the income generating activity have made account maintenance a complex thing. Mainly office bearers of the group are concerned with book keeping and account maintenance and time is required for the mastery of this skill. Training needs of members in this area should be identified and suitable training methods should be developed.

It is noticed that 42 per cent of members had observed conflict during decision making as a constraint. Conflict arises when individual interests do not coincide and is at times detrimental to the smooth functioning of SHG. Even though; collective decision making is pronounced a major advantage of group mobilization, conflicting interest always found in same SHG. Many a times those who are able to raise their voice gain in the decision and "voiceless" members make subordination to collective decision.

Table 2: Constraints: Perception of SHPI personnel

Sl. No.	Constraints	%	Rank
1.	Doubt about sustainability of SHGs	69	1
2.	Conflict during decision making	57	2
3.	Failure to understand philosophy of SHGs	46	3
4.	Non participation	41	4
5.	Poor infrastructural facilities	38	5
6.	Political pressure	34	6

constraints observed by majority of SHPI personnel (Kudumbasree official and CDS members). They expressed their fear that after the termination of project, whether it will move in the direction of the welfare scheme promoted earlier.

Non co-operation by some members with other members in group, and management of resulting conflict was perceived as important constraint by 57 per cent of the SHPI personnel. It is observed that more than half of the time of CDS members was devoted for conflict management in groups. Unless the members co-operate full heartily and make some adjustments on their part by conflict resolution, effectiveness of SHG functioning will be affected badly. Sometimes such attitudes like 'why should

Political biasness is another important factor. Since LSGBs have vital role in the operation of Kudumbasree, political interest of elected members is reflected in their approach toward SHGs. It is also observed that majority of CDS members were belonging to a particular political party, usually the same political party which is ruling the LSGB. If the members of the SHGs were having political view opposite to them, then a favourable approach may not be there.

It is also noticed that if the political party ruling the LSGB is opponent of the one ruling the state, then they were not willing to implement some of the State Government sponsored schemes. This was obvious when State Government proposed an insurance scheme for the SHG members; namely 'Arogyasree'.

Those who expressed, that lack of awareness about various scheme, benefits of SHG- Bank linkage programme etc. as the constraint constitute 31 percent of the respondents. Awareness campaigns need to be organised to take care of this issue.

Constraints perceived by SHPI personnel

As in the case of constraints as perceived by SHG member; doubt about sustainability of groups after withdrawal of the SHPI (Kudumbasree), was the

I have to involve more, while others also get same benefit without taking any burden' will also affect the functioning. So the SHG members should be oriented in such a way that everybody should bear equal responsibility.

Basic philosophy of Self help promotion is same as that of extension education ie 'help them to help themselves'. But many a times, SHG member could not understand this philosophy. They viewed SHGs as another scheme of Government like IRDP, to provide subsidy. So instead of seeking opportunities and exploiting their potential, they insist up on subsidies and loans. Some SHG members started arguing with SHPI personnel, that others get more subsidy and we did not.

Non participation by members was perceived as

another important constraint when the SHG members did not participate in the programmes and meetings conducted by CDS; they were not being able to comprehend the problem faced SHG members. Since 'participatory approach' is viewed as soul of Self Help, non participation essentially means flesh without spirit. Non participation could be viewed in two forms. Some members restrained from all activities while some other participate with a passive mind' set thinking that otherwise they will lose the benefit. So the spirit of participatory approach need to be inculcated among the SHG members. People's participation is a must for the success of this programme.

Since the SHGs had incremental influence in the society they were viewed as 'vote banks' by local political

leaders. So there was pressure on SHPI personnel by office bearer of LSGBs and political ideas in SHGs and higher level federations. It was especially noticed during the election of office bearers of CDS, ADS and SHGs.

Poor infrastructure facilities, especially transportation and communication facilities in rural areas were found to hamper effective co-ordination among members of SHGs hilly area. Poor condition of road and telephone service made the contact between different SHGs, as well as between SHGs and SHPI personnel difficult.

Suggestions by SHG members

Various suggestions raised by SHG members are listed below in the order of priority.

Suggestions by SHPI personnel

Table 3: Suggestions by SHG members:

Rank	Suggestions
1.	Sustainability of SHGs should be ensured even if SHPI is withdrawn from the picture. Majority of the respondents have suggested that Kudumbasree should be allowed to continue even after the stipulated time period of ten years.
2.	Financial transaction should be made more transparent
3.	Rotation of leadership should be encouraged.
4.	Linkage between SHGs involved in production and marketing should be strengthened.
5.	Open market should be set up at Gram Panchayat level for the sale of SHG products.
6.	Training, both for technical and managerial skill development should be conducted at regular basis.
7.	Credit fund should be set up; so that difficulty of customers with spot payment can be avoided.

Table 4: Suggestions by SHPI personnel in the order of priority is given below :

Rank	Suggestions
1	Sustainability of SHGs should be ensured even if SHPI. Here also Majority of the respondents have suggested that Kudumbasree should be allowed to continue even after the stipulated time period of ten year. Otherwise LSGBs should take the initiative to maintain the existing structure up to Grampanchayat level (NHGs, A.D.S. and C.D.S.)
2.	C.D.S. members should be provided with enough transportation and communication facilities.
3.	Block level co-ordination should be established.
4.	Implementation fo Schemes and interference in functioning of SHG with political motive should be discouraged.

CONCLUSION

Sustainability of SHGs still remains an important concern. Most of the SHG members are worried about the situation when the Government withdraws from the

scene. There is a need to evolve appropriate institutional mechanism for ensuring the sustainability of the movement even after the withdrawal of the SHPI. Clustering of SHGs and Convergence of various developmental programmes like National Rural Employment Guarantee Scheme

(NREGS) with SHG activities should be considered for sustaining the movement. Careful and continuous monitoring is needed to control the free riders. Clear guidelines should be implemented.

Technical and infrastructural backstopping is another concern to be addressed. Many SHGs are in need of adequate transportation, storage and marketing facilities. These facilities need to be provided at cluster level or under the aegis of other programmes. Difficulty in managing accounts and book keeping is major issue. Since SHGs are beyond microfinance, they have to deal with different programmes implemented through SHGs. It is essential to develop simple and user friendly Management Information Systems (MIS) or manuals for SHGs. One important issue often neglected is messing with local politics and the possible conflicts across and within SHGs. In a rural setting it is not possible to insulate the institutions like SHGs from local politics. So, adequate strategies should be developed so that local politics will not hamper the functioning of SHGs.

REFERENCES

- Bharathi and Badiger (2006). Constraints and suggestions of self help groups under the project empowerment of women in agriculture. *Karnataka J. Agric. Sci.*, 22 (2)
- Kropp, Erhard.W and Suran,B.S (2002). Linking Banks and (Financial) Self Help Groups in India -An Assessment. NABARD, Mumbai.
- NABARD, (1995). Status of micro finance in India 2008-09. NABARD, Mumbai
- Parida,P.C and Sinha, A. Performance and Sustainability of Self-Help Groups in India: A Gender Perspective. *Asian Development Review*, vol. 27, no. 1
- Puhazhendi and Badatya (2002). SHG-Bank Linkage Programme for Rural Poor-An Impact Assessment, NABARD, Mumbai.