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An Examination of Structural Aspects of SHG's: A Study for Hamirpur and Una District of Himachal Pradesh

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ABSTRACT

The present paper is an attempt to evaluate the structural aspect of self-help groups in Hamirpur and Una district of Himachal Pradesh. The paper examined the role of SHG micro-credit as a tool of capacity development and women's empowerment in rural areas of Hamirpur and Una districts in Himachal Pradesh, India. It is based on primary data collected from a random sample of 518 members. The capacity of women is built up in spheres that were previously not their domain, for example, opening and operating bank accounts, visiting local offices, accessing loans and so on. It is considered as the first step for microenterprises. It is used by a number of Governmental agencies, non-governmental organisations and voluntary organisations to reach the poor people and ameliorate their poverty. These agencies help people organise themselves to improve their capability through training, monitoring and guidance for initiating and operating gainful microenterprises.

Keywords: *Self-help groups; Microfinance; Microenterprise; Himachal Pradesh.*

1.0 Introduction

Organisational success depends on its structure. It is the structure in which human beings can perform most effectively. Organisational structure is a group of people working together to attain the desired objectives. People in an organisation do not start working together automatically unless they are provided with some mechanism of coordination and control. One of the mechanisms is the structure. It provides an invisible framework to integrate all the people working together towards a common goal. Organisation structure is essential for exercising leadership. It provides an indispensable sort of coordination in an organisation (Malik, 2006).

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Success of any human association depends on the structure in which they work together. In self-help groups people come together to start an endeavour for generating income and self-employment. Hence, it is important to evaluate the structural aspects of self-help groups.

Self-help groups are usually informal groups whose members have a common perception of need and importance towards collective action. These groups are voluntarily associations of people with the member size of 10 to 20. The group is basically homogeneous in terms of education, occupation, income distribution and sex composition. Self-help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural poor, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for a common objective and gain strength from each other to deal with exploitation which they are facing in several forms. A group becomes the basis for action and, change. It also helps building of relationship for mutual trust between the promoting organisation and the rural poor to constant contact and genuine efforts (Singh, 2003).

Self-help groups are formed with the following objectives:

- a) Improve discipline among the members in developing saving habits;
- b) Saving enhance self-confidence of the individual as it IS a sign of group encouragement;
- c) Income generation and gradually become self-reliant;
- d) Development of leadership quality to realize their potentiality and self -belief;
- e) Training of members in the use of extension services and government support;
- f) Building common infrastructure for the benefit of the members (Das, 2003).

So far as the control and supervision of the SHGs are concerned, it can be categorized in to three types.

- a) SHGs formed and financed by banks.
- b) SHGs formed by NGOs but financed by banks.
- c) SHGs formed by NGOs and financed by banks through NGOs.

Though most of the self-help groups formation and nurturing process have initially been controlled by NGOs but gradually Governments participation has gone on to increase. RashtriyaMahilaKosh, Indira MahilaYojana and in 1999, Swarnajayanti Gram Swarozgaryojana (SGSY) were launched using SHG approach. (NGOs) Non-Governmental Organisations are playing the role of an intermediary between the banks and SHGs for group formation and nurturing, prior to establishing linkages with bank (Majumdar, 2009).

Self-help group working on the principle of solidarity help the poor to come together to pool their saving and access credit facilities. Then through the principles of joint liability and peer pressure, a self-help group ensures prompt loan recovery from the members. In the process, a self-help group helps the poor especially women, to established their credit worthiness. The second major role of self-help group IS seen in terms of their potential to empower the women members. The participation in the self-help group and the access obtain to saving and credit can play a transformational role for women. Socially and economically the access to saving and credit help women members to take care of her family, financial needs for consumption and production purposes. The continued participation in self-help group is further likely to enhance the awareness, skills and other abilities of the women resulting in building of individual self-esteem and in getting due social recognition (Shylendra, 2008).

The inability of the credit institutions to deal with the credit requirements of the poor particularly poor women in rural areas effectively has led to the emergence of the microfinance and micro credit system for the poor. In rural India, it can be seen that poor sections of the society and destitute cannot avail the credit from banks and other formal financial institutions-due to their inability to deposit collateral security and mortgage properly. The government sponsored poverty alleviation programmes are involved centrally and planned without participation of the local people, and therefore fail to address the needs and requirement of the poor. Lacks of participatory approach in planning and execution of these programmes result in complete failure to improve social and economic conditions of the poor masses for which they were evolved. At this point, micro financing is looked upon as an instrument that can be considered as the golden stick to generate income and employment and an important approach to poverty alleviation and enhancement of living standards, particularly of women (Verma, 2009).

2.0 Models of Microfinance through Self-Help Groups

A major thrust in recent years for improving lives of womenfolk and alleviating rural poverty, Government is promoting micro-finance through self-help groups. There are varieties of delivery models for microfinance in India:

2.1 The SHG bank linkage model

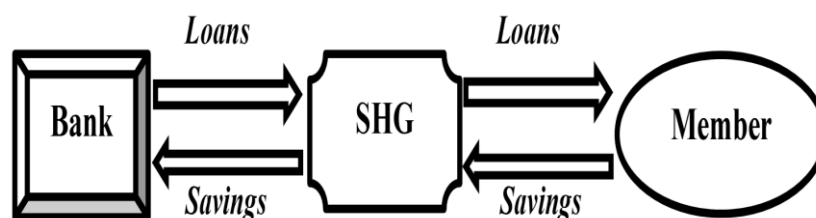
Under this model, groups are formed by different agencies known as Self Help Promoting Institutions (SHPIs). These could be NGOs, voluntary associations, Government agencies, Panchayati Raj Institutions, Vikas Volunteer Vahini (VVV) clubs,

banks, Co-operative societies, etc. The Financial interaction takes place in the following channels (Mishra and Thanvi, 2004):

2.1.1 Without Financial Intermediation of NGOs/ Vas

In this model, SHGs are formed without any financial intermediation by any of the promoting institutions (Figure 1).

Figure 1: Microfinance through Self-Help Groups without Financial Intermediation

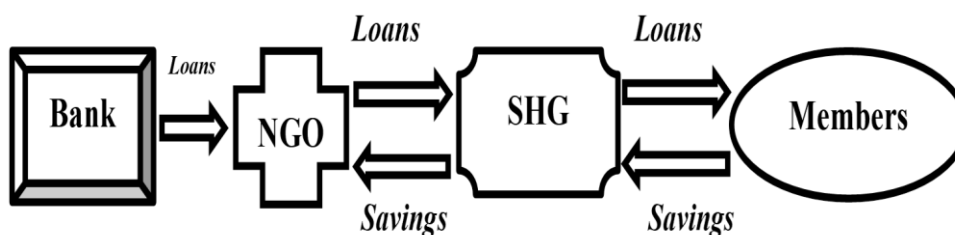


Source: Mishra and Thanvi, 2004

2.1.2 With the Financial Intermediation of NGOs/ Vas

In this model, a part of bank's work is externalized to the NGO/VA (Figure 2)

Figure 2: Microfinance through Self-Help Groups with Financial Intermediation

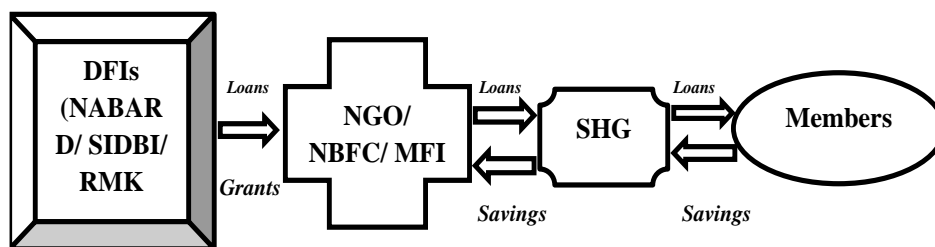


Source: Mishra and Thanvi, 2004

2.1.3 Micro Finance Institutions (MFIs)/ NGO-SHG Models

Another delivery model involves NGO's, VAs, MFIs, NBFCs etc. , accessing funds either from banking system and/or from Developmental Financial Institutions (DFIs) like NABARD and SIDBI for giving loans to SHGs either in Group or individual mode (Figure 3).

Figure 3: (MFIs)/ NGO-SHG Models

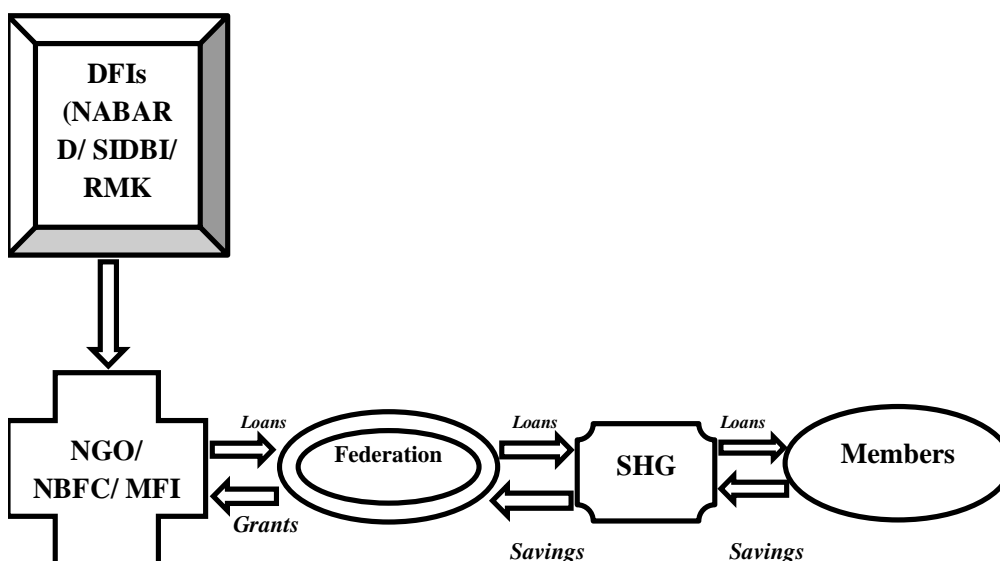


Source: Mishra and Thanvi, 2004

2.1.4 NGO/ MFI Federation – SHG Model

Here the SHGs get financial services, mostly savings and credit, with the help of federations which could be as shown in Figure 4. Federations have been promoted by MFIs like Dhan Foundation, PRADAN, Chaitanya, SEWA etc.

Figure 4: NGO/ MFI Federation – SHG Model



Source: Mishra and Thanvi, 2004

In this paper, an attempt has been made to evaluate the structural aspects of self-help groups. The evaluation has been made on the basis of number of members of SHGs, size of SHGs, meeting in SHGs, decision making etc.

2.2 Size of SHGs

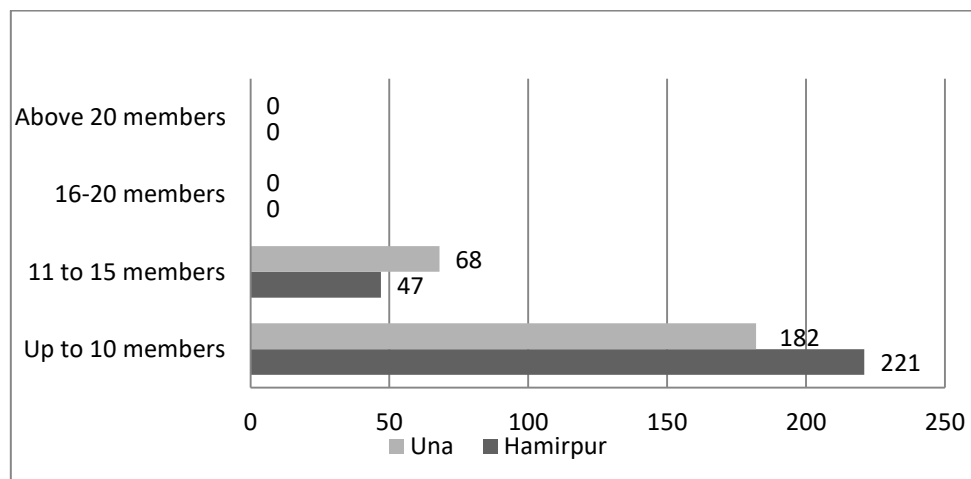
The success of any human group depends on its size. When the size of the group is large, the leader finds the group unmanageable and uncontrollable. In smaller groups, face to face interaction is quite easy and offers opportunities leading to better understanding among members. Co-ordination among the members of groups also depends on the size of group. Hence, it is important to evaluate the size of the self-help groups. In this regard, data have been collected and presented in Table 1 and graphically shown in Figure 5.

Table 1: District-wise Detail about the Size of Self-Help Groups

Number of Members	District				Total	
	Hamirpur		Una			
	Frequency	%age	Frequency	%age	Frequency	%age
Up to 10 members	221	82.46	182	72.80	403	77.79
11 to 15 members	47	17.53	68	27.20	115	22.20
16-20 members	0	0	0	0	0	0
Above 20 members	0	0	0	0	0	0
Total	268	100.00	250	100.00	518	100.00

Source: Primary probe.

Figure 5: Size of Group in Hamirpur and Una District



Source: Table 1

Table 1 show that in both the districts majority of SHGs (that is, 82.46 per cent in Hamirpur district and 72.80 per cent in Una district) had 'upto 10 members'. While, 17.53 per cent of SHGs in Hamirpur district and 27.20 per cent of SHGs in Una district had 11 to 15 members. Self-help groups having member strength above 15 were not found in the study area because of the guidelines given under different programmes and policies (e.g. SGSY provided that SHGs should comprised of 10 to 15 members). Hence, it can be inferred that the size of the self-help groups in study area was found good enough.

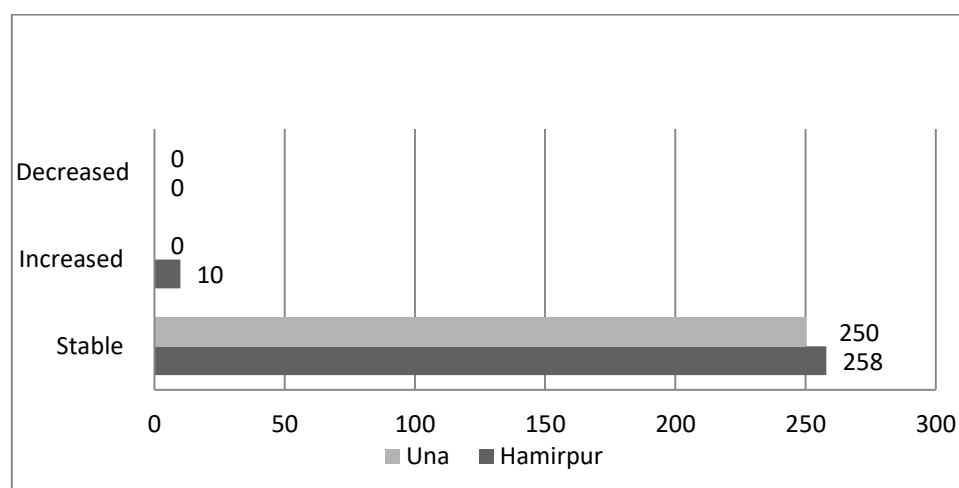
Stability of group members and size of the group plays an important role in the success of group. As the SHGs comprised of human beings, their stability as a member hold the key to the survival and growth of SHGs. Hence, in both the districts data have been collected in this regard and presented in Table 2 and graphically shown in Figure 6.

Table 2: Stability of Self Help Group in relation to the Number of Members

Responses	District				Total	
	Hamirpur		Una		Frequency	%age
	Frequency	%age	Frequency	%age		
Stable	258	96.27	250	100.00	508	98.07
Increased	10	3.73	0	0.00	10	1.93
Decreased	0	0.00	0	0.00	0	0.00
Total	268	100.00	250	100.00	518	100.00

Source: Primary probe.

Figure 6: Stability of Members of SHGs



Source: Table 2.

Data in Table 2 depicts that out of total sample respondents, 96.27 per cent of respondents in Hamirpur district, 100.00 per cent in Una district and 98.07 per cent in overall reported that the size of their SHG has remained stable. 3.73 per cent of respondents in Hamirpur district reported that the members of their SHG had increased.

Though increase of members was found only in one self-help group, yet this increase along with stability in the number of members reflects a positive sign and members' interests, participation, involvement and faith in working together in a group.

2.3 Motivation to become a member of SHG

Motivation provides necessary inputs to start a new endeavor or to form an association. To be a member of SHGs, people get motivation from different corners of the society. During the field survey, it was inquired from the respondents about who motivated them to become a member of SHG? The collected data have been presented in Table 3 and shown in Figure 7.

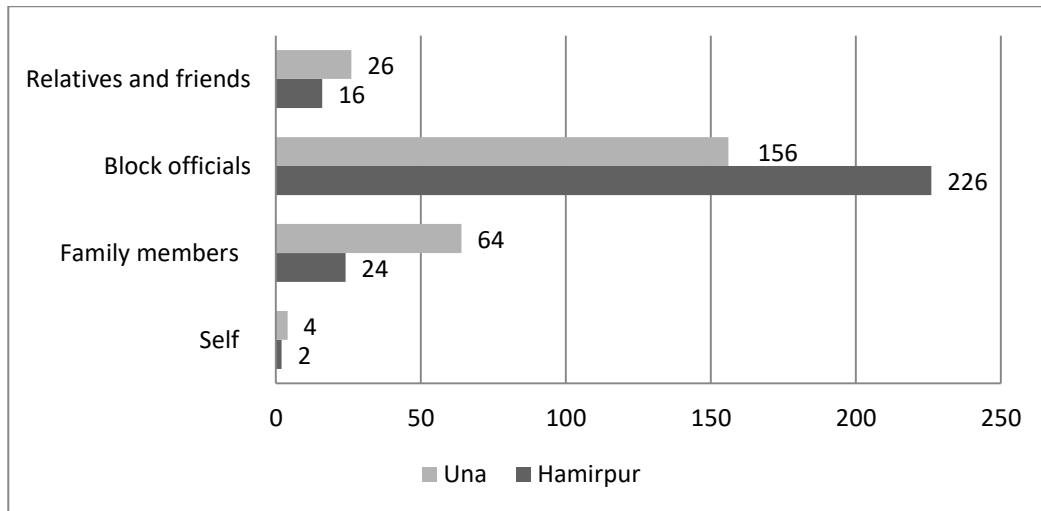
Table 3: Motivation to become a Member of SHG

Responses	District				Total	
	Hamirpur		Una		Frequency	%age
	Frequency	%age	Frequency	%age		
Self	2	0.75	4	1.60	6	1.16
Family members	24	8.96	64	25.60	88	16.99
Block officials	226	84.33	156	62.40	382	73.75
Relatives and friends	16	5.97	26	10.40	42	8.11
Total	268	100.0	250	100.0	518	100

Source: Primary probe.

Table 3 indicates that out of total respondents, 84.33 per cent in Hamirpur district, 62.40 per cent in Una district and 73.75 per cent of respondents in overall got motivation from block officials to form SHGs or to become a member of SHGs. Whereas on the other hand, 16.99 per cent of respondents in overall have got motivation from their family members and 8.11 per cent of respondents were motivated by their relatives and friends to form or join SHGs in the study area.

Hence, it can be concluded that block officials have played an important role in motivating people to form or join self-help group. Family members were also the important motivating factor in this regard.

Figure 7: Motivation to become a Member of SHG

Source: Table 3

2.4 Frequency of group meeting

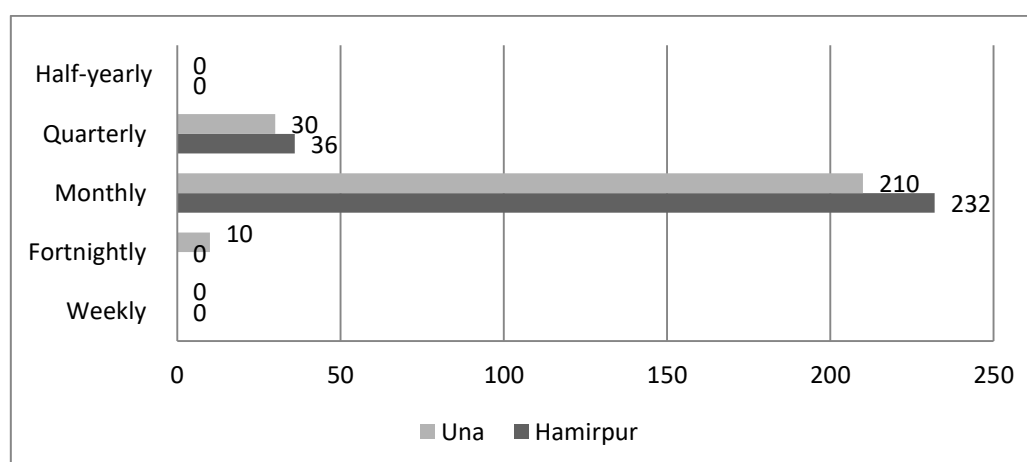
Meeting of group members is an important and vital aspect of self-help group. These meetings provide a platform to the members of self-help group to discuss the progress of group activities along with its financial status and also to take resolution. Thus, it is important to know the frequency of group meetings. In this regard, data have been collected from the respondents and illustrated in Table 4 and presented in Figure 8.

Table 4: Frequency of group meeting

Responses	District				Total	
	Hamirpur		Una		Frequency	%age
	Frequency	%age	Frequency	%age		
Weekly	0	0.00	0	0.00	0	0.00
Fortnightly	0	0.00	10	4.00	10	1.93
Monthly	232	86.57	210	84.00	442	85.33
Quarterly	36	13.43	30	12.00	66	12.74
Half-yearly	0	0.00	0	0.00	0	0.00
Total	268	100.00	250	100.00	518	100.00

Source: Primary probe.

Figure 8: Frequency of Group Meeting



Source: Table 4

Figures in Table 4 depicts that 86.57 per cent of respondents in Hamirpur district and 84.00 per cent of respondents in Una district have reported that group meeting is conducted once in a month. While on the other hand, the percentage of those who reported that group meeting is conducted fortnightly is very low. Hence, in both the district meeting is organized once in a month.

2.5 Attendance in the group meeting

Meeting will be fruitful one if members of the group attend it. The attendance of members ensures their participation and involvement in the functioning of the group. And more importantly it brings transparency in working of the groups. To know the status of attendance, data have been collected from the respondents and depicted in Table 5 and shown in Figure 9.

Out of total respondents, 80.97 per cent of respondents in Hamirpur district, 63.20 per cent of respondents in Una district and 72.39 per cent in overall have reported that 'more than 75% but less than 100%' of the members attend the group meeting. While 15.30 per cent of respondents in Hamirpur district, 12.00 per cent in Una district and 13.71 per cent in overall have said that all the members of the group attend group meeting. Analyses of data also reveals that 11.97 per cent of respondent in overall reported that only '50 to 75% of members' attend the group meeting.

Only one group was found in Una district where 10 respondents which account for 4.00 per cent, where less than 50% of members were attending the group meeting.

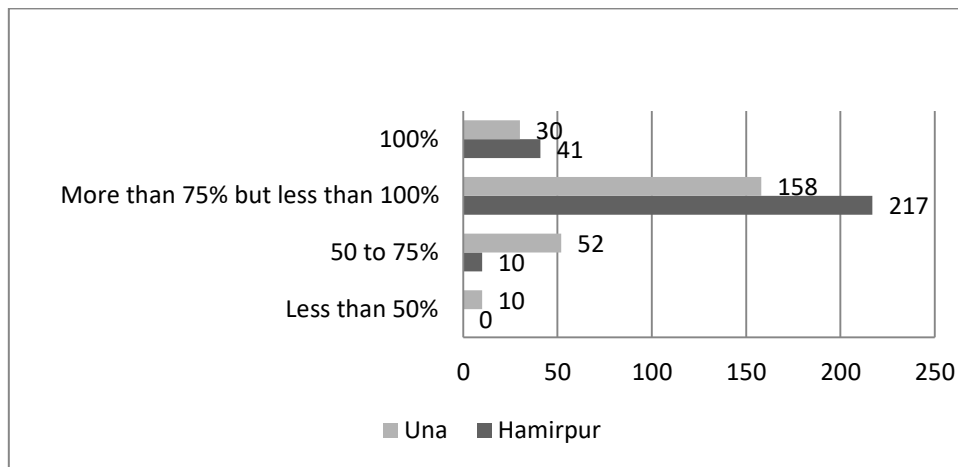
Hence, it can be inferred that members of groups in both the district understand the importance of group meeting and eagerly and enthusiastically attend the meeting.

Table 5: Member’s Attendance in the Group Meeting

Responses	District				Total	
	Hamirpur		Una			
	Frequency	%age	Frequency	%age	Frequency	%age
Less than 50%	0	0.00	10	4.00	10	1.93
50 to 75%	10	3.73	52	20.80	62	11.97
More than 75% but less than 100%	217	80.97	158	63.20	375	72.39
100%	41	15.30	30	12.00	71	13.71
Total	268	100.00	250	100.00	518	100.00

Source: Primary probe.

Figure 9: Attendance of the Group Members in Group Meeting



Source: Table 5

2.6 Agenda of the meeting

Agenda of the group meeting is an important aspect. No meeting can be fruitful without having an agenda. Secondly, it is also imperative that agenda of the meeting should be known to each and every member of the group. Who fix or select the agenda of the meeting is a matter of concern. Hence, in this regard data have been collected from the respondents. The collected data have been enumerated in Table 6 and graphically shown in Figure 10.

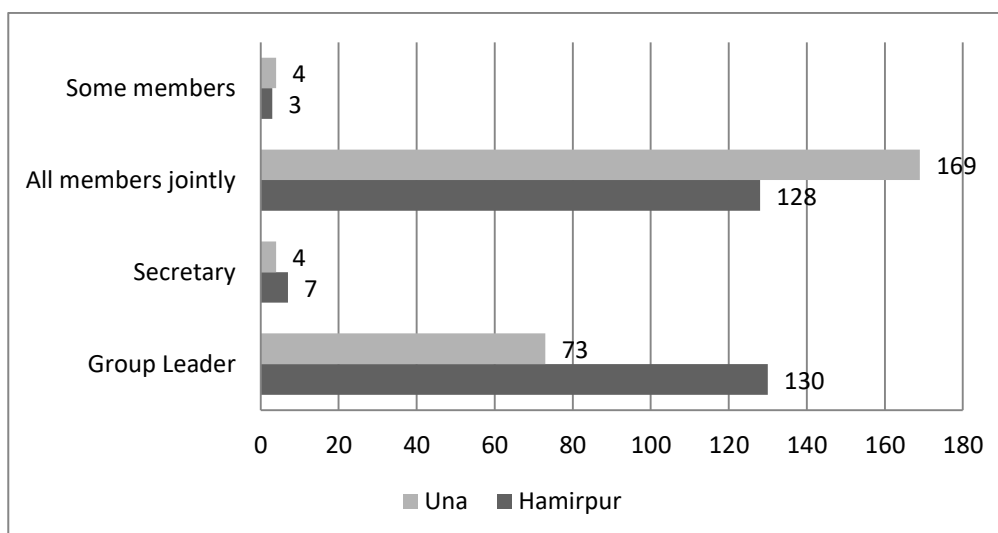
Table 6: Fixation of Agenda of the Group Meeting

Responses	District				Total	
	Hamirpur		Una		Frequency	%age
	Frequency	%age	Frequency	%age		
Group Leader	130	48.51	73	29.20	203	39.19
Secretary	7	2.61	4	1.60	11	2.12
All members jointly	128	47.76	169	67.60	297	57.34
Some members	3	1.12	4	1.60	7	1.35
Total	268	100.00	250	100.00	518	100.00

Source: Primary probe.

Regarding agenda of meetings, out of total respondents in Hamirpur district, 48.51 per cent of respondents informed that group leader prepare the agenda of the meeting, 47.76 per cent of respondents reported that all the members of the group jointly prepare the agenda, 2.61 per cent of respondents reported that secretary fix the agenda. On the other hand, out of total respondents in Una district, 67.60 per cent of respondents reported that all the members of the group jointly fix the agenda while 29.20 per cent of respondents reported that group leader solely chalk it out.

Figure 10: Fixation of Agenda of the Group Meeting



Source: Table 6

Overall, the Table clearly indicates that in 57.34 per cent of cases all the members jointly fix the agenda, while in 39.19 per cent of cases group leader fix it. Hence, it can be inferred that, however, in majority of cases all the members fix the agenda of the meeting, but group leader plays an important role in it. As in about 40 per cent of cases he/she fix it. It was also observed that in Una district the fixation of agenda in majority of cases is done by all the members while in Hamirpur district this is done by group leader.

2.7 Decisions in the meeting

Decision making is one of the important aspect of group activity. Decision making is a problem of choice. Self-help group has to take different kinds of decisions for the development and smooth functioning of the group. It is said that decision must be taken in a democratic manner, in which all the members of group extend their participation and involvement. Moreover, each and every member of the group should have the right to say. Hence, during the study it was inquired from the respondents that how decisions are taken in the group? The collected information has been analysed in Table 7 and shown in Figure 11.

Data in Table 7 reveals that out of total respondents, majority of respondents in both districts (that is, 91.05 per cent in Hamirpur district and 92.0 per cent in Una district) were reported that decisions were taken jointly by all the members of the group. In Hamirpur district Group leaders and secretary took decision only in 4.10 per cent and 3.73 percent of cases respectively, while in Una district Group leaders and secretary took decision in 2.4 per cent and 5.2 per cent of cases respectively.

Table 7: Decision Making in the Meeting

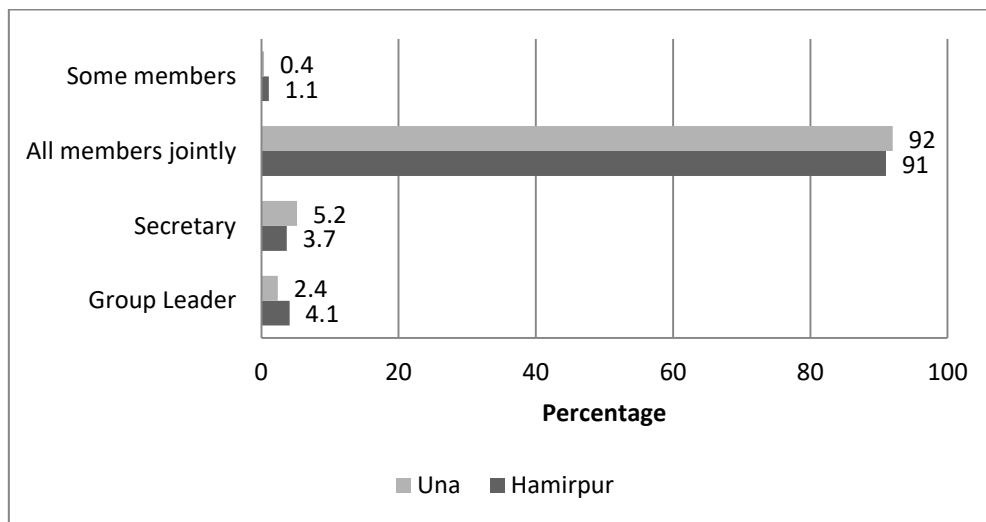
Responses	District				Total	
	Hamirpur		Una		Frequency	%age
	Frequency	%age	Frequency	%age		
Group Leader	11	4.10	6	2.40	17	3.28
Secretary	10	3.73	13	5.20	23	4.44
All members jointly	244	91.05	230	92.00	474	91.51
Some members	3	1.12	1	0.40	4	0.77
Total	268	100.0	250	100.0	518	100

Source: Primary probe.

Hence, data in Table 7 clearly indicate that in majority of cases decisions were taken jointly by all the members of the group. This practice ensures members

participation in decision making process of the self-help group. It also indicates that almost all SHGs have established democratic way of decision making, in which all members extend their participation and involvement.

Figure 11: Decision Making in Group Meeting



Source: Table 7

But during field visit it was observed that though the members of the groups reported that decisions were taken jointly, yet it was not totally true. Some of the members were passive and they followed what others said. In this way, it was observed that decisions were taken either by group leader or by group leader and secretary jointly.

2.8 Procedure of decision taken

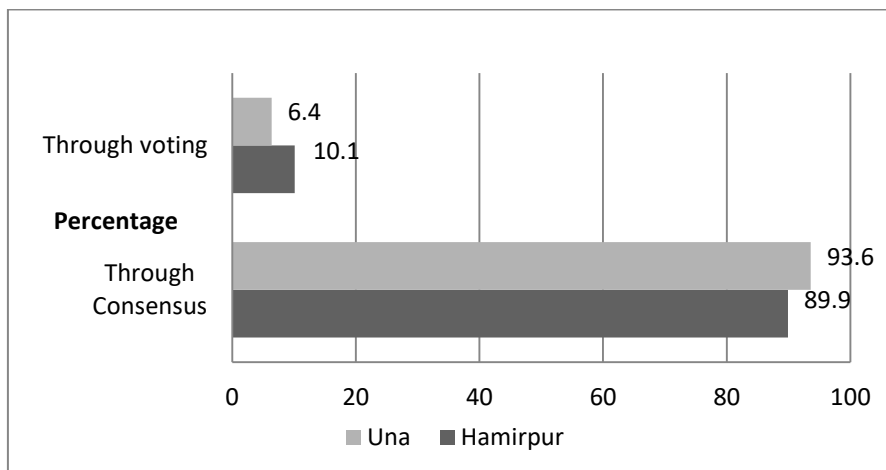
The procedure of taking decision is an important aspect in decision making. In a democratic decision making process some procedure has to be developed and adopted. In this regard, the collected data have been enumerated in Table 8 and shown in Figure 12. With regard to procedure of decision making, Table 8 depicts that in both the districts, general consensus among the members of SHGs was favourable procedure for decision making, as it was supported by 89.93 per cent of respondents in Hamirpur district, 93.60 per cent of respondents in Una district and 91.70 per cent of respondents in overall. Data also reveal that in some of the cases that is 10.07 per cent in Hamirpur district and 6.40 per cent in Una district decision were taken through voting.

Table 8: Procedure of Decision Taken

Responses	District				Total	
	Hamirpur		Una		Frequency	%age
	Frequency	%age	Frequency	%age		
Through Consensus	241	89.93	234	93.60	475	91.70
Through voting	27	10.07	16	6.40	43	8.30
Total	268	100.0	250	100.0	518	100

Source: Primary probe.

Figure 12: Decision Making in Group Meeting



Source: Table 8

It can be concluded that the method of consensus among members of self-help groups have been adopted for making decisions. This is a good habit on the part of SHGs in both the district as it enhances friendship, understanding, faith and trust among the members.

3.0 Conclusion

It was found that in both the districts majority of SHGs)that is, 82.46 per cent in Hamirpur district and 72.80 per cent in Una district (had ‘upto 10 members’. This indicates that the size of the self-help groups was small which is good sign as the small

size of groups leads to good coordination and better communication among the members. Moreover, it also leads to tight bounds between members of self-help groups.

With regard to stability of size, 96.27 per cent of respondents in Hamirpur district, 100.00 per cent in Una district and 98.07 per cent in overall reported that the size of their SHG had remained stable .

Block officials have played an important role in motivating people to form or join self-help group .Out of total respondents, 84.33 per cent in Hamirpur district, 62.40 per cent in Una district and 73.75 per cent of respondents in overall got motivation from block officials to form SHGs or to become a member of SHGs .Hence ,it can be said that the role of officials at all level is crucial for the success of microfinance endeavours through self-help groups .Despite this family members were also the important motivating factor in this regard.

Group meeting plays an important role in the development and success of self-help groups. It was found that in 86.57 per cent of cases in Hamirpur district and in 84.00 per cent of cases in Una district group meetings are organized once in a month . Further ,it was observed that the members of self-help groups in both the districts understand the importance of group meeting and eagerly and enthusiastically attend the meeting.It is verified by the fact that the attendance in both the districts was found more than 75 %but less than 100 .%

Regarding agenda of meetings, it was observed that in majority of cases all the members fix the agenda of the meeting, but group leader plays an important role in it .As in about 40 per cent of cases he/she fix it .It was also observed that in Una district the fixation of agenda in majority of cases (67.60 per cent) is done by all the members while in Hamirpur district this is done by group leader (48.51 per cent).

It was found that in majority of cases)that is, 91.05 per cent in Hamirpur district and 92.0 per cent in Una district(decisions were taken jointly by all the members of the group .This practice ensures members participation in decision making process of the self-help group .But during field visit it was observed that though members of the groups reported that decisions were taken jointly, yet it was not totally true .Some of the members were passive and they followed what others said .In this way, it can be said that decisions were taken either by group leader or by group leader and secretary jointly. The decisions in the self-help groups are taken on the basis of bringing consensus among the members of self-help groups. This was the common practice adopted in both the districts (91.70 per cent of respondents supported it). This practice enhances friendship, understanding, faith and trust among the members

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