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GROWTH OF SELF-HELP GROUPS UNDER SWARNJAYANTI GRAM SWAROZGAR YOAJNA IN ALLAHABAD DISTRICT

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The **Grameen Bank of Bangladesh**, it is a people bank formed by the poor to provide easy loans for themselves. The poor collect their savings and save it in their own banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise. Present study focuses attention on the performance of Self-Help Groups under Swarnjayanti Gram Swarozgar Yoajna (SGSY) in microfinance Delivery System in Allahabad District. We know that social security is a fundamental human right. Access to credit provides financial security. Financial security provides social security. Social Security ensures a path for Economic Development.

Since Independence in 1947, the governments of India and Reserve Bank of India have made efforts to provide access to credit for the poor. In spite of the increase in the physical outreach of formal credit institutions in the past several decades, the rural poor continue to depend on informal sources of credit. Institutions have also faced difficulties in dealing effectively with a large number of small borrowers, whose credit needs are small and frequent and their ability to offer collaterals is limited. Besides, cumbersome procedures and risk perceptions of the bank left a gap in serving the credit needs of the rural poor. The incredible success story of ***Grameen Bank of Bangladesh*** and ***Bank Rakyat Indonesia's Micro banking system*** is led to search for alternative policies, systems, and procedures, saving and loan products, other complementary services and new delivery mechanisms that would fulfill the credit requirements of the poor. It is in this context that micro credit has emerged as the most suitable and practical alternative and conventional banking for unreached poor population. The programme envisages organization of the rural poor into Groups.

SELF-HELP GROUP- BANK LINKAGE PROGRAMME

The SHG-Bank Linkage Programme is the major component of the SHG movement in India.

Microfinance section is dominated by Self Help Group (SHGs)-Bank Linkage Programme as a cost effective mechanism In India. This programme is providing financial services to the unreached poor and collective self-help capacities of the poor, leading to their empowerment.

SELF-HELP GROUP UNDER SGSY SCHEME

Self-employment is a significant step to have sustained incomes and remove the chains of poverty. Programme for self-employment of the poor has been an important component of the antipoverty programmes implemented through government initiatives in the rural areas of India. Government has introduced an effective Self-Employment programme 'Swarnajayanti Gram Swarozgar', or SGSY. This is a holistic programme. This programme is covering all aspects of self-employment such as organization of the poor in to self-help groups, training, credit, technology, infrastructure, and marketing. SGSY will be funded by the center and the states in the ration of 75: 25. With the coming in to force of SGSY, the earlier programmes IRDP, TRYSEM, DWCRA, SITRA, GKY and MWS are no longer in operation. Swarnajayanti Gram Swarojgar Yojna (SGSY) has been launched in April, 1999 with the objective of bringing every assisted family above the poverty line within three years,

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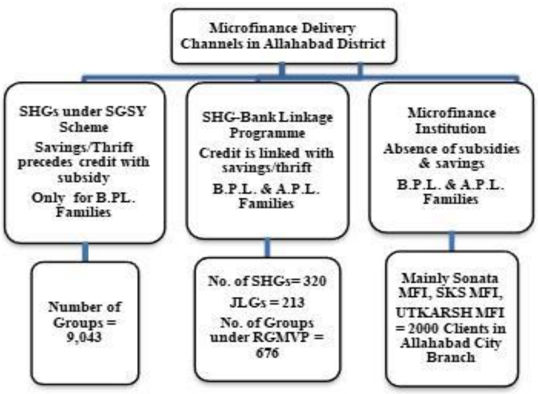
through the provision of micro enterprise and Group economic activity.

CONCEPT OF SELF-HELP GROUPS

Self-Help Group isa small voluntary association of poor peoplepreferably having the same socio-economic background. They come together for the purpose of solving their common problems through self-help and mutual help. Self-Help Groups is an association or body of people, which all members are homogeneous, has a general aim and whose members in one way or the other help each other.

Self-help group is a method of organizing the poor people and the marginalized to come together to solve their individual problem. The SHG method is used by the government, NGOs and others worldwide. The poor collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise and group economic activity.The Self-Help Groups are informal groups. However, the groups can also register themselves under the societies Registration Act and the State Co-operative Act. The SHGs can be strengthened and stabilized by federating them at block level. This would facilitate regular interaction and exchange of experiences from DRDA and other departments.

Microfinance Delivery Channels in Allahabad District –Figure-1



(1) Pre dominant microfinance channel is self-help groups through Governments and NGOs. This channel provides microfinance through SGSY scheme in this district. Total 9,043 Groups are working under SGSY Scheme Scheme.

(2) 320 Groups are working under SHGs-Bank Linkage programme. This programme is also making Joint Liability Groups. In Joint Liability Group, The borrowers make a group among themselves and the microfinance institutions or SHG-Bank Linkage programme give loan to that group. One person in that group is appointed as leader of the group and each person is responsible for the loan taken by any member of the group. If any one person in the group defaults then other group members had to pay for that. Number of Joint Liability Groups are 213. Groups is also making by RGMVP. The **Rajiv Gandhi MahilaVikasPariyojna** (RGMVP) is the flagship programme of Rajiv Gandhi Charitable Trust. This is a registered non-profit institution, working for poverty reduction, women empowerment, and rural development in Uttar Pradesh, India since 2002. Number of SHGs are 676 in this District. These Groups are working in only five Developmental Blocks in this District namely Pratappur, Shankargarh, Phulpur, Bahariya, and Kaurihar.

(3) There are mainly three MFIs are working in this District. First one is Sonata Finance Private Limited. This is a Micro Finance Company registered as a Non-Banking Finance Company under Section 45 IA of Reserve Bank of India Act, 1934. It began its micro finance business in January 2006 with its head office located at Allahabad, Uttar Pradesh. Sonata Finance Private Limited

(SONATA) is one of the fastest growing MFI in India and provides credit to economically disadvantaged women mainly in rural, semi-urban, and urban areas in the areas of Uttar Pradesh and Madhya Pradesh. Sonata Finance distributes small loans that begin at Rs.2,000 to Rs.50,000 at the rate of 26% per annum to the poor women. Therefore, they can start and expand simple business and increase their incomes. Second is SKS MFI. Vikram Akula forms S.K.S, as an NGO in December, 1997 and begins operations in Tumnoor Village in Meadak District of Andhra Pradesh. **SKS Microfinance Limited** (SKS) is a non-banking finance company (NBFC), regulated by the Reserve Bank of India. SKS moves from being a non-profit organization to becoming a for-profit company in 2005. Its Headquarters is situated in Hyderabad, India. The company operates across 19 of 26 Indian states. SKS office is situated in Naini, Allahabad. It has 134 Centers. It is working in 95 villages of Allahabad. This MFI serve financial services to 2400 Clients. SKS distributes small loans to the poor women that begin at Rs.2,000 to Rs.12,000 (about $44-$260) with 24.55 % interest rate. Therefore, they can start and expand simple businesses and increase their incomes. Third is Utkarsh MFI. **U**TKARSH Micro Finance Private Limited is registered with Reserve Bank of India as Non-Banking Finance Company (NBFC). Its registered office and corporate office is in Varanasi (Uttar Pradesh). UTK-MFI distributes small loans that begin at Rs.6,000 to Rs.25,000 (about $44-$260) with 25.94 % to poor women so they can start and expand simple businesses and increase their incomes.

Literature Review:

Dr. K.P. Kumaran (1991) identified some of the important functions and characteristics of SHGs in Andhra Pradesh. Again a Case studies on SHGs (1997) conducted by Dr. Kumaran showed that the group approach through SHGs is one of the best approaches for the economic development of the rural poor. Majority of the members felt the main objective of forming the SHG was to promote saving and Credit among the poor and it would be serve as a platform to access of credit in easy manner at village community levels. The members achieved economic independence (100%), social solidarity (96.7%), promotion of savings habits (96.7%), free from debt trap (92.2%), and employment generation and assets creation (91%), as reported by Kumaran. The most common micro enterprises undertaken were tailoring and dairying followed by petty business, papad making, spices, and curry powder preparation ***(Kumaran, 2002)***[1]

OBJECTIVES OF THE STUDY:

The study aims to achieve major objectives:

1. To study the growth of self-help Groups in Microfinance Delivery System of SGSY Scheme.
2. To study the growth of Growth of Credit Disbursement of self-help Groups in Microfinance Delivery System of SGSY Scheme.

CONCEPTS AND TERMS USED IN THE STUDY

Some statistical tool is explained as explained below-

Quantitative growth rate Technique (Compound Annual Growth Rate Method)

The trend of rate of Growth rates have been calculated for important variables covered in the study. The growth of microfinance agents have been analyzed with the help of annual growth rates. The annual rates of growth have been calculated by using the log model as explained below –

3. $Y_t = Y_0 (1+r)^t$..(4.5.1.a)
4. $\log Y_t = \log Y_0 + t \log (1+r)$............(4.5.1.b)
5. $\log Y_t - \log Y_0 = t \log (1+r)$ ....(4.5.1.c)
6. $\log (1+r) = \frac{1}{t} [\log Y_t - \log Y_0]$.......................(4.5.1.d)
7. $1+r = \text{Antilog} [\frac{1}{t} \{\log Y_t - \log Y_0\}]$.......(4.5.1.e)
8. $r = \text{Antilog} [\frac{1}{t} \{\log Y_t - \log Y_0\}] - 1$............(4.5.1.f)
9. **$R = r * 100$**
10. t = Time variable taking n values 1, 2, 3…....n.
11. $Y_t = t^{th}$ observation on the variable Y for which rate of growth is to be calculated.

Hypothesis Testing: At the beginning of the study we had taken certain hypotheses. Now, we are trying to test the hypotheses.

$Y_t = Y_0 (1+r)^t = \log (Y_t - Yt_{t-1})^n$

1. **H_0:** Growth of SHG Formation would not be an average of 25 % per annum for 2005-2012.

   H_1: Growth of SHG Formation would be an average of 25 % per annum for 2005-2012.
2. **H_0:** Growth of Credit Disbursement would not be an average of 25 % per annum for 2005-2012.

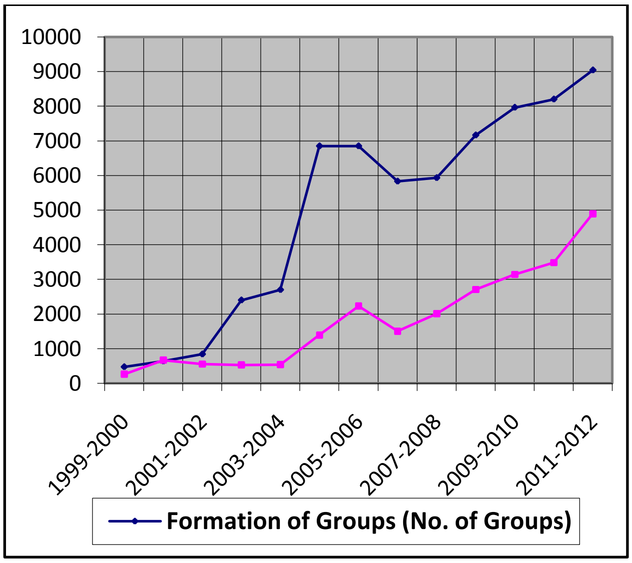
   H_1: Growth of Credit Disbursement would be an average of 25 % per annum for 2005-2012.

Table-1: Growth of Self-help Groups in Allahabad District

Years	Formation of Groups (No. of Groups)	*Loan Amount* (in Lakh)	ΔY/y (Yt+1-Yt) (No of Groups)	ΔY/Y (Yt+1-Yt) (Credit Disburse ment)
1999-2000	475	264.81	0.35	1.55
2000-2001	641	675.5	0.31	-0.17
2001-2002	843	557	1.85	-0.04
2002-2003	2402	536.49	0.12	-0.008
2003-2004	2702	541.14	1.53	1.58
2004-2005	6851	1396.77	0	0.59
2005-2006	6851	2233.34	0.15	-0.32
2006-2007	5833	1506.7	0.02	0.33
2007-2008	5933	2010.78	0.21	0.35
2008-2009	7166	2712.29	0.11	0.16
2009-2010	7965	3144.33	0.03	0.11
2010-2011	8203	3487.81	0.10	0.40
2011-2012	9043	4899.19		

Source: DRDA, January, 2013

Figure-2: Growth of Self-Help Groups



Target of SHG formation and credit disbursement have given by District SGSY Guideline. Figure-2 reflects the progress of Self-Help Groups. It is very evident from the data that a maximum of 9,043 Self-Help Groups have was linked by SGSY in 2011-2012. The above data show the support extended by various banks investing 4899.19 Lakh rupees in financing the Self-Help Groups from 1999-2012.

Table-2: Result of the hypotheses

1. Growth of SHG	2. Growth of Credit Disbursement
Taking log both sides	Taking log both sides
Log Yt = log Y0+ t log (1+r)	Log Yt = log Y0+ t log (1+r)
Log (1+r) = Antilog of 0.09843	Log (1+r) = Antilog of 0.09748
1+r = 1.2544	1+r = 1.2516
r = 0.2544	r = 0.2516
R= 25.44 %	R= 25.16 %
Annual Compound Growth of SHGs is greater than that of target with marginal Differences	Annual Compound Growth rate of Credit Disbursement is greater than that of target with marginal Differences.
25.44 % > 25.00 %	25.16% < 25.00%
The correlation between number of SHGs and Loan is 0.919 suggesting high correlation between the two and it is significant at the .01 level	

Testing of hypothesis is based on compound Growth rate of SHG formation and Credit disbursement among 1999 to 2012. The results are showing that Growth rate of SHGs is 25.44 % and Growth of Loan distribution 25.16%. The hypotheses are being accepted. As it clearly shows that the target of formation of SHGs and target of credit disbursement could be achieved Results are showing the physical progress of Self-Help Groups.

Conclusion:

Rural Development is the main pillar of India's development, But the main problem in rural areas is persistent, "Poverty." The Government of India launched time to time poverty alleviation programmes like IRDP, TRYSEM, and DWACRA etc. The programmes like IRDP, DWACRA, etc. could not make many dents to eradicate poverty so from 1999 new poverty alleviation, self-employment programmes have been initiated. It is popularly known as Swarnajayanti Gram Swarozgar Yojna (SGSY). SGSY is a holistic programme for promoting self-employment in rural areas. The basic approach is to form Self-Help Groups (SHGs) for carrying out economic activities. Findings of the survey are given below-

- **i.** As it is evident from the facts and figures, the district is having high growth rate of Self-Help Groups. Number of Groups was 9,043 (As on survey period) in This District. It shows that the number of groups is high in this District.
- **ii.** All the selected Groups are formed in only rural areas.
- **iii.** The highest percentage of the Groups, i.e, 37.5 % have completed in more than six years.
- **iv.** Analysis on the size of groups showed that the general tendency is to have members between from 10 to 20 in a group.
- **v.** The Monthly amount of saving per member among groups varied between Rs. 50 to Rs. 100.

After analyzing, it is found that Self Help Groups made a significant impactin credit delivery channels through SGSY scheme.

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