

Operational Sustainability of SHGs in West Bengal: An Experimental Analysis

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ABSTRACT

Self-help Groups (SHGs) played vital role as a formal financial institution through social mobilization of rural people. To avail constant assistance from SHGs in economic intermediation, its sustainability is having wider distress in donor agencies, practitioners, policy makers and academicians. The objective of the present study is to assess the functional/operational sustainability of SHGs through selected performance indicators. The study considered two district of West Bengal namely Purba Medinipur and Paschim Medinipur. Total 519 SHGs were selected at random from 16 Gram Panchyat (GP) based on the total number of SHGs functioning during the period from 2005-06 to 2016-2017. The study is based on primary data. The field study was conducted during January to March, 2017. To examine functional or operational sustainability of SHGs some performance indicator and variable like keeping books of accounts, Maintenance of SHG Passbook, Frequency of updating books of accounts, regular of group meeting, participation in group meeting, rules and management. This empirical study established that long run existences of the SHGs are prejudiced by various performance indicators.

1. Introduction and research objectives

Self-help Groups (SHGs) played vital role as a formal financial institution through social mobilization of rural people. A number of impact analyses have already established that SHG-based microfinance programme contribute to the accomplishment of several of the Millennium Development Goals (MDGs) (P.C.Pariada & Anushru Singha, 2010 and NCAER, 2008). To avail constant assistance from SHGs in economic intermediation, its sustainability is having wider distress in donor agencies, practitioners, policy makers and academicians (N.K. Shetty, 2009). The objective of the present study is to assess the functional/operational sustainability of SHGs through selected performance indicators. The present study includes of five Sections. Sections one addresses the introduction and research objectives. In section two, review of the literature on SHG sustainability. The third section deals with the data base and methodologies used in this study. The fourth section elaborates the factors influencing sustainability of SHGs. Lastly, fifth sections embody conclusions.

2. Review of the Literature on SHG Sustainability

Moyle, Dollar and Biswas (2006) and Chakrabarty (2004) in their studies assessed more specific type of issues such as federation role in providing SHG sustainability, economic empowerment and personal empowerment of women and role in poverty alleviation. Nair (2005) examined the prospective of SHG federations in as long as sustainability to SHGs through economic and organizational support. Shetty (2009) attempted to study on sustainability of microfinance (SHG) group through some sustainable indicator and variable in the state of Karnataka. Th Reddy and Prakash (2005) analyzed that SHG federations could contribute to ensure sustainability through making the system inherently unsustainable, maintaining costs, role as a initial promoters, maintain economies of scale, providing insurance services and increasing empowerment. A study by K.Kalpana (2005) revealed that SHG federations

ensure sustainability of SHGs by protecting SHGs from bureaucratic and political capture. It also suggested that federations possess potential to develop into significant players that can protect the relative autonomy and independence of SHGs in crucial decision making areas. Jael Van der Heijden (2006) found positive effect of federation on sustainability of SHGs because federation helps to increase self sufficiency of SHGs and provide range of service to the members. NCAER (2008) analyzed the different indicators relating to organizational and financial sustainability of SHGs. It examined the sustainability provided through performance of saving activity, lending activity, high repayment rate, managerial activity, employment generation and other organizational and financial support to SHGs.

3. Data base, Sample Design and Methodology

The study considered two district of West Bengal namely Purba Medinipur and Paschim Medinipur. At the initial stage 08 blocks were selected from these two districts namely-Moyna block, Tamruk Block, Panskura-I block and Nandakumar block under Purba Medinipur and Pingla block, Sabanga block, Debra block and Narayan Gard block under Paschim Medinipur. At the 2nd stage two (Gram Panchyat) GPs were selected from each block at random from 08 blocks to form a total of 16 GPs. At the 3rd stages 519 SHGs were selected at random from each GP based on the total number of SHGs functioning during the period.

The period selected for the study is twelve years i.e., from 2005-06 to 2016-2017. The study is based on primary data. Primary data was collected through personal contact and interview with the help of structured questionnaire. The field study was conducted during January to March, 2017. To examine functional or operational sustainability of SHGs some performance indicator and variable like keeping books of accounts, Maintenance of SHG Passbook, frequency of

updating books of accounts, regular of group meeting, participation in group meeting, rules and management.

4. Functional sustainability Analysis

i) Financial Management Practices of Sample SHGs

SHGs have maintained and update a number of books and recorded, because the SHGs are involved in various monetary transactions. This is an integral part of the competently and productively carrying out of a SHG. A part from several records and books of account, SHGs also maintain passbooks showing SHG transactions. Table–01 looks into the SHG age-wise financial management practices observed by the sample SHGs members.

Majority number of SHGs (394) were recorded their books of accounts by literate members in the group. In percentage, about 76% of sample SHGs were maintained necessary books of accounts by literate SHG members. The same is true with

look upon to maintain of SHG pass book (73%). A small percentage of SHGs did not maintain the SHG pass book (10.1%) as well as did not keeping books of accounts (1.2%). Generally a high percentage (81%) SHGs were seen to update the books of accounts as well as SHG pass book. A small SHG neither update their books of accounts (5%) nor their pass book (6%).

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Table – 01
Financial Management Practices of Sample SHGs
During the period - 2005-06 to 2016-2017

SI. No.	Indicators	No. of SHGs	%
1.	Keeping books of accounts of SHG by		
	i) A literate member	394	75.9
	ii) Facilator	82	15.8
	iii) Any other	37	7.1
	iv) None	06	1.2
2.	Maintenance of SHG Passbook		
	i) A literate member	381	73.4
	ii) Facilator	122	4.2
	iii) Any other	64	12.3
	iv) None	52	10.1
3.	Frequency of updating books of accounts		
	i) Regularly	418	81
	ii) Irregularly	74	14
	iii) Rarely	27	05
4.	Frequency of updating pass Book of SHG		
	i) Regularly	384	74
	ii) Occasionally	106	20
	iii) Rarely	29	06
	Total	519	100.0

Source: Field survey

Majority number of SHGs (394) were recorded their books of accounts by literate members in the group. In percentage, about 76% of sample SHGs were maintained necessary books of accounts by literate SHG members. The same is true with look upon to maintain of SHG pass book (73%). A small percentage of SHGs did not maintain the SHG pass book (10.1%) as well as did not keeping books of accounts (1.2%).

Generally a high percentage (81%) SHGs were seen to update the books of accounts as well as SHG pass book. A small SHG neither update their books of accounts (5%) nor their pass book (6%).

ii). Operational Management System

Table -02
Operational Management System of Sample SHGs
During the period- 2005-06 to 2016-2017

SI. No.	Indicator	A+	A	B
1	Operational Management System			
	i) Regular of group meeting	321(62%)	156(30%)	42 (8%)
	ii) Participation in group meeting	233 (45%)	176(34%)	110(21%)
	iii) Rules and management	228(44%)	208(40%)	83(16%)

2	Development Aspects			
	i) Links with PRI	384(74%)	135(26%)	00
	ii) Social action	228(44%)	138(27%)	153(29%)
3	Livelihood	162(42%)	249(48%)	104(20%)
4.	Accounts and records	290(56%)	223(32%)	6(11%)

Source: Field survey

It reveals the following aspects:

- i. 92% of the SHGs are more or less regular in holding meetings.
- ii. 100% of the SHGs are having some links with PRI.
- iii. 80% of the SHGs are engaged in one or more livelihood activities.
- iv. 71% of the SHGs are involved in one or two social activities like health and education.
- v. 88% of the SHGs are kept records properly.

5. Conclusion

The present study has examined the sustainability of SHGs under SGSY in West Bengal, India. Overall, though the analysis of functional aspect of SHGs are generally found to be well in holding regular meeting, involvement with Income Generating Activities (IGAs) and social action. This clearly leads to significant impact on the sustainability of SHGs. This empirical study established that long run existences of the SHGs are prejudiced by various performance indicators.

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