

Economic Growth of Self Help Groups in Haryana

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Abstract

Microfinance movement is comparatively new in the state of Haryana and it is becoming popular in the rural areas of Haryana. The three most popular credit delivery microfinance agencies in Haryana are commercial banks, regional rural banks and co-operative banks. The main objective of the paper is to find out growth rate of Self Help Groups (SHGs) in the state and it is based on secondary data which is collected from NABARD. It measures growth of SHGs in terms of numbers of SHGs, savings, bank loan disbursed, bank loans outstanding and gross NPAs for bank loans to SHGs in Haryana. The finding of the paper reveals that all indicators are growing fast. This paper concluded that government and formal banking institutions should come forward to increase the growth of SHGs for development in Haryana.

Keywords: *Microfinance, Self Help Groups, Economic Growth, Micro credit.*

1. Introduction

The origin of SHGs is the brain child of Grameen Bank of Bangladesh, which was found by the Prof. Mohammed Yunus of Chittagong University in the year 1975. This was exclusively established for the poor in similar lines, in India; the National Bank of Agriculture and Rural Development (NABARD) was initiated in 1986-87. But the real effort was taken after 1991-92 from the linkages of self help groups with banks. SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group (Jha, 2004).

Haryana is one of the economically developed states of India as indicated by various socio-economic parameters and is extremely close to the capital of India. But Haryana is not free from poverty and many people are still outside the banking system. In the absence of

any big or well established NGO, microfinance is still at take off stage. Most of the organisations involved in the microfinance activities are relatively new and small with few staffs. They generally depend on grant or subsidy from Donors or funding agencies for taking up various social works.

Although microfinance movement is comparatively new in the state of Haryana, it is becoming popular in the rural areas of Haryana as it is in the other parts of country. Formation of SHGs has become a movement in rural areas. As on 31-March-2012, 3865 nos. of SHGs have been provided credit link with banks with loan of about Rs. 6195.93 lacs under SHGs-Bank linkage programme.

In Manipur, there are about 900 NGOs out of which about 75 NGOs are actively directly involved to micro finance program. The three most popular microfinance model used by NGOs are SHG Model, Mixed Model and Grameen Model.

The Self Help Group (SHG) model is indigenously developed in India under the NABARD's SHG-Bank linkage programme. Under this model, besides acting as facilitator, the NGO also works as financial intermediary. NGO forms SHGs and perform financial intermediation role as a lender to SHGs after sourcing loan from Bank. In SHG model, group consists of 15-20 members generally meet regularly on monthly basis.

"All for all is the principle behind the concept of self help groups (SHGs). It is mainly concerned with the poor and it is for the people, by the people and of the people. SHG is a mini voluntary agency for self help at the micro level has been focus on the weaker section particularly women for their social defend. So basically the concept of SHGs serves the principle "by the women, of the women and for the women" (Suguna, 2006).

There are not yet any formal official publications on different statistics of SHGs. However, NABARD has brought out some basic data of SHGs. According to this, 6953250 SHGs as on March 31, 2010 are working in India. And 90 per cent SHGs are women groups. In view of the large outreach and pre- dominant position of the microfinance programme. The overall objective of this paper is to examine the growth of SHGs in Haryana. This will be achieved by examining how loans and advance by microfinance banks penetrate different segmented areas of the rural economy in Haryana; identifying the relationship that exists between microfinance banks and deposit mobilizes from the rural areas. From this it is hoped to draw conclusions based on empirical analysis and to give recommendations for the successful implementation of microfinance institutions at rural areas and for rural development.

2. Methodology of Paper

A brief description about the selection of nature, sources, method of data collection and analytical techniques used during the research are given below:

2.1 Nature, Source and Method of Data Collection

The nature of data of this paper is quantitative. It is based on the secondary data sources. The secondary data sources are collected from NABARD's various years Reports on Micro Finance in India.

2.2 Techniques of Analysis

In the present paper, suitable techniques of analysis such as tables, percentage and average etc are used for analyzing the data.

3. Growth of Self Help Group on Rural Development in Haryana

Growth of Self Help Group in Haryana may be explained with the help of following variables.

3.1 Growth of SHGs Number wise in Haryana

3.2 Growth of Savings of SHGs in Haryana

3.3 Growth of Bank Loans disbursed to SHGs in Haryana

3.4 Growth of Bank Loans outstanding against SHGs in Haryana

3.5 Growth of Gross NPAs for Bank Loans to SHGs in Haryana

3.1 Growth of SHGs Number wise in Haryana

The numbers of SHGs in Haryana was studied and the results are presented in Table- 1. It can be seen that number of SHGs in 2007-08 was 23,570. They increased 33,257 from last year in 2008-09. In 2009-10, the number of SHGs also increased from last year to 36,762. The %age increase in number of SHGs was 14.09% from last year in 2008-09 and 10.53% from last year in 2009-10. So it can be said that number of SHGs are increasing from last years but with slow rate of growth.

Table- 1: Growth of SHGs Number wise in Haryana

Sr. No	Years	Number of SHGs	%age Increase in Number of SHGs
1.	2007-08	23,570	---
2.	2008-09	33,257	41.09%
3.	2009-10	36,762	10.53%

(Amounts in Rs. Laks)

Source: NABARD's Reports on Microfinance in India in various years

3.2 Growth of Savings of SHGs in Haryana

Growth of Savings of SHGs in Haryana was studied and the results are presented in Table- 2. It can be seen that savings of SHGs in 2007-08 was Rs. 1365.15 Laks. They increased Rs. 2547.93 Laks from last year in 2008-09. In 2009-10, the savings of SHGs also increased from last year to Rs. 10762.55 Laks. The %age increase in amount of Savings of SHGs was 86.64% from last year in 2008-09 and 322.40% from last year in 2009-10. So it can be said that amount of savings of SHGs are increasing from last years with a very rapid rate of growth.

Table- 2: Growth of Savings of SHGs in Haryana

Sr. No	Years	Savings Amount	%age Increase in Savings Amount
1.	2007-08	1365.15	---
2.	2008-09	2547.93	86.64%
3.	2009-10	10762.55	322.40%

(Amounts in Rs. Laks)
 Source: NABARD's Reports on Microfinance in India in various years

3.3 Growth of Bank Loans disbursed to SHGs in Haryana

Growth of Bank Loans disbursed to SHGs in Haryana was studied and the results are presented in Table- 3. It can be seen that bank loans disbursed to SHGs in Haryana in 2007-08 was Rs. 2613.89 Laks. They increased Rs. 6383.91 Laks from last year in 2008-09. In 2009-10, the bank loans disbursed to SHGs in Haryana decreased from last year to Rs. 4669.74 Laks. The %age increase in bank loans disbursed to SHGs in Haryana was 144.23% from last year in 2008-09. But it was reduced -26.85% from last year in 2009-10. So it can be said that bank loans disbursed to SHGs in Haryana is decreasing now.

Table- 3: Growth of Bank Loans disbursed to SHGs in Haryana

Sr. No	Years	Loan Disbursed	%age Change in Loan Disbursed
1.	2007-08	2613.89	---
2.	2008-09	6383.91	144.23%
3.	2009-10	4669.74	-26.85%

(Amounts in Rs. Laks)
 Source: NABARD's Reports on Microfinance in India in various years

3.4 Growth of Bank loans outstanding against SHGs in Haryana

Growth of Bank Loans outstanding against SHGs in Haryana years wise was studied and the results are presented in Table- 4. It can be seen that bank loans outstanding against SHGs in Haryana in 2007-08 was Rs. 10,742.07 Laks. It increased Rs. 12,414.37 Laks from last year in 2008-09. In 2009-10, the bank loans outstanding against to SHGs in Haryana increased from last year to Rs. 15,507.44 Laks. The %age increase in bank loans outstanding against to SHGs in Haryana was 15.56% from last year in 2008-09 and 322.40% from last year in 2009-10. So it can be said that bank loans outstanding against to SHGs in Haryana is increasing with moderate growth.

Table-4: Growth of Bank Loans Outstanding against SHGs in Haryana

Sr. No	Years	Bank Loans Outstanding against SHGs	%age Change in Bank Loans Outstanding against SHGs
1.	2007-08	10,742.07	---
2.	2008-09	12,414.37	15.56%
3.	2009-10	15,507.44	24.91%

(Amounts in Rs. Laks)
 Source: NABARD's Reports on Microfinance in India in various years

3.5 Growth of Gross NPAs for bank Loans to SHGs in Haryana

Growth of Gross NPAs for Bank loans to SHGs in Haryana was studied and the results are presented in Table- 5. It can be seen that Gross NPAs for bank loans to SHGs in Haryana in 2007-08 was Rs. 202.87 Laks. It increased Rs. 446.95 Laks from last year in 2008-09. In 2009-10, the Gross NPAs for bank loans to SHGs in Haryana increased from last year to Rs. 573.81 Laks. The %age increase in Gross NPAs for bank loans to SHGs in Haryana was 120.31%

from last year in 2008-09 and 28.38% from last year in 2009-10. So it can be said that Gross NPAs for bank loans to SHGs in Haryana is increasing with rapid growth.

Table- 5: Growth of Gross NPAs for Bank Loans to SHGs in Haryana

Sr. No	Years	Amount of Gross NPAs for Bank Loans to SHGs	%age Change in Gross NPAs for bank Loans to SHGs
1.	2007-08	202.87	---
2.	2008-09	446.95	120.31%
3.	2009-10	573.81	28.38%

(Amounts in Rs. Laks)

Source: NABARD's Reports on Microfinance in India in various years

4. Conclusion

The paper show that the numbers of SHGs are increasing from last years but with slow rate of growth. The amount of savings of SHGs is increasing from last years with a very rapid rate of growth. The Bank loans disbursed to SHGs in Haryana is decreasing now. The Bank loans outstanding against to SHGs in Haryana are increasing with moderate growth and Gross NPAs for Bank loans to SHGs in Haryana is increasing with rapid growth. This shows that SHGs have not really improved nor developed the economy of the rural people of Haryana because loans given by the banks went for other areas that do not directly or indirectly affect the socio economic well being of the rural people of Haryana and do not contribute to their developmental status. So with the help of above fact, we can say that the growth of SHGs in Haryana is not fast as other states of India. It may be due to that Haryana is not a priority state in India by government agencies to expand microfinance activities. But it is not sustainable because Haryana has not free from the problems of poverty, unemployment and empowerment of derivatives poor people till date. Still approximately 8% to 10 % population in Haryana is living below poverty line. So the

government and the formal banking institutions should come forward to increase the growth of microfinance in Haryana. Though the evil of poverty can completely remove from all parts of Haryana.

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