



AN ANALYTICAL STUDY OF SHG AS MICRO FINANCE IN SLUMS OF PUNE CITY WITH REFERENCE TO ERADICATION OF POVERTY

K.P.Bairagi

Abstract- SHG is one of the important agencies of Micro Finance providing Loans to the poorest poor people. Micro finance is a system of delivering very small loans to needy people, particularly those whom banks are not ready to give loans. The objectives of SHG are not only to promote the saving among the poor but also to organize them for their development, to fulfill financial needs of the poor, to organize working class, to solve their problems and to eradicate poverty in the nation by improving their standard life of people. Today 35 Lack SHG are working in India, near about 5 cores people were participate in SHG in various state, They have saved more than 12 cores till 31st march 2008. The population of pune district is near about 72,24,224 and population of pune city is near about 24,00,000 out of which 35% i.e. 8.4 lacks population is living in 45 slums of the city. Most of the people living in slums are below poverty line. This population includes labourers, huckster and small entrepreneurs. They have no any security to take loan from the banks. So, they take loan from the private money lenders and it leads them into poverty. So it is always told that providing low rate finance to them is an important way to eradicate their poverty. In this study an attempt has been made to find out, what role of self help groups is in the process of eradication of poverty of the slum people.

Keywords: SHG, Self help group, PMC, Entrepreneurship, Micro Finance, NABARD

1. MEANING OF SHG

This new concept firstly introduced by Dr.Yunis Mohammad in Bangladesh & adopted by the Govt. of India in the year 1998.

“SHG means a small group of poor voluntary formed to save and to contribute common fund to be lent to its members as per the Group decision and for their economic and social development.”

2. OBJECTIVES OF SHG

1. To organize working class to solve their problems
2. To promote saving among the poor.
3. To provide small Loans to the members for there social needs.
4. To improve communication and interaction among the people living in the same place
5. To provide finance to the members for self-employment or small cottage industries
6. To promote entrepreneurship in the people
7. To develop co-operation among the people
8. To eradicate poverty of the people.

Co-operation flourished in all over India in 20th century but unfortunately the benefits of co-operation are taken by rich and big families in the society. SHG basically is based on principle of co-operation “Ek meka sahaya karu avghe dharu supanth” is the important slogan of co-operation and SHG.

3. PRINCIPLES OF SHG

The SHG is based on the following important principles -

1. Voluntary organization based on co-operation.
2. Small size of the group i.e. 10 to 20 members.
3. Small finance from Rs. 100 to 10,000.
4. Regular saving by the members.
5. Collective leadership and decisions.
6. Social values like, integrity, loyalty, social responsibility & accountability.
7. Self development and eradication of poverty.

4. EMERGING TRENDS OF SHG:

Today 35 Lack SHG are working in India. They have made saving more than Rs. 12,000 crores every year. The SHG have provided Rs. 4500 crores as internal loans to their members. Near bout 50 % SHG are linked with the bank. The NABARD has made refinance Rs. 6000 crores to banks against SHG Loans upto the year 2005. NGO are also providing assistance &

Guidance to the SHG. BAIF a NGO near to pune established a permanent training center for the training to the SHG members. This centre has also provided permanent market system to the products made by SHG members.

The Local government like Z.P. and Corporations has also made arrangement to the formation & supporting finance and assistance to SHG.

The Pune municipal Corporation providing Rs. 5000 to the member of SHG for taking training of small scale business like sewing machine, candle, computer, show pieces pickles etc. after successful training the PMC providing subsidized loan to the member of SHG up to Rs. 75,000 for any small and cottage industries.

Pune city is a city of culture and education, the total population of Pune District is 72,24,224, and population of Pune city is app.25,00,000. It includes 12,00,000 women and 13,00,000 male.

There were total 10,000 SHG in the Pune city. It cover 1,50,000 population of the city out of this 6,200 are linked with bank and Department of urban community development, Pune Municipal Corporation.

4.1 SHG in Pune city (Registered)

No of Slums covered by SHG	45
No of womens SHG	6,000
No of men SHG	200
No of Participation of women and men	80,000
Average saving by SHG (per women per year)	900
Total annual saving of the SHG	55, 00,000

4.2 Scope and Methodology:

For this study two highly SHG slum of Pune city were chosen. Data were collected from the organizer & secretary of the SHG. 50 SHG were Selected from the slums of Samarthnagar, Tulkainagar and Mahadevnagar, total 50 organizer/ secretary of the SHG were interviewed as respondent of the study. 20 predetermined questions were asked to them for collecting information.

For the purpose of study, primary data were collected from the 50 organizers of the SHG through personal interview from the slum of Samartha nagar, Tukainagar and Mahadevonagar. Secondary data constitute, published annual report of Nabard and information from daily news paper sakaal. The banks those are linked with SHG & group organizer nominated by the PMC were also interviewed for collecting information.

5. ANALYSIS & DISCUSSION:

5.1. Illiteracy in the women of SHG.

This study shows that, out of 50 Respondent only 20 had educated & out of 750 total member of the member only 250 are had education up to 4th standard.

5.2. Size of saving

This study shows that 45 SHG make saving monthly. 5 SHG make their saving weekly. The minimum amount of monthly saving is Rs. 50 and not more than Rs. 200

5.3. Size of SHG

For this study total 50 SHG situated in Tukainagar Mahadevnagar and Samarthnagar area were selected. This 50 SHG have 650 number of members the average size of SHG is 13 members.

5.4. Saving of the SHG

It is found that these 50 SHG have saved Rs. 48,950/- per month. During the year 2007 to 2008 the total saving of these 50 SHG 5,67,400/- in the year 2007 to 2008.

5.5. Bank linkages

Out of these 50 SHG all are linked to the national banks and organized by department of Urban Community Development of Pune Municipal Corporation

5.6. Loan & advances given by SHG

This study Show that 30 SHG have not taken any loan from the Bank.

They have provided Loans to the members of SHG out of contribution collected by them. These 50 SHG have provided Rs. 3, 00,000/ as Loan from their internal fund during the year 2007-2008

20 SHG have taken loan forms the banks. Rs. 15, 00,000/. This Loan is given to the members for doing a business.

5.7. Reasons of Loan:

This study also shows that out of total 650 members only 510 members took loans for various reasons, 140 members have not taken loan.

5.8. Classification of Loans

Sr. No.	Reasons of Loan	Total No. of members
1.	Education	110
2.	Food & Cloths	116
3.	Medical	80
4.	Self Employment or Expansion of Business	100
5.	House Repairing	40
6.	Repayment of money lenders loan	40
7.	Others	34
	Total	510

The study shows that 60 % members were taken loan for daily needs like cloths, education, medical expense. 20 % members took Loan for doing a self-employment. This study also shows that out of 510 members 40. Members took Loan for Repayment of moneylenders Loan.

8. This study shows that the rate of Recovery of internal Loan from members is 95 %. There are only 5 % members have not being paying their Loan regularly.

9. This study shows that only 10 SHG are took Grants from the Department of Urban Community Development of Pune Municipal corporation the amounts of grant received to this 5 group is as follows

Training	20 member x 5000	=	1,00,000/-
Self employment	5 member x 75000	=	375,000/-
			473,000/-

5.9. Slum Development Programme :

This study finds that out of 50 SHG only 15 SHG have organized slum development programmes, It includes pulis polio programme, Road cleaning, Haldikunku & child health camp with the help of local leaders and doctors.

It is also found that 10 SHG organized programme like felicitation of political leader and officers of Pune Municipal Corporation.

5.10. Self employment programme :

Out of 50 SHG & 750 members of SHG only 20 members of different SHG have took loan from the Banks for self employment.

5.11. Standard of living:

This study shows that those members participated in SHG have increased their habit of saving and they are becoming able to satisfy their needs through their savings. They also take loans for satisfying needs like clothes, food and medical expenses. It is also observed that they are becoming able to provide educational books and other instruments to their child.

6. IMPORTANT OBSERVATIONS:

1. This study observes that the member participated in Group are more eager to interact with the other. This shows that SHG helps them to improve communication skill.
2. This study also shows that the women members have increased their participation in decision making in SHG & their home also.
3. This study also observed that women participated in the SHG are more aware about their health.
4. It is also observe that women in SHG are become more aware about the education of their child.
5. This study shows that the member of the SHG become independent about their economical needs.

6.1 Finding of the study :

1. There is 60 % illiteracy among the women in slum.
2. The average size of SHG is 10 to 20 members.
3. This study shows that each SHG is making saving between Rs. 40000 to Rs. 1,20,000/- per year .
4. The average internal finance of each group is Rs. 80,000/- per year.
5. It is also found that some of the SHG are not linked with bank or any NGO.
6. This study also shows that 60 % SHG are working without any finance of the Bank.
7. The women's SHG are comparatively more efficient and effective to the community development.
8. This study also shows the 60 % Loan is taken for daily needs like cloths, food, medicine and education.
9. This study also shows that SHG help women to escape them from the trap of money lender.

10. The Recovery rate of the SHG is near about 95%.
11. The members of the SHG are becoming able to satisfy their daily needs through the finance from SHG and they become successful to reduce their poverty.
12. It was also observed that some SHG were used by political leader for promotion of there party.
13. It was also observed that SHG has empowered the women for increasing their income and standard of living.
14. SHG helps to reduce poverty to some extent in slum area.

7. CONCLUSION:

SHG is playing very important role in providing microfinance to the slum people for satisfying their daily needs .They become able to get finance without any security. They become able to escape them from the trap of the money lenders. They increase their income by saving money and doing self employment, so they become able to reduce their poverty to some extent. The most important observation is that, SHG of the women are more effective to increase the saving of the family as compare to SHG of the men. It is also found that there ware no any standard rules of working of the SHG.

Thus, SHG are important source of finance to the slum people. SHG definitely make them self sufficient to meet their daily need, and help them to improve their standard of living. In short SHG is the important source of micro finance for improving the standard of living of slum dwellers. There is need to create awareness among e the slum dwellers about SHG and encouragement from the NGO and crusaders to the slum dwellers.

Suggestions-

There should be rules regarding formation and administration of the SHG.

There is need of guidance and supervision to SHG.

Political interference should be reduced.

All SHG should linked with national or co-operative banks.

There is need to promote SHG in rural area.

Co-operative credit societies also help to formation of SHG.

8. REFERENCES

- [1] Annual report of NABARD.
- [2] Daily newspaper "sakal" dated 19th and 20th November 2007.
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