

A study on constraints faced by beneficiaries in availing micro finance through SHG's

Abstract

The present paper is an attempt to identify the problems faced by the rural women in availing microfinance through SHGs. The study was conducted in Kakori block of Lucknow district, Uttar Pradesh. The study design adopted was exploratory cum descriptive. For the present study 180 beneficiaries and 180 non beneficiaries were selected. Thus, 360 respondents were selected for the study. Data collected were qualitative as well as quantitative. The quantitative data were interpreted in terms of percentage and qualitative data were tabulated on the basis of categorization methods. After tabulation, percentage, mean, standard deviation, chi-square test was determined. The results indicated that the most common problem faced by the respondents in availing the microfinance services was short period for repayment, not clear about the interest rate and credit expenditure on family crisis. It can be concluded from the study that the respondents faced problems after availing the microfinance services, which needs to be addressed.

Keywords: Microfinance; empowerment; rural women; Self Help Groups (SHGs).

INTRODUCTION

Economic independence may be one of the significant pillars for paving the way for women empowerment. However, it is not very easy for the rural women to get money at hand. Borrowing loan from bank is a complex process for the women due to many factors including lack of collateral and formalities of many paper works. Owing to such situations, it is very common for the less privileged families to go to the moneylenders and take high-interest loans for meeting their daily needs. Women in rural India lived in virtual isolation, where they are unable to access even the most basic services. "It is observed that microfinance is being referred to as one of the cost-effective and supplementary tools of rural credit delivery system which facilitates prompt and timely availability of institutional credit to the poor" (Pandey P. 2009).

The microfinance provides women with the financial services required for their personal, social and economic development. The services of microfinance through SHGs mainly focused on women because according to them women use their income and saving in a more productive way such as education of children and improving the standard of living by proper management of household expenses. Simply getting cash into the hands of women can improve their self-esteem and help them in achieving greater economic independence and security, which in turn gives them the chance to financially contribute to their household and society. Now-a day's many self-help groups are being formed almost every day from where

borrowing is relatively easier. Besides SHGs there are sources of microfinance services available across the country.

Among all these services of microfinance, women mostly prefer the microfinance through SHGs services. Women make up a large proportion of SHGs beneficiaries. With the money loaned to them by Bank, many women are able to earn a higher income, provide employment, acquire new skills, promote asset creation and were able to adopt new technologies. Despite of many positive impacts of microfinance through SHGs, it is observed that rural women are facing many problems regarding the microfinance services provided to them. Identification of problems faced by the respondents related to microfinance through SHGs may improve the efficiency of the microfinance services and thereby may facilitate the process of empowering the rural women. Keeping this fact in view a study was conducted to identify the problems of rural women in availing microfinance services.

Methodology

The study was conducted in district of Lucknow, Uttar Pradesh, which was selected purposively. The Lucknow district is divided into 8 developmental blocks i.e. Bakshi ka talab, Chinhat Gosainganj, Kakori, Mal, Mahiabad, Mohanlalganj and Sarojani Nagar. Out of these, the block namely Kakori was selected purposively for the study because it has maximum number of SHGs. A List of All the beneficiaries of microfinance through SHGs were obtained from the Block Development office of Kakori block of Lucknow district. The ultimate beneficiaries of microfinance through SHGs were separated from the list. 180 beneficiaries and 180 non beneficiaries were selected randomly from the list, making the total sample size of 360 respondents.

Result and Discussion

Constraints faced by the SHG members and group in three broad categories

1. Constraints faced by the SHG as a whole
2. Constraints faced with respect to bank linkage
3. Constraints faced by the individual members

Table – 1

Major constraints faced by the group

S.N.	Variables	Mean Score	% Score	Rank
1.	Poor knowledge about	3.90	90.42	1

	concept of SHG			
2.	Leadership of SHG's dominated by one or two member	3.49	89.97	2
3.	Lack of substantive measure to sustain after with drawl of support by NGOs/Banks.	3.40	83.63	3
4.	Malpractices adopted by some banks/NGO's in sanctioning loan.	3.36	80.28	4
5.	Poor marketing network for SHG made products	3.27	79.54	5
6.	Denseness of banks with self and NGO promoted of SHG's	3.15	78.87	6

From the above table it is clear that the major constraint faced by the SHG is the poor knowledge about concept of SHG. Leadership of SHG's dominated by one or two members are other constraints at the grass root level. Lack of substantive measure to sustain after with drawl of support by NGOs/Banks is third ranked constraints faced by SHGs. Poor marketing network for SHG made products. The statement Denseness of banks with self and NGO promoted of SHG's got the last rank, which proved the strong group cohesiveness among the members.

Table – 2
Major constraints faced with respect to bank linkage

S.N.	Variables	Mean Score	% Score	Rank
1.	Strength procedure for project formulation and bank linkage	3.97	93.54	1
2.	Poor insurance support in case of any causality with enterprises.	3.54	91.58	2
3.	Intro proper utilization of inter loaning.	3.28	89.53	3
4.	Poor economic viability of enter praises	3.20	86.24	4
5.	Poor technological support	2.96	80.24	5

The above table depicts that strength procedure for project formulation and bank linkage is the major constraint faced by the members. Poor insurance support in case of any causality with enterprises is the other constraints faced among the members. The respondents opined that intro proper utilization of inter loaning is also a major constraints. Poor economic

viability of enter praises and poor technological support are other constraints at the grass root level.

Table – 3
Major constraints faced by the individual members

S.N.	Variables	Mean Score	% Score	Rank
1.	Higher influence of NGO's	4.02	95.51	1
2.	Socio-economic imbalances	3.98	91.59	2
3.	Poor literacy	3.87	88.58	3
4.	Long procedure of loan sanctioning	3.59	84.23	4
5.	Poor managerial skills.	3.24	80.22	5

“The above table shows that the SHG members are lacking in confidence in communication among the group members as well as with the officials. They were not equipped with required training or motivation for improving their confidence. The respondents opined that higher influence of NGO's is the major constraints at individual level”. (Jisha, 2017) Socio-economic imbalances, poor literacy, long procedure of loan sanctioning and poor managerial skills were the other constraints faced by individuals at grass root level. It means that they were not provided with proper guidance at each and every stages of SHG formation.

Conclusion

It may be concluded that there is need to enhance the knowledge of the SHG members on the terms and conditions of availing the loan. The findings showed that the respondents are facing problems while availing and after availing the microfinance services, which need to be addressed and solved. The most common problem faced by the respondents in availing the microfinance services was short period for repayment, followed by Poor knowledge about concept of SHG. Leadership of SHG's dominated by one or two members are other major constraints among the SHG members. The microfinance through SHGs should also provide basic business education to train these rural women so that they can learn how to run a business. Proper awareness should be given by the using authority to the rural people video or different print material in vernacular language regarding different loan products, terms and conditions of microfinance, loan facilities, interest rate and the bank loan formalities, moreover, the interest charged on the loans should be reduced to encourage and attract new customers since the ultimate goal of most of the women clientele is to have access to loans.

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