



## A study on the impact of self-help groups on the ability of members to handle grievances: An empirical study in Tumkur district

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### Abstract

Self Help Groups play a very prominent role in the socio-economic and political empowerment of the rural poor. The current study aims to analyze the impact of financial inclusion on the ability of the members to handle problems and manage conflicts in the study area. Tumkur District in Karnataka was purposively selected for the purpose of this study. Data has been collected through a structured interview schedule from all the ten Taluks in Tumkur district. A sample of 720 Self Help Group members were chosen from a total of 3600 members. The study revealed that evils like female infanticide reduced significantly after joining the groups. Most of the members opined that conflicts arise due to differences in the background, perception and lack of trust and they are able to manage conflicts.

**Keywords:** self-help groups, empowerment, financial inclusion, problems, conflicts

### Introduction

Microfinance is considered to be one of the effective strategies to achieve sustainable economic development and inclusive growth. Several studies conducted in the past proved that the financial needs of the bottom of the pyramid can be addressed through microfinance institutions and Self Help Groups, which are groups of 15-20 members usually women, who voluntarily come together for the mutual benefit leading to their economic and social empowerment, also play a significant role in the economic development of the nation (karmakar, 1997) <sup>[7]</sup>

In India NABARD has played a very prominent role in promoting Self Help Groups (SHGs) since 1986. Linkage of Self Help Groups with banks is considered as another milestone in the history of microfinance. Banks found it viable to support Self Help Groups since they operate on the principles of mutual trust and joint liability. Most of the members are able to repay promptly due to regular savings habit and peer pressure. These SHGs also support banks in the recovery and appraisal of loans (Bali, 2007) <sup>[4]</sup>. Mostly, Self Help Groups in south India are promoted by NGOs. In southern states like Karnataka, Tamilnadu and Andhra Pradesh, Mysore Resettlement Agency (MYRADA) played a vital role in promotion and development of SHGs (Thorat, 2007) <sup>[24]</sup>. Karnataka is one of the top most states in terms of penetration and outreach and Tumkur district in Karnataka has actively functioning SHGs in all the taluks. Therefore, Tumkur District has been chosen purposively for the purpose of this study. (Thorat, 2007) <sup>[24]</sup>.

Accumulating savings of the members and group lending are the core activities of the Self Help Groups. Most of the beneficiaries are rural, illiterate women below the poverty line (Sengupta, 1998) <sup>[19]</sup>. These women in their day to day life grapple with social evils like dowry, female infanticide,

physical assault by drunkard husbands. Micro credit has played a very important role in organizing such women into groups and providing a platform to express themselves, take part in decision making and interact with group members. They are also providing additional support and training to enhance their income generating capabilities (Mohan, 2000) <sup>[13]</sup>. There is evidence from several studies that the financial status of members improved after joining SHGs. The current study is undertaken to analyse whether there is any change in the reaction of members towards social evils, handling conflicts and dealing with other problems related to groups after joining SHGs.

### Literature Review

Karl (1995) <sup>[8]</sup> studied the role of SHGs of women on decision-making and concluded that the administrative, planning and decision making abilities of the local woman improved after joining Self Help groups.

Kumar (1995) pointed out that the rural women are able to save substantial amount after joining Self Help Groups. The study revealed that access to microcredit has minimized the dependency on moneylender and improved the standard of living of the beneficiaries.

In the study entitled "A Study on Women Self-Help Groups in Andhra Pradesh", by Rao (2000) <sup>[13]</sup> concluded that after joining SHGs women started taking part in the decision making. Access to information and financial independence has improved the self-confidence of members (Raman, 2000) <sup>[18]</sup>.

Puhazhendhi *et al.* (1999) <sup>[16]</sup> in their work, revealed that problems faced by the members like inefficient leadership, less involvement of NGOs and utilization of loans for unproductive purposes has offset the benefits realized by Self Help Group members in most cases.

Gurumoorthy (2000) <sup>[5]</sup> pointed out that besides micro credit,

groups also address issues like illiteracy, health and environment. It has been proved in his study that participation of women in community development programs increased after joining SHGs. Most of them agreed that it has not only increased their self-confidence but also brought a significant change in their conservative mindset.

According to Veluraj (2001) [22], the Nobel Scholar and Indian Economist Amartya Sen expressed in his words, “Unless women are empowerment, issues like literacy, health and population explosion will remain unresolved problems of the developing countries.” His study revealed that male domination still persists in the study area and women are not allowed to take decisions independently. Social evils like dowry and female infanticide are the common concerns of most of the women.

Murugan and Begum (2008) [14] in their study the predominant barriers to women entrepreneurs found that social and cultural barriers are the main stumbling blocks in the process of women development. It has been observed that sometimes due to group conflicts and delay in sanctioning loan amount and insufficient loans are also depriving them from enjoying the mutual benefits.

**Research Gap**

Microfinance is one of the effective strategies to achieve twin goals of financial inclusion and women empowerment. As revealed in several studies, Indian society has witnessed exploitation of both productive and reproductive capacity of women due to gender inequality and male domination. As a result of social evils like female infanticide, the proportion of female population is decreasing in most of the Indian states. Moreover, women are not allowed to take part in the decision making and income generating activities. Most of the studies conducted earlier concluded that the Self Help Groups brought changes in the socio- economic status of the women. The current study is attempted to analyse the impact of credit utilization on the ability of women to handle grievances. Based on the literature review, all the problems faced by the members are classified into social evils, SHG related problems and conflicts among group members and termed as grievances. The variables are drawn from the literature.

**Overall aim of the study**

The objective of the current study is to analyze the impact of financial inclusion and credit utilization on the ability of members to handle grievances.

**Objectives**

- To study the reaction of members to social evils after joining SHG
- To evaluate the problems faced by the SHG members
- To evaluate reasons for conflicts and the ability to manage them

**Material and Methodology**

Both primary and secondary data has been used for the purpose of this study. Tumkur District in Karnataka has been purposively selected for this study. Primary data has been collected from 10 taluks of Tumkur District. A sample size of 720 that is 20% of the total members are selected for the purpose of study randomly.

Confirmatory Factor Analysis was used to reduce the variables and then the structural Equation model has been finalized to analyse the results. The analysis focused on three dimensions termed as grievances which are divided into three sub-dimensions: Firstly, (Evil): Reaction to the Social Evils, followed by (Prob): Problems faced by Self-help Groups and finally, (Conf): Conflicts. The variables of the sub-dimensions are explained hereunder

**Evil: Reaction to social evils**

The first dimension i.e. Evil: Reaction to the Social Evils consists of five factors that are classified as Evil1: Husband beats wife, Evil2: Drunkards/gamblers, Evil3: Child labor, Evil 4: Female infanticide and finally, Evil 5: Demanding dowry.

**Prob: Problems faced by self-help groups**

The second dimension i.e. Prob: Problems faced by Self-help Groups consists of seven factors that are classified as Prob1:, It is difficult to approach the authorities for getting loan, Prob 2:, There is a poor response from the authorities, Prob 3:, There is delay in sanctioning loans, Prob 4:, Loan sanctioned is inadequate, Prob 5:, Loan has to be repaid in limited number of installments, Prob 6:, There is lack of cooperation among members and finally, Prob 7:, There is lack of administrative expenses.

**Conf: Conflicts**

The second dimension i.e. Conf: Conflicts consists of five factors that are classified as Con1: Conflicts arise because of differences in background, perception, needs or attitude, Con 2: Lack of mutual trust, Con 3:, Poor communication, Con 4:, Lack of openness to each others views and finally, Con 5:, We are able to effectively manage the conflicts

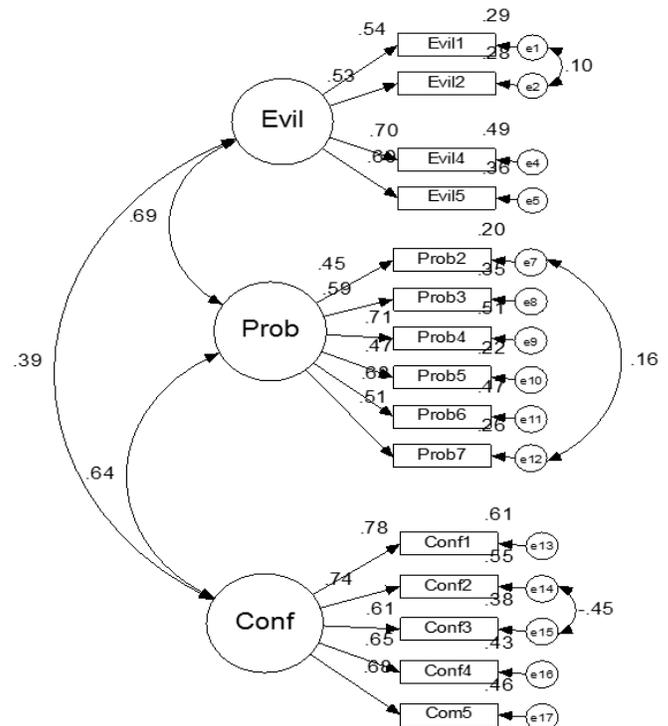


Fig 1: Standardized Model: Social Evils, Problems and Conflicts

**Analysis and Discussion**

It is clearly understood from the above CFA model that the values were measuring the regression based on its latent variables. 79% of the respondents stated Female infanticide had reduced considerably, followed by adequacy of sanctioning the Loan (71%) and finally, majority (78%) of the respondents indicated that conflicts which arise due to differences in background, perception, needs or attitude have considerably declined after joining SHG.

**Table 1:** Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
Ev1	<---	Evil	1.000			
Ev2	<---	Evil	.849	.082	10.410	***
Ev4	<---	Evil	.987	.092	10.775	***
Ev5	<---	Evil	.948	.093	10.225	***
Prob2	<---	Prob	1.000			
Prob3	<---	Prob	1.135	.117	9.705	***
Prob4	<---	Prob	1.513	.144	10.484	***
Prob5	<---	Prob	.915	.106	8.626	***
Prob6	<---	Prob	1.480	.143	10.323	***
Conf1	<---	Conf	1.000			
Conf2	<---	Conf	1.097	.058	18.842	***
Conf3	<---	Conf	.793	.052	15.259	***
Conf4	<---	Conf	.804	.046	17.321	***
Comm5	<---	Conf	.911	.050	18.035	***
Prob7	<---	Prob	1.190	.120	9.882	***

The above table shows the regression coefficient of the variables and it is observed that the critical ratio of all the variables found to be high and it is significant at 1 per cent level. Out of the selected variables after elimination of some variable which was found to have low loading the other

variables revealed maximum significance based on the perception of the respondents towards grievances such as social evils, problems faced in the group and conflicts among the group members by considering all three dimensions, the grievances are condensed using confirmatory factor analysis and then SEM model was finalized. The model fit summary explains the fitness in the statistical point of view which are as follows:

**Table 2:** Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
Evil	<-->	Conf	.171	.025	6.774	***
Evil	<-->	Prob	.172	.023	7.412	***
Prob	<-->	Conf	.203	.024	8.417	***

It is found that there is a significant covariance between the dimensions of grievances faced and handled by the SHG members operating in Tumkur District. The study reveals that the covariance was highly found among all the three categories at 1% level is proved through the CR at 8.147 (Sig.0.000). While, Social Evils and Problem-solving ability had significant covariance which shows that the CR = 7.412 (Sig.0.000), and finally, there is a significant covariance between Social Evils and Conflict handling that shows the CR- 6.774 (Sig.0.000).

**Model summary of grievances**

Root Mean Square Error of Approximation (RMSEA): 0.08 or less is often considered acceptable (Browne & Cudeck, 1993) [3] Comparative Fit Index: CFI value of 0.90 or greater (Hu & Bentler, 1999) [6]. Normed Fit Index (NFI) used to measure model fit above 0.90 are considered acceptable (Bentler & Bonett, 1980) [2]. The RMSEA, CFI, NFI and RMR are four good indices to verify that a model is adequate.

**Table 3:** Model summary of grievances based on social evils, problems for women and conflicts

Sl.	Model	Social Evils	Problems faced related to SHGS	Conflicts	Overall
1	CMIN	1.220	35.960	18.593	693.218
2	CMIN/DF	1.220	4.495	4.648	8.253
3	RMR	0.008	0.025	0.019	0.065
4	GFI	0.999	0.984	0.990	0.885
5	AGFI	0.992	0.959	0.963	0.836
6	NFI Delta1	0.997	0.959	0.984	0.804
7	RFI rho1	0.984	0.923	0.961	0.755
8	CFI	1.000	0.967	0.988	0.822
9	RMSEA	0.017	0.070	0.071	0.100
10	LO 90	0.000	0.048	0.041	0.094
11	HI 90	0.103	0.094	0.105	0.107

It is observed that the fit indices based on the grievances such as social evils, problems faced by the members in the SHGs and conflicts in their social atmosphere reveals that after empowerment achieved due to utilization of microcredit, there is significant improvement in their grievance handling ability which is proved through CFA. The dimension results such as CMIN = 1.220, CMIN/DF = 1.220, CFI = 1.000, NFI=0.997 and RMSEA 0.017 shows excellent fit and proves the microcredit utilization among SHGs in Tumkur has significantly improved the ability of members to handle the

social evils faced by them. Followed by, the problems faced by them in the SHG groups shows that the CMIN = 35.960, CMIN/DF=4.495, CFI=0.967, NFI = 0.959 and the RMSEA = 0.070 shows acceptable fit and proves the microcredit utilization among members had improved their ability to face the problems and finally, the conflict handling ability of the members has improved as indicated by the results of CMIN = 18.593, CMIN/DF=4.648, CFI=0.988, NFI=0.984 and RMSEA=0.071. The overall model summary shows that the CMIN = 693.218, CMIN/DF=8.253, CFI=0.822, NFI=0.804

and RMSEA=0.100 concludes that the overall model is moderately fit and the results of the analysis proves the same through confirmatory factor analysis taking all the three dimensions that has significant impact towards the grievance handling ability of the SHG members after microcredit utilization.

### Conclusion

Microcredit has been playing a very significant role in the empowerment of rural women. However, Indian society is plagued with social evils like dowry, caste system and male domination. The current paper attempted to study the impact of Self Help Groups on the ability of the beneficiaries in handling such grievances. It has been observed that the utilization of microcredit has improved the ability of women to handle social evils, problems and conflicts. However, members expressed concerns about the delay in sanctioning loans and lack of coordination between Banks, NGOs and SHG members. Such issues should be addressed collectively by the banks, SHGs and NGOs to achieve the goal of women empowerment.

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