



## **COMPARATIVE STUDY OF SELF HELP GROUP AND JOINT LIABILITY GROUP ABOUT THEIR FUNCTIONING WITH REFERENCE TO NAGPUR CITY**

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### **ABSTRACT**

*India is a developing country and our economy is a mixed economy where the public sector co-exists with the private sector. For balancing our economy government focuses on both the sector and make a policy which is comfortable for our economy. For developing Indian economy government time to time implement different model's, policies and program and one of them is Micro finance. This scheme is adopted by India from Bangladesh. Because this scheme have a positive impact on the economy of Bangladesh. Microfinance has received increased attention among the financial services provider as a good alternative in the rural credit market various study revealed that microfinance is a powerful instrument for poverty alleviation, enabling the poor to accumulated the assets, boost their incomes and reduce their economic vulnerability. There are various model in Microfinance scheme and the most popular models are SHG and JLG. This research paper is based on the comparative study of self help group and joint liability group about their functioning. Researcher will find out which model of microfinance is effective for beneficiaries of SHG and JLG by comparing on the basis of economical and social factor.*

**Keywords:** SHG, JLG, MICROFINANCE

### **INTRODUCTION**

A Self-Help Group (SHG) is a financial intermediary committee usually composed of 10 to 25 local women between 18 to 40 years. SHG is nothing but a group of people who are on

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daily wages, they form a group and from that group one person collects the money and gives the money to the person who is in need. Members may also make small regular savings contributions over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are linked with banks for the delivery of micro-credit. Self-help groups are started by non-governmental organizations (NGOs) that generally have broad anti-poverty agendas. Self-help groups are seen as instruments for goals including empowering women, developing leadership abilities among the poor and the needy, increasing school enrolment and improving nutrition and the use of birth control. Joint Liability Group (JLG) is a concept established in India in 2014 by the rural development agency National Bank for Agriculture and Rural Development (NABARD) to provide institutional credit to small farmers. Joint Liability Group is a group of 4-10 people of same village/locality of homogenous nature and of same Socio Economic Background who mutually come together to form a group for the purpose of availing loan from a bank without any collateral. A bank can finance a JLG in two ways, either financing to a group directly or to an individual in the group. In both cases, all members of a JLG are responsible for repaying the loan amount. SHG is primarily a saving oriented group in which borrowing power is determined based on its saving. However, JLG is a credit oriented group which is primarily formed to avail loan from banks or formal credit institutions.

### **Research Objectives**

1. To find out the level of awareness of functioning of SHG and JLG.
2. To find out the rate of employment generated through SHG and JLG.
3. To study the social impact on the member of SHG and JLG.

### **Hypothesis of the study**

- H1. There is a significant increase in income of member after joining SHG and JLG.  
H2. There was a significant increase in the social impact of member after joining SHG and JLG.

### **Review of Literature**

1. **Sahu Lopamudra and Singh, (2012)** made a community based qualitatively study in Pondicherry. Focus Group Discussions (FGD) were conducted among six SHG groups (one each) selected on feasibility basis. It is found that the women SHG members have gained respect and trust in society and were able to plan for the future of their families. Self Help Groups played very important role in Women

empowerment and should be promoted for economic development of the country. (R, October 2014)

2. **Padma K.M.S and *et al*, (2013)** Described that banks may initially from JLG's by using their own staff wherever feasible. Bank may also engage business facilitators like NGO and other individual rural volunteers to assist bank in financing institutions were facing some of the problems there are lack of regular meetings, lack of awareness about JLG among stakeholders, lack of financial literacy. lack of capacity building of JLG, lack of outstanding among member of JLG. Lack of credit culture, lack of cohesiveness in the group, Group of people for availing of loan for once, lack of monitoring by financial institution /NABARD/RBI, lack of publicity, lack of availability of guidance among stakeholders, lack of availability of document about JLG in branches, lack of capacity building of bank staff. Lack of proper planning in financial institution plan, lack of involvement of JLG promoting institutions, lack of motivation among stakeholder. (al, Nov-Dec 2013)
3. **Eswaraiah, (2014)** is an empirical attempt focusing on women empowerment through self-help groups in drought-prone Ananthapuramu district in Andhra Pradesh. The findings of the study establish the SHGs have made a positive impact on women empowerment especially in the spheres of social status, economic empowerment and decision-making on various aspects of family matters. (Ms.Poornima Vijaykuma, 2013-2016)
4. **Padma Venkata subramanyam and Suresh, (2014)** Based on a study of the operation of (3) MFI's it was conducted that a Joint Liability Group s usually a group of five to ten who come together to borrow from an MFI. The members in a JLG are also from similar social-economic backgrounds and usually the same village. A JLG is different from SHGs in that the members share liability , or stand guarantee for each other. If any of the member default the other member need to pool in money to repay the MFI. This ensure a greater effort on part of the members to ensure that everyone repays, thus ensuring resulting in better accountability and security for the MFI involved. (Mrs. Padma K.M.S, January 2014)
5. **Lakhawat Saroj and Charan Shailendra Singh, (2015)** evaluated self help groups (SHGs) in our nation, that encourage small amount of savings as well as the reprocess of generating resources amongst the members. SHGs help to conquer exploitation as well as build assurance for the financial independence of the women. SHGs facilitate women - members to collaborate for a general aim and to achieve potency from each other to get rid of exploitation, which they are facing, in numerous forms. The present work is intended to study the role of micro-finance through Self Help Groups (SHGs)

in socioeconomic empowerment of women. The study has been carried out in Ajmer district of Rajasthan covering a sample of 75 beneficiaries, 8 SHGs, 4 villages, and 2 blocks. (Saroj lakhawat, November,14 (2015))

## Research Methodology

### Primary source of data

The primary data was collected using structured Questionnaire which was given to 50 members of SHG and JLG in the Nagpur city. Interview method was also apply to collect required information regarding this study.

### Secondary Source of Data

The present study also uses secondary data. The required data was collected from the published annual report of NABARD, MFI, Private and Public Bank and related books and generals for relevant articles related to the study.

## Data Collection and Analysis

### 1. Age of the respondents SHG and JLG

Age of Respondents	SHG	JLG
18-25	8	4
26-35	24	16
36-45	12	25
46-55	6	5

Table no 1: Age of respondent SHG and JLG

From the analysis of data it is observed that majority of the member is 24 member from SHG fall in the group of 26-35 and 25 member from JLG fall in the age group of 36-45 year of age from the above analysis researcher can conclude that majority of the member are young in SHG and matured in JLG.

### 2. Occupation of the respondents of SHG and JLG

Occupations	SHG	JLG
Housewife	22	34
Employee	8	7
Entrepreneur	3	2
Agricultural Labour	7	2
Any other	10	5

Table no 2: Occupation of the respondents of SHG and JLG

From the above data researcher can observed that majority of the member in SHG are housewife some in others and some of the member are employee and majority of the member in JLG is also housewife and employee in the group. The remaining consist of agricultural labour and entrepreneur. From the point of view of the researcher, it can be highlighted that majority of the member in SHG and JLG are housewife.

### 3. Awareness of SHG and JLG

Sources of Awareness	SHG	JLG
Friends	17	19
Relatives	9	5
Neighbours	22	25
News paper and Magzines	2	1

Table no 3: Awareness of SHG and JLG

From the above data researcher observed that majority of the member aware about SHG through neighbour and then friends and some know through relatives and also majority of the member aware about JLG through neighbour and then friends and some member know through relatives. From the point of view of the researcher, it can be highlighted that source of the awareness of the member of the SHG and JLG are neighbour and friends.

### 4. Duration of stay in SHG and JLG

Number of Years	SHG	JLG
Less than 1 Year	13	22
1-3 Year	31	25
More than 3 Years	6	3

Table no 4: Duration of stay in SHG and JLG

From the above data researcher observed that majority of the member stay between 1-3 year, some of the member stay less than 1 year and only few member stay more than 3 year in SHG and also majority of the member stay between 1-3 year, some of the member stay less than 1 year and only few member stay more than 3 year in JLG. From the point of view of the researcher, it can be highlighted that the duration of the member of SHG and JLG is 1 to 3 year.

### 5. Rate of Employment Generation in SHG and JLG

Rate of Employment	SHG	JLG
1%-3%	17	18
3% -5%	13	17

5%-7%	12	8
7% and Above	8	7

Table no 5: Rate of employment generation in SHG and JLG

From the above data it is observed that employment of the 17 member are increase 1% to 3%, employment of the 13 member are increase 3% to 5%, employment of the 12 member are increase 5% to 7% and employment of the 8 member are increase 7% and above in SHG and employment of the 18 member are increase 1% to 3%, employment of the 17 member are increase 3% to 5%, employment of the 8 member are increase 5% to 7% and employment of the 7 member are increase 7% and above in JLG. From the point of view of the researcher, it can be highlighted that SHG and JLG are beneficial for employment generation. It is helpful for the income generation of the member and their poverty alleviation.

## 6. Social Impact of SHG and JLG

7.

Social Impact	SHG	JLG
Standard of Living	10	14
Education Level Of Children	27	29
Changes in Healthy and Nutritional Food	13	7

Table no 6. Social Impact of SHG and JLG

From the above data is it observed that majority of the member are able to increase the Education level of their children some are able to increase the changes in healthy and nutritional food and some of the member are able to increase their standard of living through SHG model and majority of the member are able to increase the Education level of their children some are able to increase the changes in healthy and nutritional food and some of the member are able to increase their standard of living through JLG model. From the point of view of the researcher, it can be highlighted that SHG and JLG are beneficial for increasing the social impact of the member in the society.

## Hypothesis

H1. There is a significant increase in income of members after joining SHG and JLG.

Source Of Income	SHG	JLG
Increment in Saving	21	18
Increase in Investment	20	17



Increase in Number of Source of Income	11	14
Increase in Assets	5	10
Increase in Cash Balance	9	5

Source : Primary Data Collection

### Table Showing statistical sample of SHG and JLG

Analysis of Variance Results

F-statistic value = 0.01027

P-Value = 0.92178

Data Summary				
Group	N	Mean	Sta. Deviation	Std. Error
SHG	5	13.2	7.0143	3.1369
JLG	5	12.8	5.3572	2.3958

ANNOVA Summary					
Source	Degree of Freedom DF	Sum of Squares SS	Mean Square MS	F-Stat	P-Value
Between Group	1	0.4	0.4	0.0103	0.9218
Within Group	8	311.6	38.95		
Total	9	312			

A one way Annova was conducted to study the income of member after joining the SHG and JLG. The result show that calculated P value for Income of member after joining SHG and JLG is greater than the standard P value of 0.05 thus we can accept the alternative Hypothesis stating that the income of member has significant increase after joining the SHG and JLG.  
H2. There was a significant increase in the social impact of member after joining SHG and JLG.

### Table Showing statistical sample of SHG and JLG

Analysis of Variance Results

F-statistic value = 0

P-Value = 1

Data Summary				
Group	N	Mean	Sta. Deviation	Std. Error
SHG	3	16.6667	9.0738	5.2387
JLG	3	16.6667	11.2398	6.4893

ANNOVA Summary					
Source	Degree of Freedom DF	Sum of Squares SS	Mean Square MS	F-Stat	P-Value
Between Group	1	0	0	0	1
Within Group	4	417.3339	104.3335		
Total	5	417.3339			

A one way Anova was conducted to study of the social impact of member after joining the SHG and JLG. The result show that calculated P value for Income of member after joining SHG and JLG is greater than the standard P value of 0.05 thus we can accept the alternative Hypothesis stating that the social impact of the member has significant increase after joining the SHG and JLG.

## FINDINGS

As per the study researcher found that most of the members are women borrower in SHG and JLG on the basis of primary data they are young and matured and most of the women are housewife, they know about this two Microfinance model through their neighbors and friends. Most of the member participate and become member of SHG and JLG to meet their daily expenses and increase their saving and income and it is found that most of the women are successful for increasing their income and saving and also they are able to generate employment in society and it is very helpful for increasing their social impact on the society through the help of SHG and JLG.

## CONCLUSION

The study conclude that SHG and JLG model has brought positive changes in individual member level and household level by the way of improvement in household income, creation of household asset, easy access to the bank credit, coverage under insurance scheme and opening saving bank account of the SHG and JLG member. Both the model of SHG and JLG working in India that are concentrating on poor women offer greater promise and potential to address poverty as they focus on building social capital through access to financial service. Earlier poor people had no source other than local money lender for large sums of money. Nowadays SHG and JLG are provided Microfinance and Micro credit program and self help



bank linkage program in India have been increasingly promoted for their positive economic impact and the belief that they are empowered women.

Normally SHG and JLG are connected with the initial activity of Microfinance or Micro credit and various other activities related to the holistic development of their community. Access to Microfinance benefits women, their families and communities by increasing income, awareness and bargaining power, increasing resource availability to families for improved nutrition and education, growth in local economies through the increasing women's spending and an expanded view of social and economic norms related to women.

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