

Constraints Faced in Functioning of Self Help Groups by the Members under Rajasthan Condition

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ABSTRACT

The discussion on socio-economic impact of self-help groups (SHGs) on its beneficiaries revealed some major problems faced by the members in functioning of SHGs. Main constraints faced by the members were found to be lack of finance and lack of marketing facility in economic constraints category; lack of infrastructure and lack of knowledge of loan procedure in technical constraints category; and lack of education and mutual understanding in the social constraints category, respectively.

Key words: Self-Help Groups, Constraints, Garret ranking, Dairying

INTRODUCTION

The finance is emerging as a poverty reduction and empowerment tool, which has made a visible impact in the lives of the poor women members of the self help groups (SHGs) in rural India (Jeyaseelan, 2006). Mostly, women are mobilized into groups for mutually beneficial social and economic activities. The group provides a base for self-employment and empowerment through group dynamics. In India, these mutual help-based groups are known as SHGs. Increasing women's access to initiate a series of "Virtuous spirals" of economic empowerment, increased the well being for women and their families and wider social and political empowerment (Mayoux, 1999). SHGs provide independent out of home income source leading to reduction of economic dependency of the women on their spouse, and it is true that the poorer the family, the more dependency on women's income.

Rajasthan, being a poor state, different Government institutions and NGOs are actively involved in SHG formation for socio-economic development of low-income groups. Preliminary investigation revealed that more than 50 per cent SHGs are engaged in dairy farming activities. The members borrowed credit for several dairy activities, e.g. for purchasing animals, dry fodder, green fodder, concentrates and others. They have cent per cent repayment capacity and a majority of them are women SHGs working in the area. In view limited work on economic evaluation of rural financing for dairy farming through SHGs and realizing the growing popularity of SHG concept in development interventions, a research study was undertaken to examine the constraints faced by the farmers of Rajasthan.

METHODOLOGY

A list of three years old SHGs were prepared from the selected cluster of villages within each *tehsil* and those SHGs, which were predominantly involved in dairy farming and agriculture activities were selected. Top five SHGs from each set of villages from each *tehsil* were selected for further investigation thus making a total of 20 SHGs for the study (Fig.1). These 20 SHGs were further distributed on the basis of the modes of formation, nurturing, organizing and credit linkage. SHGs are basically categorized into three models viz.; Model-I, Model-II and Model-III (Fig. 2).

The primary data were collected from sample households on various parameters through well-structured and pre-tested questionnaires. The detailed information required for the study was collected from each of the selected households of Jaipur, *i.e.* Chhomu and Amer *tehsils*, for the year 2007-2008.

Economic constraints

Economic constraints mean the restraints pertaining to finance, profitable operation, in the way of adopting of particular recommended production technology and marketing operation. The constraints like lack of finance, lack of availability of inputs and raw material, lack of marketing facility, high cost of credit, high transaction cost, delay in repayment, poor fund rotation, etc.

Technical constraints

Technical constraints mean impediments or restrictions pertaining to know-how or skill in the way of adoption of particular recommended production technology. The constraints like lack of training, lack of awareness, lack of direction and encouragement, lack of

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technical person for supervision, lack of knowledge about loan procedure, lack of infrastructure facility, lack of regular meetings, etc.

Social constraints

Social constraints mean the impediments or restraints pertaining to society, habit and mental acceptance in the way of adopting particular recommended production and marketing practices. The constraints like lack of motivation lack of support from family members, lack of education lack of mutual understanding among members, poor attendance in the meeting, etc.

To identify the major constraints faced by SHG members, Garret Ranking Technique (GRT) was used. This technique was helpful in deciding the most important constraints faced by the respondents in the order of priority. The GRT was used to rank the choice of actors of reasons. According to this, the respondents were asked to assign rank to different problems with respects to their problems. The order of merit thus given by the respondents was converted into ranks by using the following formula.

$$\text{Percent position} = \frac{[100 (R_{ij} - 0.50)]}{N_j}$$

Where,

R_{ij} rank given for i^{th} problem by j^{th} individual and N_j number of problems ranked by the j^{th} individual.

The per cent position of each rank was thus converted into scores by referring table given by the Garret, then for each problem, the score of individual respondents added and divided by the total number of respondents. The mean score for all the problems arranged in descending order and thus ranks were assigned to the problems.

RESULTS AND DISCUSSION

Education status

Better education enables better comprehension of farming technologies and their possible adoption in farm enterprises. Awareness and knowledge levels of the farmers are best reflected through their education. The distribution of sample households according to the education of the members of SHGs is presented in Fig. 3. It may be observed that, the member households of SHGs groups were better educated than their counterparts in non-member groups. On an average, 44.05 per cent decision makers of families were illiterate in member group while it was 61.90 per cent in a non-member group. On an average 36.90 per cent of decision makers of a member group had education up to primary level whereas, it was 32.15 per cent in case of a non-member group, respectively. On the other hand, 8.33 per cent of decision

Table 1: Constraints faced by the SHG-members in functioning of SHGs

A. Economic Constraints	Mean score	Order of merit
Lack of finance	67.60	I
Lack of availability of inputs and raw materials	49.22	III
Lack of marketing facilities	55.51	II
High cost of credit	49.04	IV
High transaction cost	29.11	VI
Delay in repayment	26.80	VII
Poor fund rotation	36.61	V
B. Technical Constraints		
Lack of training	57.41	III
Lack of awareness	39.82	V
Lack of direction and encouragement	33.69	VI
Lack of technical person for supervision	40.51	IV
Lack of knowledge about loan procedure	61.43	II
Lack of infrastructure facility	64.34	I
Lack of regular meetings	-	-
C. Social Constraints		
Lack of motivation	43.38	III
Lack of support from family labour	31.07	IV
Lack of education	64.77	I
Lack of mutual understanding among members	44.01	II
Poor attendance in the meeting	-	-

makers of a member group had education up to middle level whereas, it was 2.38 per cent in case of a non-member group, respectively. Those educated up to high school, intermediate and above graduate level were observed to be 3.57, 4.76 and 2.39 per cent of member group and 2.38, 1.19 per cent and nil in case of non-member groups. It was observed during investigation that the member groups possessed more knowledge about scientific and agriculture practices. Meena (2008) also reported that the education levels were better indicator for adoption of farming technologies by the farmers.

Constraints faced

The Garrett's Ranking Technique (GRT) was used to rank the problems faced by SHG members in the order of merit as per the opinion of the respondents. The constraints faced by SHG members were ranked and are presented in Table 1. Among the economic constraints, members ranked the lack of finance as I, being 67.60 per cent of total respondents followed by lack of marketing facility (55.51 %), lack of availability of inputs and raw materials (49.22%), which were given the II and III ranks respectively. The other constraints like high cost of credit (49.04 %), poor fund rotation (36.61%), high transaction cost (29.11%) and the respondents ranked delay in repayment (26.80 %) in that order. Archana and Singh (2002) also found that the constraints faced by the majority of SHGs were delay in repayment and poor fund

rotation among the main problems faced by SHGs in Hoshangabad district of Madhya Pradesh.

Among the technical constraints faced by SHG members in order of merit was lack of infrastructure facility (64.34 %), lack of knowledge about loan procedure (61.43 %) and lack of training (57.41 %) faced by the farmers. The other constraints ranked in order were lack of technical person for supervision (40.51 %), lack of awareness (39.82 %) and lack of direction and encouragement (33.69 %). Madheswaran and Dharmadhikary (2001) also reported that the constraints faced by rural poor in taking up non-farm activities were illiteracy, lack of training, capital, quality, marketing, and decision making power, lack of participation and lack of entrepreneurial attitude in carrying out non-farm activities successfully. They also reported that keeping accounts and marketing were the major constraints (90 per cent) in Pune District of Maharashtra. Awasthi et al. (2001) also reported that the SHG members experienced some constraints like lack of motivation, backward and forward linkages, inadequacy of the infrastructure, insufficient loans, inadequate provision for marketing and availability of inputs, lack of systematic monitoring and follow-up of the activities, etc.

Among the social constraints, lack of education was considered to be the major constraint as reported by 64.77 per cent of respondents. The other constraints ranked in the order of merit were lack of mutual understanding among members (44.01 %), lack of motivation (43.38 %) and lack of support from family labour (31.07 %). Singh *et al.*, (2008) also found that among the problems faced by the group members in running the SHGs, the group cooperation was the main problem besides the problem in collection of money (monthly contribution) and repayment of loans faced by few groups, which could be due to very low economic status of the families in Uttarakhand. Vatta and Singh (2001) also countered problems by Below Poverty Line (BPL) groups were eligible to get bank loans but only 5 per cent of them could get it because of lack of awareness, education and managerial abilities, lack of leadership, lack of confidence etc.

CONCLUSION

The structural constraints such as lack of finance, lack of marketing facilities, lack of availability of inputs and raw material, lack of infrastructure facility, lack of knowledge about loan procedure, lack of education, lack of mutual understanding among members, lacks of trainings *etc.* have started emerging as binding constraints that need to be addressed on priority to make micro finance as an effective instrument of creating and enhancing production skills and securing appreciable and

sustained increase in income and employment.

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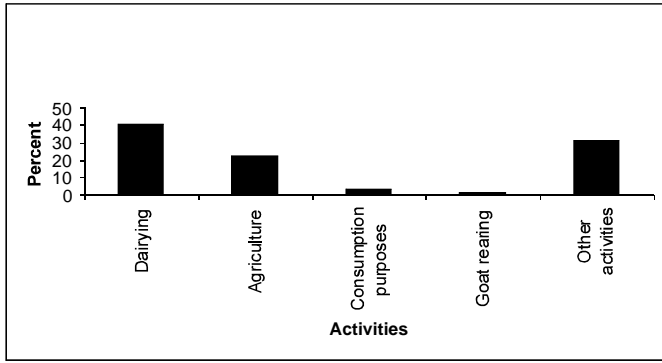


Fig. 1: Distribution of sample households according to different activities

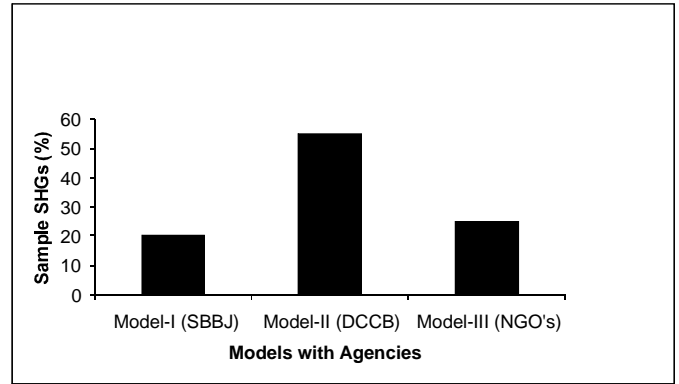


Fig. 2: Distribution of sample SHGs according to different models

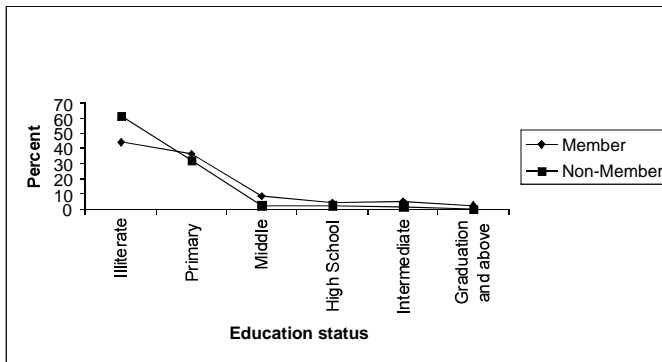


Fig. 3: Distribution of member and non-member households according to education status