An Analysis of Growth and Performance of Self-Help Groups in India with Special Reference to Karnataka

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Abstract

This paper highlights the growth of Self-Help Groups in India and Karnataka from 2010-11 to 2021-22. In this study, the growth of SHGs in India vis a vis Karnataka is considered agency-wise. The study focuses on the growth of SHGs in India in the area of a number of Self-Help Groups, Savings, Bank Loan Disbursement, Bank Loan outstanding, and non-Performing assets. In this study, SHGs are considered both agency-wise and region-wise at the country level. In Karnataka, SHGs' growth rate is computed agency-wise and compared with the country level. This study is based on secondary data and it focuses on twelve years of growth between 2010-11 and 2021-22. The study has used a compound annual growth rate, and percentage change to estimate the trends- Agency-wise and Region wise. Analysis of Variance (ANOVA) is calculated to know the variation among three agencies namely Commercial Banks, Regional Rural Banks, and Cooperative banks, and six regions namely north, northeast, east, central, south, and west. The study found that a positive trend is observed in the growth of SHGs in India as well as in Karnataka. But the performance of Karnataka is not satisfactory on par with India. The variations in agencies and regions have statistical significance. The result of the study has policy implications.

Keywords: *Self-Help Groups, Women Empowerment, Savings, Loan Disbursement, Bank Loan Outstanding, Non-Performing Assets*

Introduction

NGO-initiated, government-supported Self -Help Groups (SHGs), have been a very promising program in accomplishing poverty eradication, women empowerment, and financial inclusion. The contribution of SHGs to poverty reduction is commendable. The need for the formation of new SHGs and their dynamic activities is more today as the pandemic has been a major setback in poverty reduction. The unexpected outbreak of the Novel Corona Virus has pushed many developing economies towards the rear. The Niti Ayog has estimated in 2020-21 that 25 per cent of the population is living under the poverty line. India is in the 66th position out of 109 countries in the global Multi Poverty Index 2021. This necessitates the study of SHGs and their impact on the eradication of poverty and achieving gender equality.

Self-Help Group intervention is well-organized across the world as an effective strategy for reducing poverty and improving the socioeconomic standing of the poor and underprivileged. In India, Self Help Groups are achieving progress in their efforts to alleviate poverty and empower women. Mohammad Yunus of Bangladesh developed this notion, which has resulted in a revolution in the field of economic development. Furthermore, this has evolved into a key aspect of microfinance. Microfinance has been

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mostly supplied and driven through the network of NABARD and NGOs (Rashmirani Agnihotri H.R. et al, 2016). Microcredit is mostly used as a form of empowerment among impoverished women in both rural and urban parts of Indian states. Variations in per capita income and poverty rates have an impact on the opportunities for women to work and the reach of women SHGs across India. Women's empowerment efforts are also aided by factors such as increased access to bank loans and female literacy (Saravanan S. and Devi Prasad Dash, 2017). During the previous two decades, the bank linkage programme has developed at a breakneck speed, becoming India's most prominent way of offering microfinance services. Even though the program's regional distribution is significantly lopsided, with the biggest concentration in the southern region, it has begun to gain momentum in other areas. In the post-SHG circumstances, SHG member households' average yearly net income, assets, and savings all improved dramatically. The average quantity of loans and the consistency with which they were rapidly growing, and the reliance on moneylenders reduced dramatically. The percentage of loans used for productive uses and employment per household grew, poverty among SHG members decreased, and women's social empowerment greatly improved **(**Madhusudan Ghosh, 2012)**.** The SHG movement grew in intensity; informal self-help groups formed federated structures. SHGs with federated structures empowered members in the socioeconomic realm. Vertical federation integration has benefited members in a variety of ways (Shylendra H.S., 2018). Women's self-help groups (SHGs) are increasingly being used as a platform for service delivery as well as a vehicle for social, political, and economic empowerment (Neha Kumar et al 2019).

Objectives of the Study

Keeping the above-mentioned facts, different objectives were framed for the study. The specific objectives of the study are as follows:

1. To assess the growth of SHGs in India vis a vis Karnataka.
2. To study the growth of SHGs across agencies.
3. To examine the growth of SHGs across regions.

Hypotheses of the Study

1. There is no difference among selected variables across agencies.
2. There is no difference among selected variables across regions.

Methodology

The present study is based on secondary data. The source of the data is "Status of Micro Finance in India", the annual reports of NABARD. The time period for this study is twelve years from 2010-11 to 2021-22. Annual Growth Rate (AGR) and Compound Annual Growth Rate (CAGR) have been calculated to know the growth of SHGs through different agencies and in different regions. The three agencies considered in the study are Commercial Banks which include both private and public sector banks, Regional Rural Banks, and Co-operative Banks. The six regions taken for the study are northern, north-eastern, eastern, central, south, and western. The variables used in the study to compare the growth of SHGs in Karnataka on par with India are -the number of Self-Help Groups, Savings, Bank Loan Disbursement, Bank Loan outstanding, and non-Performing assets. Later on, Analysis of Variance (ANOVA) has been used to assess for statistical significance of variations among the three different agencies and six different regions in India.

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Scope of the study

The study analyses the growth of SHGs in India as well as in Karnataka through the selected economic parameters. The present study aims to know the growth of SHGs agency-wise. The study intends to do an analysis of regional variation in the growth of SHGs.

Limitations of the Study

Some of the limitations of the study are as follows:

1. The study is made for the period of twelve years from 2010-11 to 2021-22.
2. The study has considered only five economic variables to assess growth.
3. Findings of the study are based on the secondary data taken from the reports.

Findings and Discussions

Growth of SHGs in India and Karnataka- Agency-Wise

The study has selected five parameters (the number of Self-Help Groups, Savings, Bank Loan Disbursement, Bank Loan outstanding, and non-Performing assets) to assess the growth of SHGs. The data in this table is sorted agency-wise. They are; Commercial Banks, Regional Rural Banks, and Co-operative Banks.

Table No 1: Growth of Selected Parameters of SHGs (in percentage)

Annual Growth Rate of No. of SHGs			The annual Growth rate of the Amount of Savings		Annual Growth Rate of Bank Loan Disbursed		The annual Growth rate of Bank Loan Outstanding		Annual Growth Rate of Non-Performing Assets	
Year	**India**	**Karnataka**	**India**	**Karnataka**	**India**	**Karnataka**	**India**	**Karnataka**	**India**	**Karnataka**
2010-11										
2011-12	6	10	-7	4	12	16	14	35	33	43
2012-13	-9	3	20	13	20	29	8	-5	21	-8
2013-14	2	9	17	-6	14	22	8	16	5	24
2014-15	3	3	11	16	13	38	17	34	23	61
2015-16	3	24	19	10	26	23	10	21	-3	-135
2016-17	8	7	15	-10	4	-9	7	8	8	45
2017-18	2	-23	18	-14	18	30	19	27	14	31
2018-19	13	8	16	1	19	3	13	6	-2	-3
2019-20	2	-4	11	24	25	15	19	16	15	25
2020-21	9	-11	30	16	34	-113	-5	-30	-9	-2
2021-22	6	2	21	11	42	66	32	34	15	-4
CAGR	**4**	**3**	**17**	**6**	**17**	**11**	**14**	**18**	**12**	**18**

Source: Status of Microfinance in India- Various reports of NABARD, Mumbai

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Table No. 1 throws light on the annual growth rate and compound growth rate through selected parameters of SHGs of India as a whole and Karnataka in particular.

The number of SHGs increased over a period of twelve years. At all India levels, the highest increase is seen in the year 2018-19 with an increase of 13 per cent. Karnataka saw the highest increase in the number of SHGs in 2015-16 achieving 24 per cent. The compound annual growth rate which is the mean annual growth rate gives a clearer picture of the scenario. India has marked a 4 per cent CAGR in the number of SHGs and Karnataka has attained a 3 per cent CAGR.

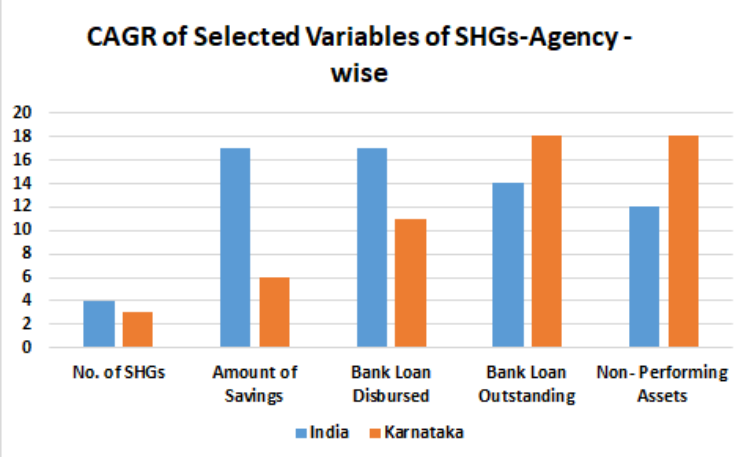
The annual growth rate of the amount of savings in India has seen only a positive change from the year 2011-12, the highest in the year 2020-21 with a 30 per cent increase from the previous year and Karnataka has saved more in the year 2019-20 with a 24 per cent increase from the previous year. CAGR in the amount of savings in India is 17 per cent and in Karnataka is 6 per cent.

The annual growth rate of bank loans disbursed by all agencies is the highest in the year 2021-22 with a 42 per cent change from the previous year and 66 per cent in Karnataka. The CAGR is 17 per cent for India and 11 per cent for Karnataka.

The annual growth rate of bank loans outstanding has increased enormously in the year 2021-22 in India at 32 per cent and in Karnataka at 34 per cent. Karnataka's CAGR is also greater in comparison to India at 18 per cent against 14 per cent in India.

In the year 2011-12, India's non-performing assets of SHGs were highest at 33 per cent and Karnataka had reached 61 per cent in the year 2013-14. The CAGR of India about non -performing assets for twelve years is 12 per cent and Karnataka's CAGR is higher than India's with 18 per cent.

Thus, we can conclude that the performance of Karnataka on par with India is not satisfactory. The CAGR of Karnataka in comparison to India is less in the positive parameters like the Number of SHGs, Amount of Savings, and Bank Loan Disbursement but the CAGR of Karnataka is more than India in Bank loans outstanding and Non- performing Assets. This clearly shows the underperformance of SHGs in Karnataka.



The above bar diagram clearly shows the compound average growth rate of India and Karnataka for the selected variables.

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7.2 Comparison of Selected Variables across Agencies

The SHGs get financial support and assistance from Commercial Banks, Regional Rural Banks, and Co-operative Banks. The study has been made to know the statistical significance of the variations among the agencies about the selected parameters.

Table No 2: Agency-wise comparison of Selected Variables:

Variable	*Source of Variation*	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
No. of SHG	Between Groups	1.5E+13	2	7.5E+12	64.10927	4.3E-12	3.284918
	Within Groups	3.86E+12	33	1.17E+11			
	Total	1.89E+13	35				
Amount of Savings	Between Groups	5.69E+12	2	2.84E+12	10.41145	0.000312	3.284918
	Within Groups	9.02E+12	33	2.73E+11			
	Total	1.47E+13	35				
Bank Loan Disbursement	Between Groups	3.19E+13	2	1.6E+13	14.10833	3.73E-05	3.284918
	Within Groups	3.73E+13	33	1.13E+12			
	Total	6.92E+13	35				
Loan Outstanding	Between Groups	1.05E+14	2	5.23E+13	22.79525	6.05E-07	3.284918
	Within Groups	7.57E+13	33	2.29E+12			
	Total	1.8E+14	35				
Non-Performing Assets	Between Groups	3E+11	2	1.5E+11	57.68571	1.69E-11	3.284918
	Within Groups	8.6E+10	33	2.6E+09			
	Total	3.86E+11	35				

Source: Calculated from the tables published in various reports of NABARD-Status of Microfinance in India.

Note: Significant at 5% level.

To observe the statistical significance of the variation in the number of SHGs among the agencies, ANOVA has been used. The level of significance is 5 per cent. The result in table 2 shows that the p-value is 4.3E-12, which is less than 0.5. Hence the null hypothesis is rejected and concluded that there is a difference among the number of SHGs of different agencies.

Further, ANOVA is used to determine the statistical significance of differences in the amount of savings in different agencies. With the 5 per cent significance level, the p-value is 0.000312 which is less than 0.5, hence the null hypothesis is rejected and concluded that there is a difference among the amount of savings of different agencies.

The ANOVA result has helped to know the statistical significance of differences in bank loans disbursed. The p-value is 3.73E-05 which is less than 0.5, hence the null hypothesis is rejected, and concluded that there is a difference among the bank loan disbursed from different agencies.

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The statistical significance of differences in bank loan outstanding is found through ANOVA. The p-value is 6.05E-07 which is less than 0.5, hence the null hypothesis is rejected, and concluded that there is a difference among the bank loan outstanding from different agencies.

The ANOVA has also shown the statistical significance of the differences in non-performing assets among different agencies. The p-value is 1.69E-11 which is less than 0.5, hence the null hypothesis is rejected, and concluded that there is a difference in non-performing assets in different agencies.

7.3 Region-wise Growth of SHGs in India

As India is a vast country, the growth of SHGs can be understood clearly with regional divisions. The six different regions are considered in the study and all the states and union territories come under these six regions. The six regions are northern, northeastern, eastern, central, south, and western.

Table No. 3: Growth of Selected Parameters of SHGs -Region-wise (in percentage)

CAGR for the period between 2010-11 and 2021-22	Region	No. of SHGs	Amount of Savings	Bank Loan Disbursed	Bank Loan Outstanding	Non-Performing Assets
	Northern	5	16	10	5	9
	N -eastern	6	19	16	11	14
	Eastern	6	21	26	19	17
	Central	5	15	11	3	8
	western	5	12	16	11	13
	Southern	2	17	16	14	12
	Total	4	17	17	14	12

Source: Status of Microfinance in India- Various reports of NABARD, Mumbai

The compound Annual Growth Rate is calculated for different regions for different variables. Table number 3 shows the calculated CAGR of different variables for the period of twelve years. The overall growth in the number of SHGs in the Northern region is 5 per cent, the North-eastern region is 6 per cent Eastern region is 6 per cent, the Central is 5 per cent, the Western region is 5 per cent the Southern region is 2 per cent and 4 per cent is the total. The northeastern region and eastern region both have performed well in the growth of the number of SHGs and the Southern region is the lowest with 2 per cent.

The overall growth in the amount of savings among SHGs in the Northern region is 16 per cent, the North-eastern region is 19 per cent Eastern region is 21 per cent, the Central is 15 per cent, the Western region is 12 per cent, the Southern region is 17 per cent and 17 per cent is the total. The Eastern region has outperformed all other regions with 21 per cent and the lowest is the western region with 12 per cent. The total bank loans disbursed among SHGs between 2010-11 and 2021-22 in the Northern region is 10 per cent the North-eastern region is 16 per cent Eastern region is 26 per cent the Central is 11 per cent the Western region is 16 per cent the Southern region is 16 per cent and 17 per cent is the total. The Eastern region has outshined all other regions with 26 per cent and the lowest is the northern region with 10 per cent. The overall bank loan outstanding for twelve years in the Northern region is 5 per cent the North-eastern region is 11 per cent, the Eastern region is 19 per cent, the Central is 3 per cent the Western region is 11 per cent, the Southern region is 14 per cent and 14 per cent is the total. The central region has well performed by having the lowest CAGR of 3 per cent and the lowest is the eastern region with 19

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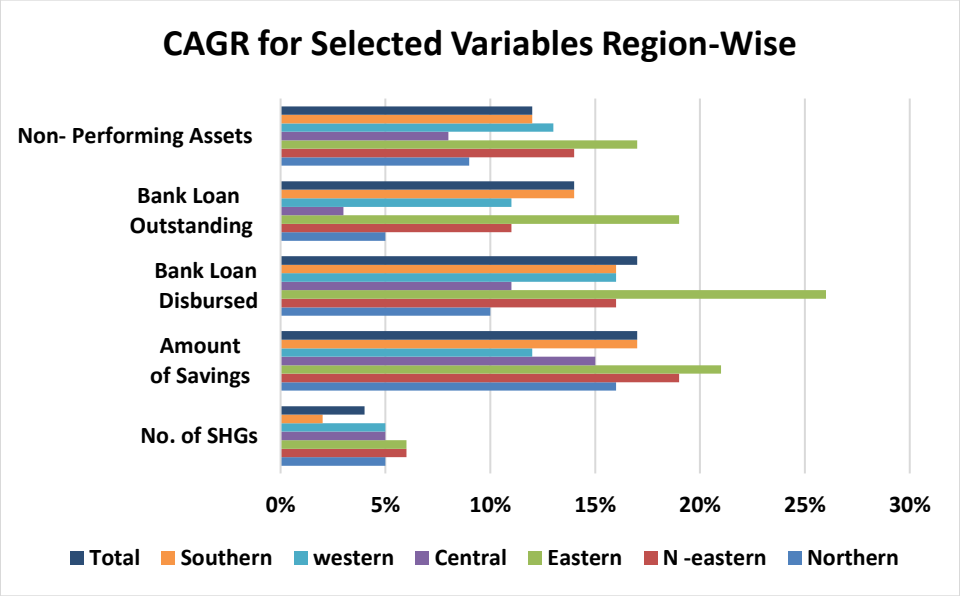
per cent. CAGR is calculated for non-performing assets for a period of twelve years. The CAGR for the Northern region is 9 per cent, the North-eastern region is 14 per cent Eastern region is 17 per cent, the Central is 8 per cent, the Western region is 13 per cent, the Southern region is 12 per cent and 12 per cent is the total. The central region has well performed by having the lowest CAGR of 8 per cent and the lowest is the eastern region with 17 per cent. The Eastern region is performing in two extremes. The number of SHGs, Amount of savings, and Bank loan disbursement are high in this region showing a positive trend but the same region has been marked for the highest bank loan outstanding and non-performing assets indicating the failure of loan repayment which demands further investigations.

The below diagram shows the region-wise variations of the selected variables.



1.4 Comparison of Selected Variables across Regions

This study attempts to make a regional analysis of the growth of SHGs by adopting economic parameters. The regional variation is studied for five parameters and sex regions are considered for the study.

Table 4: Region-wise comparison of Selected Variables

Variable	*Source of Variation*	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Number of SHGs	Between Groups	9.06E+13	5	1.81E+13	146.5878	2.43E-34	2.353809
	Within Groups	8.16E+12	66	1.24E+11			
	Total	9.88E+13	71				
Amount of Savings	Between Groups	9.52E+12	5	1.9E+12	19.08639	1.07E-11	2.353809
	Within Groups	6.58E+12	66	9.97E+10			
	Total	1.61E+13	71				
Bank Loan Disbursement	Between Groups	9.1E+13	5	1.82E+13	31.93841	2.19E-16	2.353809
	Within Groups	3.76E+13	66	5.7E+11			
	Total	1.29E+14	71				

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Bank Loan Outstanding	Between Groups	2.3E+14	5	4.59E+13	38.51004	2.65E-18	2.353809
	Within Groups	7.87E+13	66	1.19E+12			
	Total	3.08E+14	71				
Non-Performing Assets	Between Groups	2.9E+11	5	5.79E+10	15.65458	3.87E-10	2.353809
	Within Groups	2.44E+11	66	3.7E+09			
	Total	5.34E+11	71				

Source: Calculated from the tables published in various reports of NABARD-Status of Microfinance in India.

Note: Significant at 5% level.

To observe the statistical significance of the variation in the number of SHGs across the regions, ANOVA has been used. The level of significance is 5 per cent. The result in table 4 shows that the p-value is 2.43E-34, which is less than 0.5. Hence the null hypothesis is rejected and concluded that there is a difference among the number of SHGs of across regions.

Further, ANOVA is used to determine the statistical significance of differences in the amount of savings in different regions. With the 5 per cent significance level, the p-value is 1.07E-11 which is less than 0.5, hence the null hypothesis is rejected, and concluded that there is a difference among the amount of savings in different regions.

The ANOVA result has helped to know the statistical significance of differences in bank loans disbursed. The p-value is 2.19E-16, which is less than 0.5, hence the null hypothesis is rejected, and concluded that there is a difference among the bank loan disbursed from different regions.

The statistical significance of differences in bank loan outstanding is found through ANOVA. The p-value is 2.65E-18 which is less than 0.5, hence the null hypothesis is rejected and concluded that there is a difference among the bank loan outstanding across regions.

The ANOVA has also shown the statistical significance of the differences in non-performing assets among different agencies. The p-value is 3.87E-10 which is less than 0.5, hence the null hypothesis is rejected, and concluded that there is a difference in non-performing assets in different regions.

2. Policy implications and Scope for Further Study

Some policy suggestions emerging from the above discussion are as follows:

1. The number of SHGs can be increased in the unreached regions by establishing more bank branches.
2. Bank loan outstanding can be reduced by increasing the loan tenure as it is only one year in most cases.
3. Non- performing assets can be reduced by strictly lending loans to productive purposes.

This study also paves the path for further studies which would help for a greater understanding of the field and supports further research.

1. The growth rate can be assessed for three decades to know the complete growth of SHGs since initiation and understand the decadal growth rate

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2. Post-ad ad hoc tests can be conducted on all the variables for which ANOVA is calculated in this study.

3. Regional Analysis can be further continued with a deeper understanding of variations within all the regions.

Conclusion

The SHGs received government support through NABARD in the year 1992. After 30 years of support received from the government and various agencies, tremendous growth has been marked by the SHGs in the field of initiation of new SHGs, Savings Amount, and Loan disbursement. But the increased banks' loan outstanding and non-performing assets have demanded the introspection of the SHG programme and the micro-finance policy through a new lens. The widened regional disparity is a matter of concern. The CAGR computed for India and Karnataka clearly shows that Karnataka's performance has to be improved in all economic parameters. Though the first pilot project of SHGs in India is taken by the NGO called MYRADA in Mysore with the initiation of 300 SHGs and whose success led to the establishment of SHG-BLP, Karnataka has not made impressive growth in SHGs. But the success of SHGs in some regions ensures that the programme with good implementation can reach the so-called "unbankable people" and have a positive impact on the lives of the poor.

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