



## MOTIVATIONAL FACTORS IN FORMATION OF SHG

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### ABSTRACT

**S**HG is an informal social organization. The formation of social organization requires stimulation to initiate action to form Self Help Group. In villages of Odisha, the formation of SHG or similar social organizations is not easy task. It requires constant motivational effort. In many cases the motivation also fails. The sources of motivation, their credibility, mode of approach and many other factors play important role to establish SHGs.

**KEY WORDS:** Self Help Groups, Motivation, Empowerment, Enterprise

### INTRODUCTION

For rural development many approaches have been experimented in India prior to independence and afterwards. The isolated efforts carried-out throughout the country could not infer proper methods and approaches to bring out development of the rural poor. In 1952 community development project of India, combining the earlier efforts developed a strategic plan to develop rural India. But even after 68 years of independence, the population under poverty line is as high as 48 per cent in Odisha. To manage the rural poor, a noble idea has been invented in terms of Self Help Groups (SHGs). In 1986 -87 NABARD took up the concept and operation into action in promoting of SHG. The core concept of SHG is that one has to help himself. The concept has taken shape and is now very much familiar in rural areas of the country.

### SELF HELP GROUPS

Self Help Groups (SHGs) are emerging as major agents of development and empowerment of weaker sections in the third world. In India, since the beginning of the Ninth plan, most of the development programmes are channeled through SHGs. In all parts of the country, self help groups are organized by Governmental and Non-governmental organizations. The Government, Banks and Non-governmental organizations facilitate them by providing revolving funds, organizational base and training, credit etc. It is worthwhile to call SHGs a mass movement on a national scale for development and empowerment of the poor and down trodden in the country.

The SHGs usually generate a common fund out of small savings from persons of groups collected on a regular basis by cultivating unproductive expenditure.



Sometime, the internal savings generated are supplemented by external resources loaned donated by voluntary agencies involved in promoting and strengthening the SHGs. Apart from this voluntary agency provides formal training through which women entrepreneurs acquire practical skills for managing the small scale enterprises such as garment making, toys making, fruit processing, handicrafts etc. Through the intervention of micro credit, the women entrepreneurs have benefited many things stand to shifted even their lives from rural areas to semi-urban areas.

There has been a great deal of emphasis on poverty alleviation schemes by Government by expansion of rural credit through rural and semi urban branches of commercial banks after nationalization. The financial institutions have laid more emphasis on schematic lending over-looking the credit for consumption requirements of the poor. As a result there was large scale diversion of funds creating recovery problems to banks.

Self Help Group is a concept emerged in the direction of helping rural poor forming groups so that they will improve their living condition through voluntary participation in thrift and credit. The core objectives are flexible, transparent and autonomy with sensitiveness and responsiveness of the participants.

Self-Help Group (SHG) is an informal organization of 10-20 persons from the homogeneous poorer section of the society. They are self managed, controlled, self-supporting and self governing organizations free from bureaucratization. The SHGs operate with the objectives of:

- a. To include the savings and banking habits among members.
- b. To help them in financial, technical and moral strength.
- c. To enable availing of loan for production purpose and repaying the same over a period of time in the process.
- d. To gain economic prosperity.
- e. To gain from collective wisdom in the financial matters in organizing and managing their own financial and distributing the benefits among themselves.

### **SELF –HELP GROUP IN ODISHA**

The State of Odisha has been the focus of attention of the Indian Map primarily to its pro-active government and significant strides made by its SHGs. SHGs are playing an important role in optimization of natural human resources through people's participation and achieving the goals of vision 2020. The govt. of Odisha has

taken up women's empowerment as one of the main strategies to tackle socio-economic poverty. Development agenda of the state in the last few years of placing the people especially women in the fore front has enabled the formation of large number of self help groups (SHGs) throughout the state where women are saving one rupee per a day. The state government is making efforts to assist SHGs by providing revolving fund under various programmes.

There are about 1, 52,379 women self Help Groups in Orissa, covering nearly 75, 58,796 of rural poor women (2005-2006). Orissa alone has about half of the Self Help Groups existing in the country. (Mission Shakti, 2005-2006, Orissa)

### **OBJECTIVES OF THE STUDY**

1. To study the motivational factors for formation of SHG at village level.
2. To analyze factors of performance of SHG leading to achievement of goal.

### **REVIEW OF LITERATURE**

Harper (1996) stated that in India as in other parts of the developing world, the banking community is extending its services to the rural poor by lending to Self Help Group (SHGs). By providing to single, larger loans and relying on the group, or NGOs, to monitor the on-lending of micro loans, the banker's transaction charges are reduced, making the whole operation potentially profitable.

Happer et al (1998) stated that the on-time repayment rates on SHG loans are usually well over 95 percent. This is so much higher than the normal performance of loans granted under government schemes to poor people that the banks are generally satisfied with this form of intermediation, even if the spread is less than that which they usually obtain. The SHG members are free to charge themselves whatever rates of interest they choose; the annual rates can range from 12 to 60 percent in a year.

Harry Blair (2000), stated that rural credit programs were long notorious for being subverted by the local rich, who had the collateral needed to secure loans and the political clout required to default successfully on their loans. However, the micro-credit initiatives stamina most notably from the model pioneered by the Grameen Bank in Bangladesh have been eminently successful in steering resources to the poorest strata. The critical element in those programmes is that successful micro-credit programmes are invariably administered by local people.

Copstake et al (2001) have analyzed the impact of micro-credit intervention on borrowers in low-income neighborhoods of Lusaka in Zambia. The main objectives of study were to measure the programmes depth and outreach, to assess and analyze the direct impact of loan on borrower's business operators.

Dwarikanath (2002) gave a brief account of the Ranga Reddy district and various schemes introduced herein to help in the financing of SHGs, working under of loopholes like presence of more unorganized SHG who are unable to promote self-employment, SHGs are getting revealing fund, not conducting regular meeting, not able to impart vocational training there is concentration of input rather than out-put i.e. finished and marketing product under self-employment institutional agencies are finding difficult to meet the credit requirement of SHGs and inadequate infrastructure, irregular repayment lead to mis-utilization of credit SHG programs have not reached the remote areas and on the other areas they are not working effectively; Project has become unmanageable and workers involved in their promotion are not even getting adequate income for their work. The experience of Ranga Reddy District raised eye borrows regarding efficiency of credit alone in achieving poverty alleviation through SHG program and their sustainability in the present economic structure.

Fisher & Sriram (2002) stated that allocating loans is indeed done at the local level although not by local Governments, promoting small organizations of poor people like SHGs may therefore make such groups vulnerable to political and bureaucratic capture, and we also look at strategies to protect such interference. There has also been look at strategies to protect such interference. There has also been much debate within micro-finance around the organization poor people in to groups necessarily exclude or are they the most vulnerable people who can take on the responsibilities and burdens that group discriminated against in terms of access to loans, for example democratic organizations may present some alternative prospective on this dilemma.

Fisher & Sriram (2002), stated that SHG has much more scope for members to participate in decision-making process under the SHG model the group usually women is formed with the help of an external categorizing agent (typically an NGO but the cycle of microfinance) starts with mutual saving and credit have been successfully completed that an external financial agency may come in the picture by providing additional capital for on lending to members of the group.

## METHODOLOGY

The chapter 'Research Methodology' deals with methods and procedures adopted during the course of investigation study. The chapter also provides a framework of the variables and their empirical measurement along with statistical treatments.

### Sampling techniques:-

The study "A SWOT analysis of SHGs in Khurda District of Orissa" was conceptualized to examine application of SWOT in functioning and operation of SHGs in Orissa. The SHG being an organization of common interest it can be very well studied under 'SWOT'. To arrive at a conclusion to take up the study, the researchers, academicians and other field officers were adequately consulted.

### Selection of districts:-

SHG is operating under the 'Mission Shakti of Orissa' which is a campaign for holistic empowerment of women and was launched on 8.3.2001 with a target to organize 2 lakhs Women Self Help Groups (WSHGs) covering all revenue villages of the state. By the year 2008, WSHGs has crossed 2 lakhs. It is believed that empowerment through SHG mode; the state can gain substantial benefit in terms of women empowerment, economic benefit and social well being. Mission Shakti is an umbrella organization that provides supports to different stake-holders working in the field of women empowerment. By the end of April 2010, as much 4, 15,203 WSHGs were formed with total membership of 4, 82,436. For the purpose of study, Khurda district was purposively selected, based on the following purpose.

The cumulative number of group formation of WSHG (Women Self Group) was found to be moderate (14019) compared to other districts of the state. The location of the district is closed to State Capital which enables the SHGs to avail latest technological support. The ATMA (Agricultural Technology Management Agency) project was successful in the district which has impact in expanding vision of women for entrepreneurship.

The study attempted to compare differential performances of SHGs under irrigated and non-irrigated zone. On the basis of these considerations, the district was selected for study.

### Selection of blocks:-

Khurda district is comprises of 10 blocks. Out of 10 blocks, 3 blocks were selected (30%) for the purpose of study. Some of the important features of the block selected for study are given herewith.

**Table No-1: Selection of blocks for investigation**

Sl. No.	Particulars	Khurda Block	Bhubaneswar Block	Balianta Block
1	Geographical Area (Sqm)	302.67	298.73	168.62
2	Number of villages	131	114	93
3	Total population	102117	105992	106908
4	SC Population	12485	19864	27605
5	Annual Rainfall(MM)	455.0	416.0	418.0
6	Area under Irrigation (hact.)	4804	11982	15200
7	Number of SHG	1297	870	920
8	Percentage of literacy	76.36	76.53	73.01
9	Number of SHG selected	51	20	49

The blocks were selected on the basis of number of SHGs operated by women, focus of Mission Shakti, technological improvement and irrigational facilities. On the basis of above considerations, finally three blocks were selected, namely Khurda, Bhubaneswar, Balianta.

### Selection of villages:-

Selection of villages for study is very important because of the reasons of representation of sample. The villages selected for study are given.

**Table No-2: Villages under study**

Sl. No.	Name of the Blocks	Total Villages	Villages selected for the study	Percentage
1	Khurda Block	131	9	6.87
2	Bhubaneswar	114	7	6.14
3	Balianta	93	13	13.97
	<b>Total</b>	<b>3338</b>	<b>29</b>	<b>26.98</b>

(List of villages is at appendix - II)

### Selection of SHGs:-

After selection of villages, attention was paid to select SHGs. While selecting SHGs, careful consideration

was made regarding their functioning, membership status and activities under taken by them.

**Table No-3: SHG sample under study**

Sl. No.	Block	No. of SHG village	No. of Village selected	Percentage of SHG village selected	No. of SHG	No. of SHG selected	Percentage of SHG selected
1	Khurda	110	9	8.16	1297	51	3.93
2	Bhubaneswar	92	7	7.60	870	20	2.29
3	Balianta	93	13	13.54	920	49	5.32
	<b>Total</b>	<b>298</b>	<b>29</b>	<b>29.3</b>	<b>3087</b>	<b>120</b>	<b>11.54</b>

### Selection of respondents:-

After selection of SHGs at random, one member from each SHG was elected for interview to provide required information. Altogether, 120 respondents from 120 SHGs covering 29 villages of three blocks constituted the sample for the study.

## RESULT

### Sources of motivation:-

Many development agencies are operating in villages to help rural people to generate income and lead a quality life. The SHG is essentially is an economic unit. For successful formation of SHGs influence and motivation are required through different channels.

**Table No-4: Sources of motivation**

Sl. No.	Sources	Frequency	Percentage
1	Government	4	3.34
2	NGOs	21	17.50
3	Anganwadi worker	84	70.00
4	Self decision	5	4.16
5	Others	6	5.00
	<b>Total</b>	<b>120</b>	<b>100.00</b>

The findings reveal that Anganwadi workers (70.00%) take more initiatives to influence rural women to initiate steps for formation of SHG. The self decision and government officers appear to have negligible role in formation of SHG. However, the role of bank is absent in providing stimulation for formation of SHG. In reality Anganwadi workers and NGOs play very important role in formation of SHG.

### Factors influencing performance of SHGs:-

Social, economic, cultural and environmental factors influence formation as well as performance of many organizations and units. Examining such influences in case of sample SHGs, the following result was obtained.

**Table No-5: Factors influencing performance of SHGs (Score analysis)**

Sl. No.	Factors	Irrigated	Non-irrigated	Pooled(Avg. score)
1.	Social	2.45	2.43	2.40
2.	Economic	1.85	1.79	1.82
3.	Cultural	1.22	1.32	1.27
4.	Technological	0.55	0.50	0.52
5.	Environmental	1.38	1.40	1.39

The analysis contained in table above reflects the rank order of variables that affect formation and performance of SHGs. The reactions of the sample recorded against the five statements on rank basis were put to statistical analysis. Out of 5 factors, social back-up (2.40) influence SHG, maximum followed by economic (1.82) and environmental factors (1.39). The influence of cultural factors occupied the 4<sup>th</sup> position and technological is the least. The inference is that social, economic and

environmental factors regulate the formation and performance of SHG to a significant level.

### Social factor:-

Cohesiveness in social setting depends on many factors. To achieve unity among the members, there are certain parameters which are to be taken care of. Within the frame work of study, social variables supporting growth and development of SHGs were studied as reflected below.

**Table No-6: Social factors**

Sl. No	Social variables	Frequency	Percentage
1	Homogeneity of the group	119	99.00
2	Equal social status	95	79.16
3	Equal income status	30	25.00
4	Equal educational status	31	25.83
5	Family support	120	100.00
6	Freedom of the family	119	99.16
7	Any other	6	5.00

Observation reveals that family support, homogeneity among members in terms of caste and status and freedom in the family are at par in formation of SHG. Homogeneity in social status followed by equal income and educational status influence SHG in growth and development. To maintain homogeneity in the group, equal social status is necessary. The findings are in support of

homogeneity, family support and freedom for formation and growth of SHGs.

### Economic factors in growth of SHGs:-

Economic factors under the study has been conceived in terms of availability of finance, time of transaction, helpfulness at distress, rate of interest, period of payment, income and transparency. These aspects were

measured assigning 3, 2 and 1 score for agree, disagree and neutral has been worked out as given in table below.

**Table No-7: Economic factors for good performance of SHGs**

Sl. No	Statements	Very much	Much	Little	Avg. score
1	Availability of finance	40	65	15	2.20
2	Time of transaction	20	65	35	1.87
3	Help at distress	72	31	17	2.45
4	Low rate of interest	25	55	40	1.87
5	Longer re-payment time	28	46	46	1.85
6	Good income	82	15	23	2.49
7	Transparency in dealing	32	54	34	1.98
	<b>Average mean score</b>	-	-	-	<b>2.10</b>

The observation reveals that factors like good income, help at distress and availability of finance are at par in formation of SHG. Transparency in dealing is the next important factor followed by time transaction, low rate of interest, long repayment time.

#### **Favorable environmental factors:-**

In rural sector favorable climate is required for growth and development of SHGs. The SHG is a voluntary association of members aiming at profitable income generating activities. It has been observed that SHG due to lack of favorable environment fail to achieve objectives and in course of time they start to decline.

**Table No-8: Favourable environmental factors**

Sl. No	Statements	Frequency	Percentage	Rank
1	Support of villagers	87	72.5	II
2	Govt. support	52	43.33	VI
3	Technical support	63	52.50	IV
4	Marketing facility	92	76.67	I
5	Family support	58	48.33	V
6	Strong determination	77	61.17	III

A look at the table reveals that there are about six variables which interact among themselves to provide back-up to SHG. Out of these variables, marketing facilities for produce tops the list followed by support of the villagers or communities. The other mentioned variables on merit were found to be strong determination; technical support and family back up. The government support is mentioned to be least one. It is fact that that marketability of product and suitable marketing net-work push the SHG into the ladders of achievement. As SHGs are source of income and provides profit to the members, community support is required for women to work out-side the home. There

is no substitute for strong determination but it is only at personal level and difficult to find it with all members at a time.

#### **Preferred communication for effective functioning:-**

Interpersonal communication among the members is an important factor while taking a common decision for management of SHGs. Communication in vertical and horizontal manner also affects group behavior and functioning of SHGs. With above hypothesis in mind the preference for kinds of communication was studied as presented in table below.

**Table No-9: Preferred mode of communication**

Sl. No	Statements	Frequency	Percentage
1	Face to face communication	42	35.00
2	Written communication	5	4.17
3	Group discussion	68	56.66
4	Mass communication	5	4.17



A look at the table indicates that there are 4 types of communications to which the sample respondents have reacted. The group interaction is found to be best one followed by face to face communication for development and growth of SHGs. Written communication and communication through mass media have little to do it with prosperity of SHG to move ahead

### Rating of functional variables:-

Functioning of SHG is the out-come of interaction between and within many factors. During the preliminary

stage of study out of many variables, eight important variables were screened-out and attempt was made to study their relative contribution towards operation of SHG. The assumption was studied on a 4- point scale assigning the score of 3, 2, 1 and 0 for very much, much, little and no contribution at all respectively. The data presented below reveal contribution of each variable for effective functioning of SHGs.

**Table No-10: Contribution of factors for effective function of SHG**

Sl. No	Variables	Score	Percentage of contribution	Rank
1	Family support	2.98	12.42	I
2	Available credit	2.78	11.58	III
3	Technology	2.66	11.08	IV
4	Marketing support	2.49	10.38	VIII
5	Govt. support	2.50	10.42	VII
6	Community support	2.80	11.67	II
7	Public program	2.52	10.50	VI
8	Inclusion of non-farm activities	2.56	10.67	V
9	Unknown factors	2.71	11.28	IX
	<b>Total</b>	<b>24</b>	<b>100.00</b>	<b>-</b>

The table contains nine variables including unknown factors which have not been studied within the frame work of the study. The relative contribution is found to be highest in case of family support (12.42) followed by community support (11.67%), availability of credit (11.58%) and technology (11.08%). Other factors in order of contribution were found to be inclusion of non-farm activities (10.67%), public program in the area (10.50%), government support (10.42%), and marketing facilities (10.38%). The reflection of data reveals that these variables are playing their relative roles in functioning of SHGs. However, family support, credit, technology are important variables in making SHG efficient in output delivery aspect. Unknown factors which contribute up to 11.28% need separate study.

### CONCLUSION

The study entitled "A SWOT analysis of SHGs in Khurda District of Orissa" conducting in coastal tract of Orissa with a randomized sample of 120 SHGs with their members. Through personal interview technique, data secured from sample respondent have been statistically treated and presented under objectives of motivational factors.

The collected information from 120 respondents covering 3 blocks, 29 villages of Khurda, Bhubaneswar and Baliana block of Khurda district lead to arrive at the following conclusions.

1. NGO plays an important role in motivating rural women to form SHG followed by govt. agencies. However, self decision counts about 5% towards motivational factors.
2. There are about 5 types of factors which influence performance of SHG. These are social, economic, cultural, technological and environmental. Out of these factors, social factor is predominant followed by economic and cultural factor. However environmental factors (1.39) also influence performance of SHGs.
3. Out of social factors, family support, freedom in family, homogeneity in group and equal social status count respectively towards formation of SHGs.
4. Good income, help at distress, availability of finance, low rate of interest, time of transaction and gestation period of repayment are the important economic factors count towards performance of SHGs.
5. Important environmental factors like marketing facilities, support of villagers, strong determination and technical factor are in order in influencing performance of SHG.
6. The SHG members prefer group discussion and face to face communication in performing functions of SHGs.

7. The variables like family support, community support, availability of credit and technological support contribute maximum for effective function of SHG followed by inclusion of non-farm activities, Govt. support and marketing facilities.

In short the study infers that motivational factors and performance indicators are to be considered for success of SHG in rural villages of Odisha.

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