

## A Comparative Study of Performance of SHGs Promoted by NGO and Panchayat

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### ABSTRACT

SHG is a very strong instrument to improve socio-economic standard of living, specially for the people living under the poverty line and in the rural area. In such situation, a comparative research study was conducted in Tamluk sub-division of Purba Midnapur district in West Bengal to determine the relative difference of the performance by the SHGs (panchayat promoted and NGO promoted SHGs) and impact analysis of micro finance programme. Data were collected with the help of structured interview schedules through personal interview method. The data were processed into frequency and percentage. No significant differences were found between them in terms of their overall performances. However, the NGO-led SHGs performed better than panchayat-led SHGs in case of attributes like purpose of group formation

**Key words:** Poverty line, socio-economic standard, standard of living, non government organisation (NGO), panchayat, SHG

### INTRODUCTION

The concept of self-help group emerges from the inability of credit institutions which deals with the credit requirement of the poor and its proper utilization. The concept of SHG is based on the principle of micro-finance or micro-credit that can be considered as the crucial factor of poverty alleviation *vis-à-vis* rural development. In this background, the present study was undertaken to evaluate the comparative performance of self help groups (SHGs) and impact assessment (IA) of micro finance programmes.

### METHODOLOGY

East Midnapur district of West Bengal was selected purposively due to proximity of researcher. Two self help group promoting NGOs (Non-governmental organization) namely, Alinan Ramakrishna Vivekananda Yuba Sangha and Amra sushama Jalapapat; and one Gram Panchayat (GP) namely Raghunathpur 1 under the Sahid Matangini Block near Tamluk were selected purposively. Selection of SHGs promoted by NGO and GP was made purposively. Population consisted of 638 SHGs of ARVYS + ASJ and 691 of Raghunathpur 1GP. Ten per cent groups from each population were randomly selected as sample for the study. The sample for the study comprised of 100 SHGs (50 NGO-led and 50 panchayat-led). The various attributes or indicators considered in the study are as follows X<sub>1</sub> Purpose of group formation, X<sub>2</sub> Homogeneity of economic level, X<sub>3</sub> Leadership selection, X<sub>4</sub> Decision making, X<sub>5</sub> Utilization of bank loan,

X<sub>6</sub> Supervision of supporting organization, X<sub>7</sub> Political awareness, X<sub>8</sub> Social awareness, X<sub>9</sub> No of members with increased income, X<sub>10</sub> Quantam of income increase

### RESULTS AND DISCUSSIONS

The data were collected and analyzed with the help of statistical tools like frequency percentage ; chi-square and inferences were drawn accordingly. Based on summated scores obtained by the groups, their categorization was made into six categories ranging from excellent to very poor. The total score obtainable by each group was 390.

**Table 1: Assessment of self help group according to their scores n=100**

Range of The Marks	Category of the groups on the basis of scores	NGO-Led SHG (n=50)		Panchayat SHG (n=50)	
		Freq uency	Percentage	Freq uency	Percentage
80% or above	Excellent (>312)	6	12	5	10
75-79%	Very good (293-311)	18	36	15	30
70-74%	Good (273-292)	13	26	18	36
65-69%	Satisfactory (254-272)	8	16	7	14
60-64%	Poor (234-253)	4	8	2	4
60%	Very poor (<234)	1	2	3	6
TOTAL		50	100	50	100
	$\chi^2$	=2.86, d.f-5			

The Table 1 showed that 12 per cent NGO-led groups performed excellent, while 10 per cent of Panchayat-led groups performed excellent. Very poor category induce one NGO led group (2%) as compared to 3 panchayat-led

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group (6%). In both cases more than 80 per cent crossed satisfactory level. There was no significant difference found between NGO-led SHGs and Panchayat-led SHGs in their overall performance (significant difference may be found at higher level of significance).

**Table 2: Purpose of group formation ( $x_1$ )**

Categories	<b>n=100</b>			
	NGO-Led SHGs (n=50)		Panchayat-Led SHGs (n=50)	
	Frequency	Percentage	Frequency	Percentage
a. Organization of individual members, group and commonly for economic activity.	29	58	19	38
b. Inoculation saving habit and avail need based loan.	9	18	15	30
c. Take loan available from NGO/Govt.	12	24	16	32
	$x^2$		4.62, d.f. = 2	

Table 2 showed that there were 58 per cent of NGO-led groups and were organised for economic activity whereas 38 per cent of panchayat-led groups belonged to same category. In b and c category, there were 18 per cent and 24 per cent groups of NGO-led group and 30 per cent, 32 per cent Panchayat led group respectively. NGO-led groups and Panchayat-led SHGs were found to differ with respect to purpose of group formation.

**Table 3: Homogeneity in economic level ( $x_2$ )**

Categories	<b>n=100</b>			
	NGO Led Groups (n=50)		Panchayat Led Groups (n=50)	
	Frequency	Percentage	Frequency	Percentage
a. More than 90% members are of same economic level	27	54	24	48
b. Between 70-90 % members are of same economic level	18	36	21	42
c. Less than 70% % members are of same economic level	5	10	5	10
	$x^2$		38, d.f. = 2	

Table 3 indicated that there was not difference between NGO-led SHGs and Pachayet led SHGs with respect to homogeneity in economic level.

**Table 4: Selection of leader ( $x_3$ )**

Categories	<b>n=100</b>			
	NGO Led Groups (n=50)		Panchayat Led Groups (n=50)	
	Frequency	Percentage	Frequency	Percentage
a. The leaders of the group are elected democratically and rotated periodically.	11	22	14	28
b. The leaders of the group are elected democratically but not rotated.	28	56	24	48
c. The leadership is always cornered by the same members	11	22	12	24
	$x^2$		7, d.f. = 2	

The data in Table 4 showed that there was no wide difference between NGO led SHGs and Panchayat-led SHGs with respect to selection of leader.

**Table 5: Decision making( $x_4$ )**

Categories	<b>n=100</b>			
	NGO-led groups (n=50)		Panchayat-led groups (n=50)	
	Frequency	Percentage	Frequency	Percentage
a. Decisions are taken after discussion	26	52	23	46
b. Decisions are taken on majority	19	38	20	40
c. Decisions are taken by the leadership	5	10	7	14
	$x^2$		.52, d.f.=2	

It was observed from Table 5 that 52 per cent of NGOs led groups and 46 per cent of panchayat led groups used to take decisions after discussion.

There was 38 per cent of NGO-led groups and 40 per cent of panchayat led groups in which decisions were taken on the basis of opinion of majority of the members.

NGO-led SHGs and panchayat led SHGs do not differ very much w.r.t. decisions making

**Table 6: Utilization of bank loan ( $x_5$ )**

Categories	<b>n=100</b>			
	NGO-led groups (n=50)		Panchayat-led groups (n=50)	
	Frequency	Percentage	Frequency	Percentage
a. More than 70% loan amount used for productive purpose.	8	16	3	6
b. Between 50-70% loan amount used for productive purpose.	39	78	42	84
c. Less than 50% loan amount used for productive purpose.	3	6	5	10
	$x^2$		1.12, d.f.=2	

Table 6 illustrated that there were 16 per cent NGO led groups and 6 per cent of panchayat led group in which more than 70 per cent loans were used for productive purpose. There were 78 per cent each of NGO-led and 84 per cent panchayat led in which between 50-70 per cent loans are for productive purpose. There was little difference between NGO-led SHGs and panchayat led SHGs with respect to purpose of loan.

**Table 7: Supervision of supporting organization ( $x_6$ )**

Categories	<b>n=100</b>			
	NGO Led Groups (n=50)		Panchayat Led Groups (n=50)	
	Frequency	Percentage	Frequency	Percentage
a. Weekly once or more	35	70	8	16
b. Once in fortnight	12	24	29	58
c. Irregular	3	6	13	26
	$x^2$		30.21, d.f. = 2	

The data depicted in Table 7 indicated that there was much difference between NGO-led SHGs and Panchayat led SHGs with respect supervision of supporting organization.

**Table 8 : Political Awareness (x<sub>7</sub>)**

Categories	n=100			
	NGO Led Groups (n=50)		Panchayat Led Groups (n=50)	
	Frequency	Percentage	Frequency	Percentage
a. More than 80% members are linked with political process	Nil	Nil	4	8
b. Between 50-80% members are linked with political process	11	22	17	34
c. Less than 50% members are linked with political process	39	78	29	58
$\chi^2$	4.18,		d.f. = 2	

Table 8 indicated that there were 8 per cent panchayat-led groups where more than 80 per cent members are linked with political process, but there are no NGO-led groups where more than 80 per cent member are linked with political process. In this aspect panchayat-led groups are better than NGO-led groups. There is no significant difference between NGO led SHGs and Pachayat led SHGs with respect to political awareness.

**Table 9: Social awareness (x<sub>8</sub>)**

Categories	n=100			
	NGO Led Groups (n=50)		Panchayat Led Groups (n=50)	
	Frequency	Percentage	Frequency	Percentage
a. More than 80% members are associated with social awareness programmer, campaign etc .	13	26	17	34
b. Between 50-80 per centmembers are associated with social awareness programmer, campaign.	26	52	27	54
c. Less than 50 per cent members are associated with social awareness programmer, campaign.	11	22	6	12
$\chi^2$	1.99,		d.f. = 2	

Table 9 shows that there was no significant difference between NGO led SHGs and Pachayat-led SHGs with respect to social awareness.

**Table 10: Increase of income (x<sub>9</sub>)**

Categories	n=100			
	NGO Led Groups (n=50)		Panchayat Led Groups (n=50)	
	Frequency	Percentage	Frequency	Percentage
a. More than 90% members reported increase of income.	39	78	37	74
b. Between 80-90% members reported increase of income.	10	20	13	26
c. Less than 80% members reported increase of income.	1	2	Nil	Nil
$\chi^2$	2,		d.f. = 1	

Table 10 revealed that in case of 78 per cent NGO-led groups and 74 per cent panchayat led groups, more than 90 per cent members reported increase of income. There was no significant difference between NGO-led SHGs and Pachayat-led SHGs with respect to number of members who reported increase of income.

**Table 11: Quantity of income increase (x<sub>10</sub>)**

Categories	n=100			
	NGO-Led groups (n=50)		Panchayat-Led groups (n=50)	
	Frequency	Percentage	Frequency	Percentage
a. Average increase of income of members is ₹. 400 per month	9	18	14	28
b. Average increase of income of member is between ₹200-400 per moth	38	76	35	70
c. Average increase of income of member is below ₹100 per month	3	6	1	2
$\chi^2$			2.2, d.f.=2	

Table 11 indicated that there were 76 per cent NGO-led groups and 70 per cent of panchayat led group who reported average increase of income of members was between ₹ 200-400 per month . There were 18 per cent groups of NGO-led and 98 per cent groups of panchayat led in which average increase of income of members was ₹ 400 per month. There was no significant difference between NGO-led SHGs and panchayat led SHGs with respect to quantity of income increase.

## CONCLUSION

A comparative performance study was conducted between NGO-led SHGs and Panchayat-led SHGs. No significant differences were found between them in terms of their overall performances . But in some cases little significant differences were noticed between them in some specific attributes such as supervision of supporting organization and political awareness.

It was revealed that in some cases performances of NGO-led groups were better compared to panchayat-led SHG. The reason behind it is that NGO promoting and nurturing SHG had more commitments towards single point programme, whereas Panchayat lacks regular contacts and monitoring of SHGs because of staff problems.

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