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Research Paper Commerce

Financial Management of Shgs (Shgs Saving Funs in Krishnagiri District)

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ABSTRACT

In Self Help Groups also, funds management is an important component which is looked after by a group of women members who may need proper orientation and exposure to this aspect of management. The sources of funds are the savings of the members, interest collection, fine, other sources of income like visitors' fee, donation and the like, and loan recovery made in agricultural activities, health activities, consumption activities, house construction and renovation activities, education activities and income generating programmes (IGP).

INTRODUCTION

Saving funds management is a crucial aspect of any organisation for the success or failure of it relies more on the efficient and systematic use of funds. This aspect of management needs meticulous planning and prompt execution to achieve the planned targets. Various sources are taped for raising funds to strengthen and stabilise the financial potential of the organisation.

In Self Help Groups also, funds management is an important component which is looked after by a group of women members who may need proper orientation and exposure to this aspect of management.

The sources of funds are the savings of the members, interest collection, fine, other sources of income like visitors' fee, donation and the like, and loan recovery made in agricultural activities, health activities, consumption activities, house construction and renovation activities, education activities and income generating programmes (IGP). The uses of fund include repayment of outside loans such as NGO loans, government loans, bank loans and for loan disbursement of the respondent units to their members for different activities like agriculture, health, consumption, housing, education IGP and the like.

This paper deals with the saving of funds in the respondent SHG units. In Krishnagiri 7800 SHGs are functioning

2. Objectives

To analysis saving fund of sample SHGs
To Determine The Effect Of Seasonal Variations

3. ANALYTICAL FRAMEWORK

Nilakantha Rath in his study recommended that compound growth rate was more appropriate for analysing the growth rate over a period of time[1]. Considering his view, the compound growth rate with regard to savings, interest earned, fine, common fund and income from other sources have been estimated on the basis of the semi–log or exponential function of the following form:

Log y = a + bt
Where;
Y = Savings, interest earned, common find …
t = Time periods
'a' and 'b' are the parameters to be estimated.

Compound growth rate = (Antilog b – 1) x 100

$$C.V. = \frac{\text{Standard } Deviation}{Mean} X 100$$

To measure the magnitude of variability in the savings, income, common find and fine, the co-efficient of variation (C.V) was used[2]

The monthly data shows seasonal movements and this helps us in deciding whether the upward or downward tendency is due to seasonal variations. Thus the main aim of seasonal index is to determine the effect of seasonal variations on the value of a given phenomenon and to determine the size of the value of the variables. Monthly seasonal indices were computed for a number of loans and amount of loan issued for agriculture, health care, consumption, housing and income generating programmes using the formula given below:

$$Seasonal\ Index\ for\ a\ Month = \frac{Monthly\ Average\ for\ a\ Month}{Average\ of\ a\ Monthly\ Average}$$

4. SOURCES OF FUND

An effective and successful functioning of an SHG depends solely on the financial resources available to them. There are two sources from which, funds can be raised. One is the inherent source that is the source of funds from among the members themselves by means of regular savings and interest on loan and fee. And the other source is the external source like revolving funds, bank loan and donations.

5. Savings

The members of SHGs are in the habit of saving a small part of their earning and deposit them in banks. The system of saving is scheduled on weekly, fortnightly and monthly basis. The saved money becomes the seed capital and SHGs launch their various activities with this initial investment only. The savings of the sample SHGs is presented in Table 1.

TABLE 1
Savings of the Sample SHGs and its Members during 2006-2007 to 2011-2012

Year	Savings per annum Rs.	Average Per SHG Rs.	Average Per Member SHG Rs.	Cumulative Savings Rs.
2006-2007	21,35,600	1,087.37	21,356.00	21,35,600
2007-2008	22,59,400	1,150.40	22,594.00	43,95,000
2008-2009	23,91,800	1,217.82	23,918.00	67,86,800
2009-2010	25,27,800	1,287.07	25,278.00	93,14,600
2010-2011	26,67,700	1,358.29	26,677.00	1,19,82,300
2011-2012	28,07,600	1,429.53	28,076.00	1,47,89,900
CGR (Percentage/ annum)	13.47	13.47	13.47	
C.V. (Percentage)	10.2	10.2	10.2	

Source: SHGs Account Book and SHG Audit Report in Krishnagiri District.

It is observed from Table 1 that the savings of the sample SHGs has increased steadily from Rs.21,35,600.00 in 2006-2007 to Rs.28, 07,600.00 in 2011-2012. The average savings of the SHG is the maximum in the year 2011-2012. The analysis of compound growth rate indicates that the savings of SHGs has increased at the rate of 13.47 per cent per annum during the period under study. The analysis of co-efficient of variation reveals that the savings of SHGs experienced a variation of 10.2 per cent during the period under study.The mostly saving fund incearsed particular seasonal like harvest period. But now days majority of SHGs members are working Guaranteed employment scheme so they saving quite normal and regular.

6. Conclusion

This paper deals elaborately on the sources saving funds for SHGs which are internal. The sources refer to the savings of the members. The external sources are revolving funds, bank loans and the like. SHGs efficiently manage the saving funds ensuring a steady growth of SHGs and Members.

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