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Research Paper Economics

Saved Money Saved Us!: A Study on Saving Behavior of Shg Members

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ABSTRACT

Microfinance through SHG's working as a powerful tool to assist women by inculcating the saving behaviour among them and became the effective approach of financial inclusion. The study was conducted in two districts of Karnataka State found that saving behavior is not uniform across promoter and social groups. Hence, it requires an urgent and suitable action. And awareness should be created among among the SC/ST and government promoted groups to reduce consumption expenditure and enhancing saving limit.

KEYWORDS: Saving, Microfinance, Promoters, Social Groups

INTRODUCTION:

It has been established fact that women's contribution of the poor household income in rural areas is higher than that of men. It is also considered that the saving behavior of Indian women helped a lot in assisting their family in times of emergency and to become financially sustainable. As a complementary to this micro-finance through self help groups is working as a powerful tool to assist women by inculcating the saving behaviour among them and became the effective approach of financial inclusion. It has been proven in many studies that microfinance through Economic empowerment of women is measured in terms of employment, income share by women, control over earned income by women, average savings and the like. An increase in the above parameters after joining SHG is an indication of economic empowerment of women. However, the saving attitude SHG members are mainly confined to the SHG's. Hence, for the speedy and sustainable financial inclusion there is an urgent need to extend saving habits of women to the other sources like bank, post office and registered chit funds etc.

OBJECTIVES AND METHODOLOGY

Keeping these issues in mind, the present study is designed with the following objectives

1. To examine the savings behavior of SHG Members by promoters and social groups;
2. To offer policy prescriptions for accelerating savings pattern of SHG members.

The study is based on both secondary and primary data. The primary data were collected by canvassing the structured interview schedule for the sample households of 240 in Dakshina Kannada and Udupi districts of Karnataka State. The sample members of SHGs of three different promotes, i.e. NGO, Co-operative and Government were interviewed for collection of primary data. From each promoter, the members of SHGs belonging to the Scheduled Caste (SCs), the Scheduled Tribes (STs) and Others (Other castes including Other Backward Castes) were considered as the target group members.

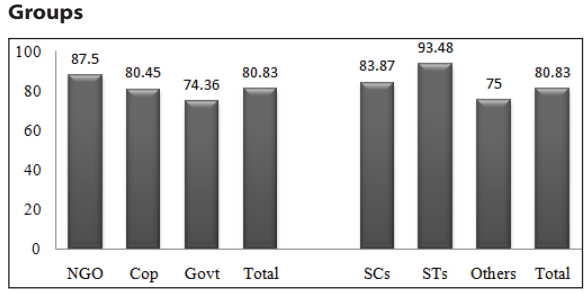
Results and Discussion:

Among the various parameters, savings in both SHG and Other sources viewed as the major indicator of women's empowerment. Without savings, access to micro credit is not possible. As per the byelaws of SHG, members of a particular group are expected to save some specified amount of money at least for a period of six months from their membership. Against the amount of savings by the members the credit will be provided for consumption and/or productive purposes. Therefore, savings and credit management in a befitting manner, which rather tends to sustain the process leading to women's empowerment, poverty reduction and finally financial inclusion. Studies like Carr *et al* (1996), Harper (1998), Dadhich (2001), Sudrshan Synghal (2002), Venkatarao (2009), Vimala (2009) and Tankha *et al* (2005) showed that participation of women in women organizations like SHGs has changed their lives economically and socially. Debates on extending the reach of microfinance to the very poorest people increasingly focus on savings facilities. Allen (2005) argues that for many women, including very poor women, savings facilities are essential in increasing the amount of income under their control and in building assets (Allen, 2005). Hence, it can be said that regular saving behavior of SHG members both in SHG and other sources like bank, post offices have made SHG's as a catalyst of financial inclusion.

When did they start savings?

In the absence of banking facilities in the rural areas and the lack of awareness, the poor women do not really save, unless otherwise they are properly motivated and ensured some future returns/credit to overcome unexpected expenses. The data provided in Figure 1.1 show that the proportion of SHG members who started saving only after becoming member of the group was as high as 80.83 per cent, and the rest had started saving even before their joining the group. This is not uniform across promoter and social groups. In the case of promoters, the proportion of such members was quite higher for NGOs accounting for 87.5 per cent followed by Cooperative accounting for 80.5 per cent . The proportion of women who started saving only after joining the group was as high as 93.5 per cent in respect of STs and 83.9 per cent in respect of SCs as against Others who accounted for 75 per cent.

Figure 1.1: Distribution of SHG Members Who Started Savings only After Joining SHG by Promoters and Social Groups



Source: Primary Survey.

Limit of Savings

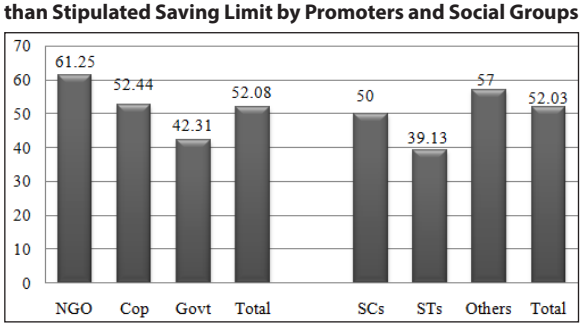
There are different limits of savings depending upon the types of meeting they conduct. The limit of savings is fixed by the group based on democratic principle. The SHG with weekly meeting usually can have the saving limit of Rs 10-15 and that of with fortnightly meeting Rs 20-30. In the present study it is found that, most of the SHG have weekly meetings and tending opt for smaller amount of savings. The SHG with fortnightly meeting generally tends to opt for larger amount of savings. The data show that there are three important limits of savings, namely Rs 10, Rs.15 and less than Rs. 20. In the case of SHG with weekly meetings, it has been observed that most of the SHG members tended to fall under the limit of Rs 10 accounting for 73.4 per cent followed the limit of Rs. 15 (15 %) and Rs. less than 20 (12 %). In the case of Fortnightly,

majority of them did come under the limit of Rs. 20 (51 %) followed by Rs. 10 (37.3 %) and Rs. 15 (12 %). This is not uniform across promoters social and groups. In the case of SCs and STs, majority of them were in the smaller limits of savings between Rs 10-15 as compared to that Others.

Willingness to save more than stipulated limit

The savings limit fixed by either SHG or NGO will not frequently be changed. Once it is fixed, it will be there for quite some; even some members wanted to save more, it is not possible for them to do so. An effort has been made to elicit the willingness of the members to save more than the fixed limit of savings by the group. The data provided in Figure 1.2 indicate that more than half of the members have reported that they are willing to save more than the current limit of savings. This willingness differs across promoters, social and income groups. In the case of promoters, the proportion of SHG members showing their willingness to save more was found to be quite higher in the case of NGO accounted for 61.25 per cent followed by Cooperative (52.31 %) and Government (42.31 %).

Figure 1.2 Distribution of SHG Members Willing to save more than Stipulated Saving Limit by Promoters and Social Groups



Source: Primary Survey.

In respect of social groups, the proportion of members belonging to Other households, who willed to save more than the current, was found to be higher as compared to that of SCs and STs. This is due to the fact that their income levels are less as against Others so that ability to save will also be less.

Cumulative Savings of SHG Members

One of the important ingredients of the group is savings. It is regarded as the life blood of the group. Table 1.1 depicts data on source-wise average cumulative savings by promoters and social groups. The data show that average amount of cumulative savings made in post office was higher as that of in banks and pigmy collections. Across promoters, it has been noted that the NGO-SHG members tended to save more in the post office and banks, while the non-NGO SHG members liked to save more in pigmy. Across social groups, it has been found that most of the members belonging to Other households tended to save more in post office followed by banks and pigmy agencies. It is evident that the post office and banks were the important sources for savings by the SHG members in the rural areas.

Table 1.1: Source-wise Distribution of Total Cumulative Savings by Promoters and Social Groups (Rs)

Promoters	Post office	Bank	Pigmy	Total
NGO	1159	1126	471	2755
Co-operative	864	720	664	2247
Government	1031	392	498	1922
Total	1017	749	546	2311
Social Groups				
SCs	616	769	570	1956
STs	582	193	392	1167
Others	1356	932	587	2876
Total	1017	749	546	2311

Note: Pigmy – Daily or weekly savings in banks
Source: Primary Survey

CONCLUDING SUGGESTIONS:

1. Based on the findings of the study, the following policy measures can be suggested for increasing saving habits among members.
2. Most of the government promoted groups conduct fortnightly meetings hence their savings performance (limit) is meager compared to the rest of the promoters. Therefore government promoted groups shall be motivated to conduct regular weekly meetings. This may enhance the economic sustainability and savings rate of the group.
3. It can be suggested that motivational campaign may be conducted for inculcating saving habit in the minds of the members. The campaign shall provide the exposure of savings, its future benefits, how the savings of members can be utilized for rotation among the members, how the amount of groups' savings form a base for getting government sponsored scheme for income generating activities and the benefits to the individual member.
4. The members who would like to save more should be encouraged to save in other avenues like pigmy, post office, bank etc.
5. There is a need to create a suitable alternate framework within the group until the members of SHGs graduate to the level of opening and maintaining individual bank accounts. The SHGs should have freedom to decide as to whether the voluntary savings by members of the group are eligible for proportionate share in the interest income or dividend from the group.
6. The promoters should create awareness among the SC/ST and government promoted groups to reduce consumption expenditure and concentrate on investment expenditure and this will in turn help in enhancing saving limit.

SHG- Microfinance has drawn attention to an entire sector of borrowers who had been previously poorly served by the formal financial sector. But the provision of micro credit is not a magic bullet to bring about far-reaching changes in the life of the women and there are no hundred percent guarantees that microfinance always leads to empowerment of women and poverty eradication. The variations in performance of SHGs across the promoters and social groups need immediate attention. Government has to take proper initiative, so that the spread of SHGs movement can be streamlined across the country.

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