

Original Research Paper

Agricultural Science

SELF HELP SAVING SCHEME IN INDIAN VILLAGE: A CONCEPTUAL STUDY

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ABSTRACT Banking and non-banking financial companies are providing financial help for the persons who are in need and do have high process of formalities for persons who are in need of finance and time for sanction of that finance is also very high and these institution also do accept the deposit with very less or nominal rate of return on saving. This study is about an association unregistered villagers who help themselves for meeting their sudden financial requirement and also yield high return on their saving. This study makes an attempt to illustrate the working principle of villagers and their saving scheme .There by enhancing the awareness among people before making their choice and decision of choosing a best saving and investment method This paper is based on the primary data collected from villager, interviews given by villagers only without any legal and published records.

KEYWORDS:

Introduction

Self-help Groups (SHGs) are playing a major role in removing poverty in the rural India today. The group-based model of self-help is widely practiced for rural development, poverty alleviation and empowerment of rural population. Self-help as a strategy for social development places emphasis on self-reliance, human agency and action. It aims to mobilize people, to give them voice and build people's organizations that will overcome barriers to participation and empowerment. Central to the idea of self-help is the formation of groups, concept of a community and the development of egalitarian relationships that will promote people's wellbeing. Self Help Groups serve as a medium of delivering micro credit to the members.

Chit fund is a kind of savings scheme practiced in India. A chit fund company is a company that manages, conducts, or supervises such a chit fund, as defined in Section of the Chit Funds Act, 1982. According to Section 2(b) of the chit Fund Act, 1982:"Chit means a transaction whether called chit, chit fund, chitty, kuree or by any other name by or under which a person enters into an agreement with a specified number of persons that every one of them shall subscribe a certain sum of money (or a certain quantity of grain instead) by way of periodical installments over a definite period and that each such subscriber shall, in his turn, as determined by lot or by auction or by tender or in such other manner as may be specified in the chit agreement, be entitled to the prize amount

Need for the study

This paper helps to understand the need of micro finance in rural to alleviate poverty and also this study further helps to know the loan and saving procedures followed by SHGs

Objectives

The objectives of this paper are

- 1. To identify and evaluate the return on investment on the savings of self-help group of the villager.
- To identify and evaluate the lending policy of self-help group. And compare the same banks and other financial helps institution
- 3. To study the normal practices of SHGs in the study area.

Research design and methodology

The study was restricted to only one village in Bangalore district. This specific revenue village was selected for the purpose of the study wherein the concentration of SHG is very high. Data has been collected from both primary and secondary sources Primary data is collected for evaluating return on savings and evaluating the problems of SHG Secondary data is collected to evaluate and compare the performance of the SHG Primary financial data was collected for evaluation A set of questionnaires are being prepared for assessing the quality of the SHGs and to evaluate the problems of SHG of the study area. These questionnaires are framed suitably by studying the existing literature of quality assessment.

Data analysis (Data collected from (

(Data collected from chit group) Calculations financial details:

Monthly information from beginning of the saving scheme till end Bid amount is less than total amount of saving less than 60000 (subject to total saving+ previous savings). Balance amount is forwarded to next month (after bid made by the members

Table 1: Accounts summary of chit fund

SI	Month	memb	Total	Mem		Cash	balance	balance
no	saving	er	inflow	ber		outflow		
	5			no		(bid)		
1	2000	30	60000	1	60000	50000	10000	10000
2	2000	30	60000	organ	70000	60000	10000	10000
				izer				
3	2000	30	60000	1	70000	45000	15000	25000
4	2000	30	60000	2	85000	42500*2	nil	nil
5	2000	30	60000	1	60000	48000	12000	12000
6	2000	30	60000	1	72000	46000	26000	26000
7	2000	30	60000	1	86000	44000	42000	42000
8	2000	30	60000	2	102000	102000	nil	nil
9	2000	30	60000	1	60000	42000	18000	18000
10	2000	30	60000	1	78000	41000	37000	37000
11	2000	30	60000	2	97000	45000*2	7000	7000
12	2000	30	60000	1	67000	41000	26000	26000
13	2000	30	60000	2	86000	42000*2	2000	2000
14	2000	30	60000	1	62000	46000	16000	16000
15	2000	30	60000	1	76000	47000	29000	29000
16	2000	30	60000	1	89000	49000	40000	40000
17	2000	30	60000	2	100000	50000*2	nil	nil
18	2000	30	60000	1	60000	51000	9000	9000
19	2000	30	60000	1	69000	53000	16000	16000
20	2000	30	60000	1	76000	54000	22000	22000
21	2000	30	60000	1	82000	56000	26000	26000
22	2000	30	60000	1	86000	50000	36000	36000
23	2000	30	60000	1	96000	50000	46000	46000
24	2000	30	60000	2	106000	53000*2	nil	nil
Total saving investment per month 2000								
24 month installment								

Note: members includes the organizer(the person who looks after the entire scheme)

Analysis of data:

Total number of member in the self-help group: 30,Monthly investment:2000 INR ,Total amount of money from all together: 2000*30=60000 INR (per month),Number of month actually paid: 24 months Average investment =24months * 2000=48000 INR

Average return:

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Sum of total of all month for all members/number of member = 48000 INR (1440000/30)

Organizer return on his investment Investment =24 month * 2000=48000 Returns = 60000

Excess return = 12000 INR for 24 mont (%) =12000/48000=25% return per 2 month 12.5 % return per month

Risk factor = if any member fail to pay the installment than he is supposed to pay from his pocket

Calculation of risk under standard variance Average = 48000 Standard variance of biding = 19315.

Members benefit on their Investment: Member can take money whenever they need money instead of taking loan for the crop or for that it matter. Also banking procedure is long Member who waits for the return will get better return on their investment

(Data collected from chit members)

The following are the findings of the study: Finding provides the details

- 1) Gender: Male 29 (97%) Female 01 (3%)
- Age group of member: 25-30 years -10(34%), 30-35 years-15 2) (50%), 35-and above-(16%)
- Education qualification: Illiterate 02(7%) SSLC(X) and below -3) 6(20%) Under graduate- 15(50%) Graduate - 06(20%) Post graduate-01(3%)
- 4) Income in form of (for members): Salary -8(27%) Agriculture -15(50%) Small business -5(16%) Others - 2(5%)
- Bank account (Opened and operated) if any by the members, 5) All 30 have bank accounts and operated regularly
- 6) Need for money for which saving is done by the members, For marriage -3(10%),For agriculture -15(50%),For medical -5(16%), For uncertainty-5(16%), For others-2(6)
- 7) Convenience in getting money instead of bank All 30 feel that it is convenient in getting money with no hard formalities
- 8) Time of getting money: At any time-0(0%) At a prescribed time that is at gathering of members -30 (100%)
- 7) Rate of interest in compare to bank: Higher than bank - 25(84%) Lower to bank -05(16%)
- 8) Security: Highly secure -15(50%) Low secure -7(23%) Moderate secure -08(27%)

Findings:

- 1. This type of saving high return than bank or other form of investment
- 2. This types of saving is highly risky
- 3. This is unorganized and non-recognized organization as banks
- 4. This type of organization is not controlled by any statutory body
- 5. This organization works on mutual depending of the members
- 6. This organization do not require any document for loan sanctioning

Conclusion:

From the above study made Majority of the villager do prefer this types of saving instead of saving in the bank because this type of saving fetches high return and that money can also take at the time of emergency. many villager member of this group feel that it is difficult to get loan with lots of formalities, and this types of saving also act as saving cum security for the loan which a member can take and benefit is redistributed among the member instead of paying 30 installment the members only 24 with saving in maturity period redistribution of interest earned but as it is highly risky in point of organizer it is highly risky in case any of member fail to pay its organizer responsibility to pay on behalf of any member from his pocket. Allover it's a good saving plan if it is executed in a systematic manner

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