Objectives and research methodology
CHAPTER 2
OBJECTIVES AND RESEARCH METHODOLOGY

2.1 BACKGROUND

Self Help Groups (SHG) are at the centre of the microfinance revolution that India has been witnessing over the past two decades. The Self Help Group-Bank Linkage Programme (SBLP) introduced in the beginning of the 1990s under the aegis of the National Bank for Agriculture and Rural Development (NABARD), mainstreamed the institution of SHG as an innovative system based on the principles of trust and mutual help that can effectively deliver affordable financial services to households with low net worth. The use of peer pressure within the group as collateral substitute helps in avoiding the usual risks associated with such lending. As on 31 March 2010, 69.53 lakh groups have been linked to banks across the country under the SBLP. Out of which 16.94 lakh SHGs have been promoted under the Swarnjayanti Gram Swarozgar Yojana (SGSY), the umbrella programme of centrally sponsored rural development schemes introduced in April 1999. The number of groups with loans outstanding stood at 48.51 lakh at the end of the financial 2009-10. The collective savings of the groups with the formal banking system amounted to Rs. 6198.71 crore, while the cumulative loan outstanding stood at Rs. 28038.28 crore (NABARD, Status of Microfinance in India, 2009-10). SGSY accounted for 24 percent of the savings and 22 percent of outstanding loans.

2.2 PURPOSE OF THE STUDY

This study aims to look into the functions of Microfinance in SHGs and organizations, to analyse the problems and prospects of microfinance, to study the impact of microfinance on various issues such as poverty eradication, supporting sustainable livelihoods, women empowerment, informal financial sector, social security in the state of Rajasthan with the help of systematic research. The main objective of the study is to understand the factors that lead to savings and loan procurement by SHGs members.
2.3 OBJECTIVES OF THE STUDY

The specific objectives of the study are following:

a) To study the status of microfinance and SHGs in India and Rajasthan.

b) To assess and analyze the status and functioning of SHGs and its members – their socio-economic profile, reasons for joining SHG, reasons for group conflicts, satisfaction level with the working of SHG, democratic set up of SHGs, etc.

c) To study the mechanisms followed by SHGs in their operations.

d) To study the role of formal financial institutions such as banks in their day to day operations.

e) To study loan disbursement to the SHG members – rules, penalties, purpose, etc.

f) To study the problems faced by members in the management of SHG operation, loan repayment, training, etc.

g) To study the impact of microfinance on various issues such as poverty eradication, supporting sustainable livelihoods, women empowerment, informal financial sector, social security.

2.4 SAMPLING METHODOLOGY

Secondary data such as Departmental Reports, periodicals, articles, books, reviews, etc. were made use of.

Being exploratory in nature, the study used a descriptive methodology. Both quantitative and qualitative methods were used for collection and analysis of data. The quantitative data collection instruments included structured and pre-coded schedules. These were mainly used to collect information relating to membership profile, savings and loans and maintenance of records of the SHGs. Qualitative methods like focus group discussions and in-depth face to face interviews were used to elicit information from SHG members, banks and SHPIs on their experience and for getting feedback. Step wise sampling process adopted for the study was as follows:
2.4.1 Selection of the study area (Districts)

A consultation meeting was convened with the Guide Dr. Raju Agarwal to take the feedback on design, concept, methodology and outcomes. It was decided that the area selection should be in a manner which give a glimpse of diversity of the state. Based on the brainstorming session; Jaipur, Udaipur, Alwar, Jodhpur and Tonk were selected to geographically represent the central, south, north, west and east region of the state.

2.4.2 Selection of blocks

The next step after the district selection was the selection of block(s) in each of the five districts for data collection. Five blocks, one per district was selected for the study. The selection was based on the outcome of discussions and meetings with the Guide, interaction with prominent SHPIs in the district and review of literature.

2.4.3 Selection of SHGs

The lists of SHGs were drawn from the selected NGOs/MFIs in each selected block and SHGs were selected in such a way that they represented different promoters and scheme in a proportionate manner.

2.5 METHOD OF DATA COLLECTION:

Being exploratory in nature, the study uses a descriptive methodology. Both quantitative and qualitative methods were used for collection and analysis of data. The quantitative data collection instruments included structured and pre-coded schedules. Schedules were developed separately for SHGs and members. These were mainly used to collect information relating to membership profile, savings and loans, and maintenance of records of the SHGs. (see annexure for the questionnaires).

Qualitative methods like focus group discussions and in-depth face to face interviews were used to elicit information from SHG members, banks and SHPIs as regards their experience and feedback. A set of discussion guidelines were prepared before hand for this purpose. (see annexure for the discussion guidelines)

Thus the study set out to cover 5 districts, 5 blocks, 50 SHGs (i.e., 10 SHGs per district), 100 SHG members (i.e., 2 SHG members per SHG) and important people from the society who have witnessed changes from SHG movement and
NGO/MFI/Cooperative Society. It was also proposed that case studies with best practices will be documented as part of the study.

### Table 2.1: Distribution of SHGs by District and Blocks

<table>
<thead>
<tr>
<th>District</th>
<th>Block</th>
<th>Number of groups surveyed</th>
<th>Number of members interviewed face to face</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonk</td>
<td>Niwai</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Jaipur</td>
<td>Chomu</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Alwar</td>
<td>Thanagazi</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Udaipur</td>
<td>Bhinder, Girwa</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Jodhpur</td>
<td>Bhap</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>All</td>
<td></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Five NGO promoters were captured by the study. These are:

1. Laxmi Nidhi Primary Women Multipurpose Cooperative Society Limited, Niwai (Tonk)
2. Shree Shyam Sanskriti Sewa Samiti, Chithwari, Chomu (Jaipur)
3. Humana People to People India – Micro Finance Division, Thanagazi (Alwar)
4. Prayatna Sansthan, Udaipur
5. GRAVIS, Jodhpur

The field survey was carried out by me with the help of trained field staff of the respective NGOs during January – February 2011.

> “Self realization and self initiative are the two most powerful weapons to wash poverty out from the world”
>
> - Chanakya (World’s Greatest Ancient Economic and Political Scholar)