



Original Article

Role of Self-Help Groups in Promoting Saving Habits Among the Members: A Study with Reference to Self Help Groups Formed by Spandana Trust, Mangalore, Dakshina Kannada District, Karnataka State

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This study explores the crucial role of Self-Help Groups (SHGs) in fostering financial discipline and economic stability among economically underprivileged members. SHGs function as a vital link, allowing members to pool periodic savings into a common corpus and gain access to small loans (microfinance). The research addresses a specific gap in literature by focusing exclusively on the SHGs promoted by the Spandana Charitable Trust, Mangalore. The primary objectives are to analyze the changes in saving habits and income levels of members after joining the SHGs. Furthermore, the study aims to determine if there is a significant difference in saving habits and income levels between SHG members in urban (Mangalore) and rural (Bantwal) areas of the Dakshina Kannada District. The methodology is exploratory, relying on primary data collected via a questionnaire from a sample size of 220 members. The data was analyzed using statistical tools, including the Chi-Square Test. The paper argues that SHGs are effective mechanisms for mobilizing savings, enhancing members' income levels, and promoting women empowerment, given that over 90% of the respondents were female.

Keywords:

Saving Habits, Microfinance, Income Enhancement, Women Empowerment, Spandana Trust, Rural-Urban Comparison

Introduction:

Self-Help Groups (SHGs) consist of economically underprivileged people interests who contribute savings periodically to build a corpus fund from which small loans (microfinance) are lent to the members according to their needs. They act as the link between poor people and the formal institutions where the members are able to access banks and other financial institutions for depositing savings and obtaining micro loans (microfinance) for meeting their economic and social needs. Today, in most of the rural areas, the formation of Self-Help Groups has helped the participating families to save a part of their income and to generate income by using the microfinance more effectively for productive purposes and have led to multiplier effects in improving their economic positions. In Dakshina Kannada District, a number of NGOs, Social Development Institutions and Charitable Institutions have formed SHGs under their guidance. In this connection, it is apt to study the role of self-help groups in mobilising the savings and enhancing the income level of their members.

1.1 Review of Literature:

Many researchers have analysed this fact. A summary of few research studies relevant to this research paper have been discussed to understand the status and role of microfinance in different parts of the world.



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Ramlingam et al (1987) proved that the social status of beneficiaries of Integrated Rural Development Programme (IRDP) had considerably enhanced from lower to higher status. *Yunus Mohammad (1998)* wrote that money entering a house through a woman brings more profit to the family and they prefer supporting their partner for business development. *Hartwig (1999)* in his study on the SHGs in Africa reported that SHGs of Africa have increased the family income of the members and thereby ensure food security and children education. *Sam Afrane (2002)* in his paper reviews that microfinance involvement has achieved major improvements in terms of increased incomes, improved access to facilities, and empowerment of women. *Nataraj (2004)* in his study identified that the average savings per SHG and average savings per member in case of SHGs promoted by RRB was better compared to NGO sponsored SHGs. *Nathalie Holvoet (2004)* in her research highlights how microfinance enters the household, and who brings it in and how microfinance impacts schooling and literacy. *Chris D. Gingrich (2004)*, in his paper made a study of savings and credit co-operatives in Nepal to understand the impact of microfinance. *Dipankar Datta (2004)*, in his research article studied the role of micro credit in the eradication of poverty and empowerment of women. *Ganesh (2005)* reported that in Akola district of Maharashtra all the families with BPL status have raised their status in a short time period. *Gangaiah et al (2006)* reported that SHGs had positive impact on income generation in the village selected. *Mahesha, V. and Akash, S. B. (2011)*, concluded that in Shimoga District members were able to obtain funds through SHGs and have been successful in empowering the women.

From the review of literature, it is clear that, Self Help Groups (SHGs) contribute to higher levels of savings and income, better standards of living, leading to development of economies. Many studies focus on the savings habits and income generation activities of the SHG members in different parts of the world including India. However, the Self Help Groups promoted by Spandana Charitable Trust, Jeppu, Mangalore in Dakshina Kannada District are not studied specifically. Hence, the present study is taken up to fill the research gap and to analyse the role of SHGs promoted by the NGO under study, in promoting saving habits among the members and in enhancing the income levels of their members.

1.2 Objectives of the Study:

The study has been undertaken with a few objectives which are listed below:

To analyse the changes in the saving habits of the members after joining Self Help Groups.

To assess the changes in the income level of the members and their family after join the SHGs.

To find out if there is significant difference in the saving habits and income levels of the members of the SHGs between urban and rural area.

1.3 Research Methodology:

This study is exploratory in nature and the paper is prepared based on the primary data collected through questionnaire from the members of the self-help groups functioning in two taluks of Dakshina Kannada District, Karnataka State. Random sampling technique was used for the study. However, care has been taken to give equal weightage for both the taluks. The collected data was analysed using simple statistical tools like percentages, mean, standard deviation, Chi Square Test etc. for drawing inferences.

1.4 Scope of the Study:

The study is confined to the SHGs promoted by Spandana Charitable Trust, managed by the Society of Sisters of Charity, established with the objectives of upliftment of the marginalised and deprived through the process of empowerment. Since the activities are confined to two taluks only, the data collected covers only Mangalore and Bantwal Taluk. Mangalore is considered as urban area whereas Bantwal is considered to be the rural area for the purpose of analysis.

1.5 Limitations of the Study:

As the study is confined to a specific NGO and to only two taluks, the results may not be universally applicable. Moreover, the responses of the members may be biased. Due to time constraint the study is not comprehensive.

2.0 Analysis of the Data:

An analysis of the data is given in following paragraphs:

2.1 Sample size:

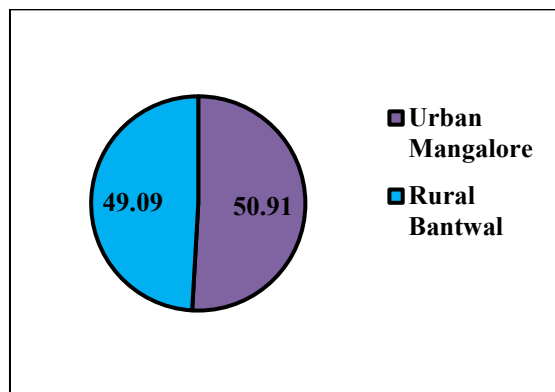
Table 1 & Fig.1 indicates the sample size covered in urban and non-urban area.

Table 1: Sample size

Area	Taluk	No. of respondents	Percentage
Urban	Mangalore	112	50.91
Rural	Bantwal	108	49.09
	Total	220	100.00

Source: Field Survey

Fig.1: Sample Size (%)



Source: Field Survey

Table 1 and Fig.1 show that the total sample size is 220 of which 112 respondents (50.91%) belong to Mangalore (urban) and 108 respondents (49.09%) belong to Bantwal (rural).

2.2 Gender details:

Table 2 and Fig.2 gives the information of the gender: For the purpose of comparing urban and rural area, χ^2 test is applied and 'p' is calculated.

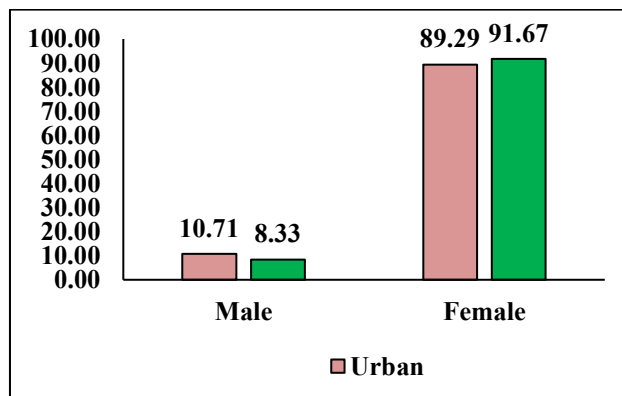
Table 2: Gender

Gender	Area		Total	χ^2	d. f.	p
	Urban	Rural				
Male	12 (10.71%)	09 (8.33%)	21 (9.55%)	0.240	1	0.624 NS
Female	100 (89.29%)	99 (91.67%)	199 (90.45%)			
Total	112 (100%)	108 (100%)	220 (100%)			

Figures in parenthesis represent percentages to total

Source: Field Survey

Fig.2: Gender (%)



Source: Field Survey

Table 2 and Fig.2 show that 90.45% of the respondents were female members and the rest 9.55% were male members on the whole. Among the urban population, 89.29% of the members were female members and among the urban population 91.67% were female members, which signifies women empowerment.

χ^2 test shows that there is no significant difference between urban and rural area with respect to male and female members ($p=0.624>0.05$).

2.3 Marital status:

Table 3 gives the detailed information about the marital status of the members and shows if there is any significant difference between urban and rural area (χ^2 test).

Table 3: Marital status

Marital Status	Area		Total	χ^2	d. f.	p
	Urban	Rural				
Married	108 (96.42%)	106 (98.15%)	214 (97.27%)	2.684	1	0.101 NS
Unmarried	04 (3.57%)	02 (1.85%)	06 (2.73%)			
Total	112 (100.0%)	108 (100.0%)	220 (100.0%)			

Figures in parenthesis represent percentages to total

Source: Field Survey

As shown in Table 3, overall analysis indicates that 97.27% of the respondents were married. In the urban area, 96.42% were married whereas in the rural area 98.15% were married.

Further χ^2 test shows that there is no significant difference between urban and rural area with respect to marital status of the members ($p=0.101>0.05$).

2.4 Type of the family:

Table 4 gives a description of the type of the family and explains about difference between the urban and rural area with respect to type of family (χ^2 test).

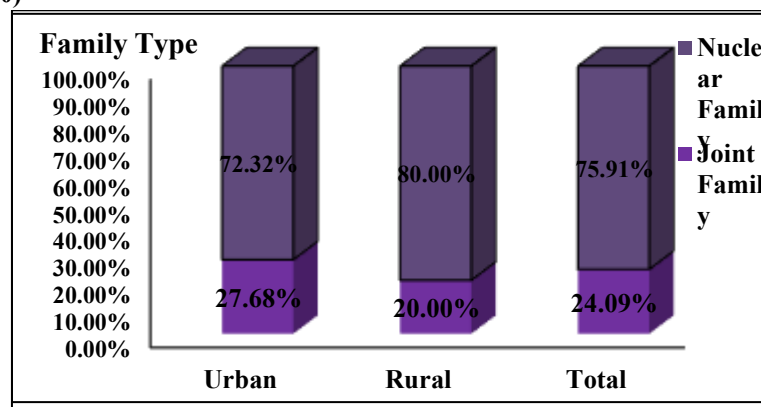
Table 4: Family Type

Family Type	Area		Total	χ^2	d. f.	p
	Urban	Rural				
Joint Family	31 (27.68%)	22 (20.00%)	53 (24.09%)	4.343	1	0.037 Sig.
Nuclear Family	81 (72.32%)	86 (80.00%)	167 (75.91%)			
Total	112 (100.0%)	108 (100.0%)	220 (100.0%)			

Figures in parenthesis represent percentages to total

Source: Field Survey

Fig.3: Family Type (%)



Source: Field Survey

Table 4 and Fig.3 indicate that 75.91% of the members belonged to nuclear family. In the urban area, 72.32% were living in nuclear family but in rural area 80% were living in nuclear family.

χ^2 test shows that nuclear family constitute major portion in rural area and joint families in the urban area. So, there is significant difference between urban and rural area with respect to type of the family ($p=0.037<0.05$).

2.5 Members in the family:

Table 5 and Fig.4 gives the information on number of members in the families:

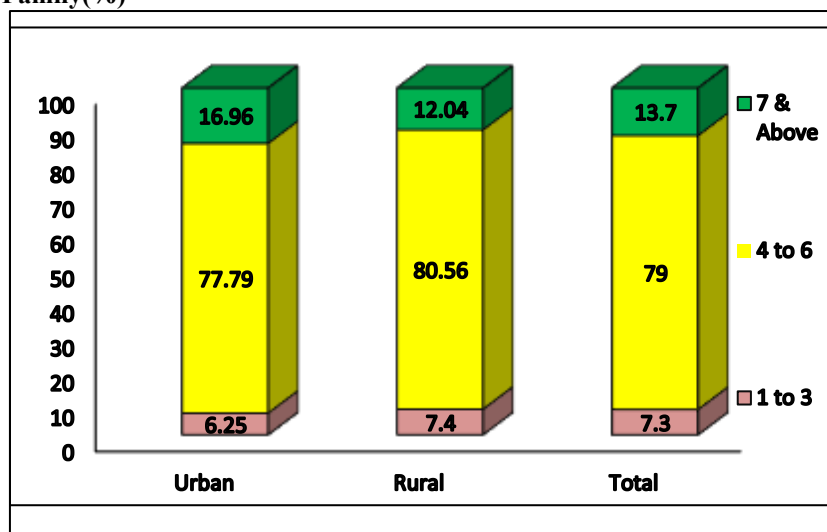
Table 5: Members in family

Total members	Area		Total	χ^2	d.f.	p
	Urban	Rural				
1-3	07 (6.25%)	08 (7.40)	15 (7.3%)	2.428	2	0.297 NS
4-6	86 (77.79%)	87 (80.56%)	173 (79.0%)			
7 & above	19 (16.96%)	13 (12.04%)	32 (13.7%)			
Total	112 (100.0%)	108 (100.0%)	220 (100.0%)			

Figures in parenthesis represent percentages to total.

Source: Field Survey

Fig.4: Members in Family(%)



Source: Field Survey

Table 5 and Fig.4 indicates that 79% of the beneficiaries have 4-6 members in their homes. In the urban area, 77.79% of the beneficiaries have 4-6 members whereas in rural area 80.56% of the families have 4-6 members.

χ^2 test shows that there is no significant difference between urban and rural area in this respect ($p=0.297>0.05$).

2.6 Monthly expenditure of the family:

Table 6 gives the details on monthly expenditure of the family.

Table 6: Monthly expenditure

monthly expenditure of the family	Area		Total	χ^2	d.f.	p
	Urban	Rural				
Below 5,000	06 (5.56%)	14 (12.5%)	20 (9.09%)	13.962	6	0.030 Sig.
5,000-6,000	37 (34.25%)	25 (22.32%)	62 (28.18%)			
6,000-7,000	18 (16.67%)	21 (18.75%)	39 (17.73%)			
7,000-8,000	14 (12.96%)	18 (16.07%)	32 (14.55%)			
8,000-9,000	11 (10.19%)	14 (12.5%)	25 (11.36%)			
9,000-10,000	14 (12.96%)	15 (13.39%)	29 (13.18%)			
Above 10,000	08 (7.41%)	05 (4.47%)	13 (5.91%)			
Total	108 (100.0%)	112 (100.0%)	220 (100.0%)			
Figures in parenthesis represent percentages to total						

Source: Field Survey

Table 6 shows that, 28.18% of the respondents spend between 5,000-6,000 a month and only 9.09% have expenditure below Rs.5,000 and 5.91% have an expenditure above Rs.10,000.

χ^2 Test shows that there is significant difference between the urban and rural area with respect to monthly expenditure ($p=0.030<0.05$) because percentage of members with monthly expenditure of Rs.5,000-6,000 in urban area more than in rural area. Similarly, members with expenditure below Rs.5,000 are less and above Rs.10,000 are more in the urban area than rural area.

2.7 Monthly savings:

Table 7 gives the data of monthly savings before and after joining the SHGs. Wilcoxon signed Rank test is applied to verify if there is any significant shift in the savings level.

Table 7: Monthly savings

Monthly savings		Area				Change in Monthly Savings	Wilcoxon signed rank test Z value	p	
		Urban		Rural					
		No. of respo ndent	%	No. of respo ndent	%				
Before	Nil	85	78.7%	86	76.78%	Urban	12.780	.000	HS
	Below 1,000	22	20.37%	25	22.32%				
	1,000-2,000	1	0.93%	1	0.89%				
Joining	2,000 - 3,000	0	0	0	0				
	3,000 - 4,000	0	0	0	0				
SHG	4,000 - 5,000	0	0	0	0				
	Above 5,000	0	0	0	0				
Total		108	100.0 %	112	100.0 %				
After	Nil	0	0	0	0	Rural	15.710	.000	HS
	Below 1,000	98	90.74%	100	89.29%				
	1,000 - 2,000	08	7.41%	9	8.04%				
SHG	2,000 - 3,000	0	0	2	1.78%				
	3,000 - 4,000	2	1.85%	0	0				
	4,000 - 5,000	0	0	1	0.89%				
	Above 5,000	0	0	0	0				
Total		108	100.0 %	112	100.0 %	Total	20.250	.000	HS

Source: Field Survey

Table 7 shows that before joining the SHG 76.78% of the members in rural area and 78.7% in urban area did not have any monthly savings but after joining the SHG there are no members with NIL savings. After joining the SHG, the percentage of members with a saving upto Rs.1,000 has been increased to 89.29% in rural area and 90.74% in urban which indicates that the members have inculcated the habit of saving after joining the SHG.

Wilcoxon Signed Rank test shows that there is a significant shift in the savings after joining the SHG in rural, urban and overall study area.

2.8 Source of contribution to savings:

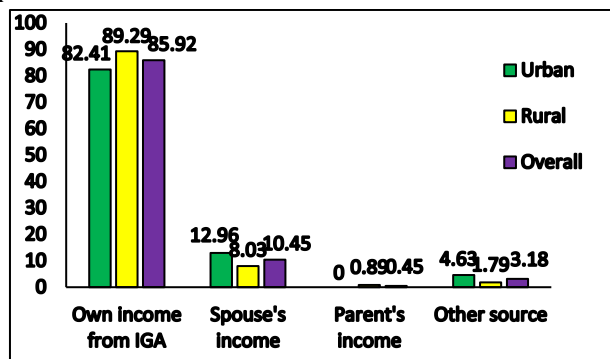
In Table 8 Fishers Exact Test is applied to know whether there is significant difference between urban and rural area with respect to the sources of contribution to savings.

Table 8: Source of contribution

Source of contribution to savings	Area		Total
	Urban	Rural	
Own income from IGA	89 (82.41%)	100 (89.29%)	189 (85.92%)
Spouse's income	14 (12.96%)	09 (8.03%)	23 (10.45%)
Parent's income	00 (0.0%)	01 (0.89%)	01 (0.45%)
Other source (children, other family members)	05 (4.63%)	02 (1.79%)	07 (3.18%)
Total	108 (100.0%)	112 (100.0%)	220 (100.0%)
Fishers exact test p=0.010, HS			
Figures in parenthesis represent percentages to total			

Source: Field Survey

Fig.5: Source of contribution



Source: Field Survey

From table 8 and Fig.5, it is clear that 85.92% of the respondents contribute to the savings of the SHG from their own income and the rest contribute from their parents'/ spouses' income or other sources.

Fishers Exact Test shows that there is significant difference between the urban and rural area with respect to the source from which the savings are contributed by the members ($p=0.010<0.05$). Though majority of the beneficiaries use their own source of income for saving, the percentage of members contributing from the own source is less in urban area than rural area and the number of people depending on spouses for the contribution to savings is more in urban area than in rural area.

2.9 Change in monthly savings:

Table 9 explains the changes in the saving habits of members after joining SHG and shows if there is significant difference between urban and rural area with respect to the same (χ^2 test).

Hypothesis:

H0: There is no positive change in the monthly savings of the members after joining SHGs.

H1: There is a positive change in the monthly savings of the members after joining SHGs.

Table 9: Change in savings

Positive change in monthly savings	Area		Total	χ^2	dif.	P
	Urban	Rural				
No	17 (15.74%)	18 (16.07%)	35 (15.91%)	0.000	1	0.984 NS
Yes	91 (84.26%)	94 (83.93%)	185 (84.09%)			
Total	108 (100.0%)	112 (100.0%)	220 (100.0%)			

Figures in parenthesis represent percentages to total

Source: Field Survey

As per Table 9, 84.09% of the members have shown positive change in their monthly savings after joining the SHG. Hence there is a positive change in monthly savings both in rural and urban area.

Further χ^2 test shows that there is no significant difference between urban and rural area with respect to change in the level of monthly savings ($p=0.984>0.05$).

Test of Hypothesis:

The hypothesis is tested by applying χ^2 test. Table 9 indicates that $p>0.05$ and hence **null hypothesis (H0)** is **rejected** and research hypothesis (**H1**) that there is a positive change in the monthly savings of the members after joining SHGs is **accepted**.

3.0 Findings of the Study:

Following findings are summarised after the data analysis:

1. Since majority members are females, women empowerment is evident in SHGs. Moreover, due to greater family responsibility after marriage, more married women join SHGs. Further, there is no significant difference between urban and rural area with respect to gender and marital status of the members.



2. Majority of them live in a nuclear family, having total members varying between 4-6, which indicates that the respondents have the major responsibility to take care of the needs of the dependent members in their families. There is a significant difference between urban and rural area with respect to the type of family.
3. Majority of the members have a monthly expenditure ranging between 5,000 and 6,000, which compels the members to save more.
4. Most of the members use own source of income earned through IGAs for contributing to the savings. Members except a few had no monthly savings before joining the SHGs but after joining the SHG most of them could save up to Rs.1,000 in a month.
5. On the whole, the study reveals that there is a positive change in the savings level of the members after joining the SHG.

3.1 Suggestions:

The savings prescribed for all the members in the SHG is the same irrespective of their earning capacity and income level. It is advisable to collect the savings from the members according to their earning capacity so that the financially weak members will not be burdened and members with reasonable level of income may be encouraged to save more at each meeting.

3.2 Conclusion:

It is evident from the study that overall savings of the members has improved considerably. Thus, Spandana Charitable Trust has been playing an important role in promoting saving habits among the members, through the formation of SHGs, thus, contributes prominently to the financial inclusion policy of the nation.

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