

**SOCIAL PERFORMANCE OF MICRO FINANCE INSTITUTIONS
IN WARANGAL DISTRICT OF TELANGANA**

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Introduction

SHGs are novel and innovative organizational setup in India for the women upliftment and welfare. All women in India are given chance to join any one of SHGs for training and development, so as to be prospective entrepreneur and skilled worker. The SHGs are promoted by the Government as if women in India may not be resourceful enough to be entrepreneurs. When the SHGs arrange training facilities to carry out certain kind of work which are suitable for women in India, bank must arrange financial assistance to carry out manufacturing and trading activities, arranging marketing facilities while the Governments will procure the product of SHGs, arrange for enhancing the capacity of women in terms of leadership quality and arranging for the management of SHGs by themselves so as to have administrative capacity. As a social movement with government support. SHGs become more or less a part and parcel of the society.

A self help group is defined as a "*self governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose.*" Self help group have been able to mobilize small savings either on weekly or monthly basis from persons who were not expected to have any savings. They have been able to effectively recycle the resources generated among the

members for meeting the productive and emergent credit needs of members of the group.

Concept of Self Help Group

The concept of self help groups had its origin in the co-operative philosophy and the co-operators by and large, including the National Federations in the credit sector, could not think of any better SHG than a primary co-operative credit society itself.² As SHG are small and economically homogenous affinity groups of rural poor, they are voluntarily coming together for achieving the following.

Today, the self help group movement is increasingly accepted as an innovation in the field of rural credit in many developing countries including India to help the rural poor considered a vehicle to reach the disadvantaged and marginalized section, which in the normal course cannot avail of credit facility from the bank.

A self help group is defined as a group consisting of people who have personal experience of a similar issue or life situation, either directly or through their family and friends. Sharing experiences enables them to give each other a unique quality of mutual support and to pool practical information and ways of coping.

Self help groups are small informal association of the poor created at the grass root level for the purpose of enabling members to reap economic benefits out of mutual help solidarily and joint responsibility. Self help groups are formed voluntarily by the rural and urban poor to save and contribute to a common fund to be lent to its members as per group decision and for working together for social and economic uplift of their families and community.

Objectives

The main objective of this study is to analyze the services provided by the MFIs in Warangal district.

1. To save small amount of money regularly.
2. To mutually agree to contribute a common fund.
3. To compare the services provided by the micro finance institutions before and after the crisis.

4. To find the clients' expectations after crisis in Warangal district.

Sources of Data Collection

Data is collected from both primary and secondary sources. The primary data is collected by administering a structured questionnaire, with interview from the clients. Secondary data sources are also used to collect the data for this study which include books, journals and websites. The collected data is analyzed by using statistical techniques such as mean, weighted average and Analysis of Variance.

Sample size

By using convenient sampling technique a sample size of 60 is taken from four mandals (each 15) in Warangal district.

Methodology

There are four major dimensions for measuring social performance viz., outreach, adaptation of services, client benefits and social responsibility. Here, we selected the dimensions - adaptation of services and client benefits. We divided these, further, into range of services, quality of services, transparency and social capital of clients. Likert five – point scale from “strongly disagree” to “strongly agree” is also employed for the study.

Need and Importance of Self Help Group

Self help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural people, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for common objective and gain strength from each other to deal with exploitation, which they are facing in several forms. A group become the basis for action and change. It also helps buildings of relationship for mutual trust between the promoting organization and the rural poor through constant contact and genuine efforts. Self help groups plays an important role in differentiating between consumer credit and production credit, analyzing the credit system for its implication and changes in economy, culture and social position of the target groups, providing easy access to credit and facilitating

group/organization for effective control, ensuring repayments and continuity through group dynamics; setting visible norms for interest rates, repayment schedules, gestation period, extension, writing of bad debts; and assisting group members in getting access to the formal credit institutions. Thus, self help group disburses microcredit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities.

Findings

1. Most of the people from the sample are illiterate and self help groups. MFIs providing loans to the people below poverty line, illiterate women and men, farmers, casual laborers and landless tenants.
2. It is found that they are getting different types of loans from micro finance institutions, and the loan processing time is less and easy. The maximum distance that a client will travel to receive a loan is very less, generally at their homes.
3. From the sample the percentage of male people selected is 30%, the percentage of female people is 70%, the percentage of literate is 29% and the number of illiterate is 71%.
4. The income level of sample up to Rs.50,000 per annum is 25%, Rs.50,000 to Rs.1, 00,000 per annum is 59%, Rs.1, 00,000 to Rs.2, 00,000 per annum is 16%.
5. Some clients took loan from a single institution, and majority of the clients took from more than one institution before the crisis. After crisis the institutions are not using flexible loan procedure. The clients are restricted to take loan from more than one institution.
6. It is observed that the loan processing charges were exorbitant before the crisis. Now there is no such charge for loan processing. Prior to crisis they were charged certain amount for the services. After the crisis they barred all services except loan linked insurance affordable at zero service charges.
7. Post crisis only 60% of the clients are attending the weekly meetings. MFIs rarely conducted socio-economic studies to assess the situation of their clients.

8. They are charging the interest rates ranging from 22% to 24%, after crisis.

Discussions

There is no significant difference between the quality of services, transparency, social capital and client expectations because the majority of the clients are from rural areas and not well educated. Their major expectations are low interest rates, more services like awareness, business development programmes and more loan amount.

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