

EFFECT OF COVID-19 ON MICROFINANCING OF SELF-HELP GROUPS IN RAJASTHAN

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ABSTRACT

In agricultural nation like India, the principal case was identified on January 30th, 2020 and the quantities of absolute cases were continually expanded particularly during the second rush of pandemic. The paper depicts the effect of Pandemic on microfinance models especially self improvement gatherings in Rajasthan area of the country. Self improvement gathering has been assumed a crucial part in enabling its individuals by giving an open door to vocation backing and pay generator at the hour of Covid-19.

The review is simply founded on optional information which has been use to comprehend the complete number of self improvement gatherings and payment of credit sum over a period in Rajasthan district of the India.

The result of study deciphers that how Covid-19 had influenced on Indian Microfinance particularly a self improvement gatherings model. Because of Covid-19 Pandemic Legislature of India had made a few strides like a lockdown of 21 days under Calamity The board Act, 2005 and it came about into increment of joblessness, impacted exchange cycle, assembling and administration exercises. This paper likewise concentrates on the different measures taken by the Public authority of Rajasthan regarding the Covid-19.

Covid-19 had affected adversely in India, yet in addition other created nations, agricultural nations also. Across the world, Government had zeroed in more on growing the monetary measures to support wellbeing use, pay move and government assistance installments, appropriations and limiting the transient joblessness.

Keyword – Self-help groups, micro finance, covid-19, Indian economy

1. INTRODUCTION

December 2019, the main instance of Covid-19 was recognized in China. Across the Globe, the infection spread expediently. Out of the absolute number of cases till date, north of a lot of revealed cases situated external China. In emerging nation like India, the principal case was distinguished on January 30th,2020 and the quantities of absolute cases were continually expanded particularly during the second rush of pandemic . With explicit reference to the pandemic Administration of India had taken a few preventive and moderating measures began with moderate fixing voyaging standards, issue of warnings for the individuals from public, setting up the quarantine offices, social separating measures and so on. Under, the Calamity The board Act 2005, Government had likewise forced a severe cross country lockdown of 21 days with progressive expansion and unwinding of purchasing need things like dairy items, meds, and so forth in the country. Monetary exercises in the nation was diminished definitely because of lockdown.

With regards to an effect of Covid-19 on miniature money, which was started in mid 80s with little endeavors at setting up casual self improvement gatherings to give admittance to penniless people groups through saving and credit offices. From this little starting the microfinance area of India has filled essentially in the previous many years. Public organizations like Little Modern Advancement Bank of India (SIDBI) and Public Bank for Farming and Provincial Turn of events (NABARD) are giving monetary assets to the different area like horticulture, enterprises and administration. According to Hold Bank of India Microfinance is named as an organization (other than an organization authorized under Segment 25 of the Organizations Act, 1956) which offers monetary types of assistance dominatingly to low-pay borrowers with credits of modest quantities, for short-terms, on unstable premise, basically for money producing exercises, with reimbursement plans which are more successive than those typically specified by business banks and which further adjusts to the guidelines determined for that benefit. The term microfinance numerous multiple times can be utilized conversely with the term miniature credit. Notwithstanding, miniature credit is alluded to the advance sum in little amounts and microfinance alludes to the monetary administrations like reserve funds, and protection too.

2. OBJECTIVE

- To analyze the trends in number of Self-Help Groups (SHGs) in the Rajasthan region over a period of time
- To analyze the trends of loan amount disbursed in the Rajasthan region of country over a period of time.
- To study an impact of Covid-19 on SHGs.
- To study the measures initiated by Government of Rajasthan.

3. RESEARCH METHODOLOGY

In view of the specific objectives, methodology followed in carrying out the present study involved secondary data. The sources of Secondary data include the various working papers, articles related to the theme, national or international referred journals, official websites namely directorate of Economic and Statistics, Government of Rajasthan, and documents like Socio Economic Review, Economic Survey of India, Rajasthan 2020, Status of Micro Finance in India. Various reports published by National Agriculture Bank for Rural Development (NABARD), International Monetary Fund (IMF), World Health Organization (WHO), Indian Institute of Corporate Affairs (IICA), and so on. For analysis of the data, R Program, Statistical Packages for Social Science (SPSS) and Microsoft Excel has been used. While analyzing the data line diagram has been used.

4. LITERATURE REVIEW

S. No.	Author	Year	Objective of the Study	Key Observation
1.	Singh Devendra ⁱ	2019	“A Critical Study of Microfinance Institution and its growth in India”	<ul style="list-style-type: none"> • Researcher analyse the situation of Economic development through outreach of microfinance program has a key bearing on the development of human capital and thus, in turn, influences the frequency of poverty and under privileged empowerment. Institutions like NABARD and SIDBI have call for the coordination effort with the objective of strengthening and main-streaming the future operations of microfinance for the uplift of each wing of the poor people and society NABARD and SIDBI has improves the sector of microfinance and has witnessed significant amount of resources being earmarked towards meeting the credit needs of the poor. • The banking network underwent an expansion phase without comparable in the world and more importantly deprived people got the benefits of the different financial services. These two institutions bring the concept of deserve to desire in the world of microfinance in India.
2.	Dr. Nishi Pathak, Dr. Arvind Singh	2017	“Flow of Microfinance Since 2011 to 2017”	<ul style="list-style-type: none"> • Author studied flow of microfinance since 2011 to 2017 and projected the status of microfinance in 2020. As per their study and 2018-20 is the Flourishing phase of microfinance having growth of 12.82% to 115.38% from 2011 to 2020. Microfinance has

				<p>reached to 600 districts and 27 states in the year of study.</p> <ul style="list-style-type: none"> • After Andhra crisis of 2010-11, the researchers have projected status of microfinance so that microfinance institutions can refer the same for fund arrangements for availability of funds.
3.	Swain Ranjulaⁱⁱ	2006	“Microfinance and Women Empowerment – Evidence from SHGBLP in India”	<ul style="list-style-type: none"> • Author has shown a definite economic impact on households, with increase in income and decline in vulnerability. It further reveals a significant impact on SHG (Self Help Group) households in terms of control, management ability, self-confidence, change in behaviour and decision-making. Apart from social empowerment, the SHG households also demonstrated greater awareness and participation in local politics. • However, the impact is not reflected in certain key decisions, which would – according to this paper – be true evidence of women’s empowerment. For instance, no significant changes are observed in the decision-making power of women in the field of adopting family planning measures or buying and selling of land.
4.	Modkey, M. D.ⁱⁱⁱ	1999	“SHGs and Micro Credit: Sustaining Rural Women”	<ul style="list-style-type: none"> • Author stated that the SHGs usually generated a common fund out of the small savings of persons or groups collected on a regular basis by curtailing unproductive expenditure. Sometimes, the internal savings generated were supplemented by the external resources loaned out or donated by the voluntary agencies involved in promoting and strengthening the SHGs. • The credit needs of the members are usually assessed during the monthly meetings. The SHGs collectively ensured prompt repayment of the bank loans. The SHGs thus provided access to credit for the rural poor with low interest. The proper utilization of the loans and the repayments of the loans are made routine by effective supervision.

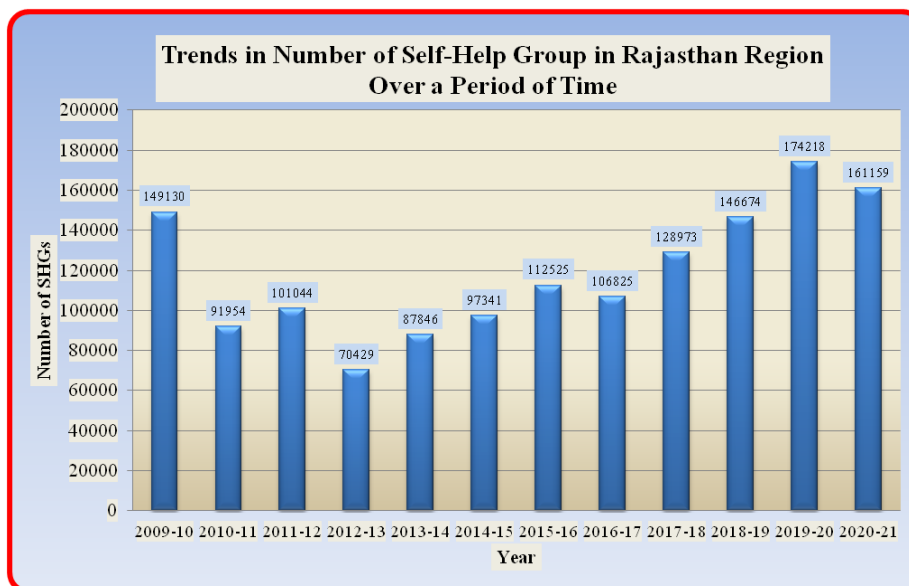
5. DATA ANALYSIS AND INTERPRETATION

Self-Help Group is considered as one of the delivery model of Micro Finance in India. Self- Help Groups (SHGs) model has proved to be a triumph card for the Government of India especially for an upliftment of lower income group people in the country. The Self-Help Group model is used by the Government of India, Non-Government Organization across the world. The poor people collects their saving and save it in banks and in return to them, they receive an easy access to loan facilities with a marginal rate of interest to begin with their micro unit enterprise^{iv}. Rural people faces lots of problems such as poverty, illiteracy, lack of skills, health care etc. cannot be tackled by an individual but can be better solved with the help of a group efforts. This groups are known as Self-help groups. The main aim of Self-help groups is to build the functional capacity of the poor and the marginalized in the field of an employment and income generating activities. There are total 29 states in India. The below is the table which mention about the total numbers of Self-Help Groups established in the Rajasthan region of the country over a period of time.

Table 1: Trends in Number of Self-Help Group in Rajasthan Region Over a Period of Time

Year	Number of SHGs
2009-10	149130
2010-11	91954
2011-12	101044
2012-13	70429
2013-14	87846
2014-15	97341
2015-16	112525
2016-17	106825
2017-18	128973
2018-19	146674
2019-20	174218
2020-21	161159
Compound Annual Growth rate (CAGR)	5.77%

Figure 1: Trends in Number of Self-Help Group in Rajasthan Region Over a Period of Time



Source: Compiled by the authors from the above table 1

Table 1 – represents the numbers of Self-Help Groups from the span of 10 years from 2010-11 to 2020-21. Above table shows that numbers of Self-Help Groups have been considerable increased over span of 10years, which shows that in Rajasthan region more financial assistance is being given to the marginal sectors of economy by opening more and more Self-Help Groups. Moreover, after COVID-19, we can examine that numbers of Self-Help groups have been increased so rapidly. So, we can say that to overcome from financial crisis due to COVID-19, SHGs were most powerful weapon. From the above table, it is clear that the total number of Self-Help Group was 149130 in the year 2009-10 and this numbers were decreased till the year 2012-13, i.e. 70429. From the year 2013-14 to 2019-20 the total number of Self-Help Group were increased by 5.77 percent. It is also seen that compared to 2019-20, numbers of Self-Help Groups have decreased in 2020-21.

From the above table, it can also be said that some economic shocks such as Global Financial crisis of 2008, demonetization of year 2016 and a Pandemic in a country like Covid-19 leads to fall in number of Self-Help Groups. Impact of COVID-19 is easily seen here, that due to nonpayment of loans by members or financial crunches some of the Self-Help Groups had discontinued their operations.

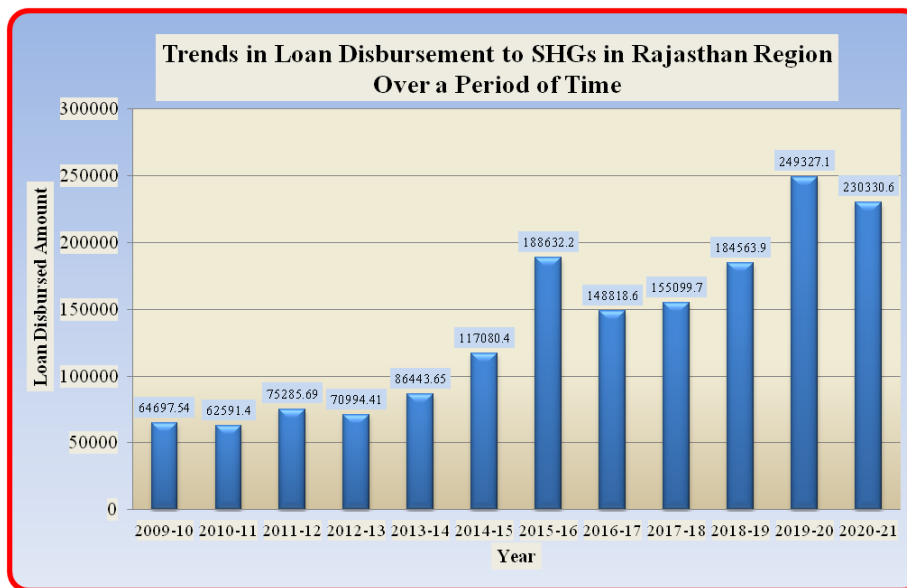
Table 2: Trends in Loan Disbursement to SHGs in Rajasthan Region Over a Period of Time

(Amt in Lakh)

Year	Total Amount of Loan Disbursed
2009-10	64697.54
2010-11	62591.4
2011-12	75285.69
2012-13	70994.41
2013-14	86443.65
2014-15	117080.4
2015-16	188632.2
2016-17	148818.6
2017-18	155099.7
2018-19	184563.9
2019-20	249327.1
2020-21	230330.6
Compound Annual Growth Rate (CAGR)	13.92%

Source: Status of Micro Finance in India, NABARD

Figure 2: Trend in Loan disbursement to SHGs in Rajasthan region over a period of time



Source: Compiled by the authors from the above table number 2

The above table 2 represent the trends in loan disbursement to Self-Help Groups in Rajasthan region over a period of time in India. In the year 2009, total loan of Rs 64,697 lakh were disbursed to the 1,49,130 Self-Help Groups situated in Rajasthan region of the country. The loan amount was slightly decrease in the year 2010 compare to the previous year to Rs 62,591 lakh. Along with this the number of Self-Help group was also decreased. From the above table, the demand for a loan was increased by 13.92 percent over a period of time.

But again, we can examine that loan disbursed during 2020-21, is somewhat lesser than were disbursed in 2019-20. So again, impact of COVID-19 is seen here. Due to financial issues with members and closing of some of the Self-help Groups, numbers of members has been decreased, so as the amount of loan disbursement. Moreover, the trend implies that COVID-19 have impacted on earnings of members being the reason for the closure of some of the Self help groups. Thus, it can be said that non-payment of loan was a major impact of COVID-19 for Self-help Groups among marginal class of society.

Impact of Covid-19 on SHGs

Entire Globe has been changed due to covid-19 but more specifically Self-Help Groups. Due to Covid-19, several growth initiatives in a country got derailed. With specific reference India Micro finance system, Self-help group have emerged as a vital component of the community response to the crisis in some states. Self-help group in a developing country like India, is dominated by women. It will be quite interesting to mention that more than ninety percent of the Self-help groups members are women. During covid-19, such Self-help groups are addressing economic and social needs which have emerged in the recent times. The SHGs make an effort on issues such as social distancing, use of masks, care of elderly population, social issues of migrants, making people aware about the virus and so on.

Glimpse of measures taken by Government of Rajasthan

The State Rajasthan is well known as growth engine of India with its strong economic fundamentals.

1. As on July 2021, Government of Rajasthan had offer an aid to the children who lost their one parent due to Covid-19. This includes financial aid of Rs 2000/- monthly to the child who lost their one parent and it is expected that around 4000 kids to be getting benefits of this scheme.^v
2. As on May 2021, Government of Rajasthan had announced Mukhyamantri Bal Seva Yojna to children who lost their both parents due to Covid-19. This include a financial aid of Rs 4000/- monthly till they turn up to age of 18. If child goes for a further study then the financial assistance of Rs 6000/- monthly will be paid till he/she turns up to the age of 21. Such children will also get benefits of various scholarships in

India and foreign countries as well. Other than this, the guardian of children will also get covered under the National Food Security Act in which food grain will be getting at concessional rates.^{vi}

3. As on April 2020, Government of Rajasthan had announced compensation of Rs 25 lac, to the person who get infected and die due to Covid-19. This includes people who are engaged in work related to the corona virus such as front-line workers, Police, employees working in Public Sector Units (PSUs). In the same time, Central government had deposited 800 crores in the bank accounts of approximately 40 lac farmers in the Rajasthan state under Prandhan Matri Kissan Samman Yojna.^{vii}
4. As on May 2020, Government of Rajasthan had launched 'Atma Nirbhar Rajasthan Yojna' for a people who are in lower income middle group such as small businessman, electricians, skilled workers, barbers and among other can get the benefit of free loan of Rs 1 lakh from banks at interest rate of 2 percent yearly as this will help them to get back or recover their normal life disrupted due to Covid-19. In this scheme, tenure will be of three years, and payment of installments will begin after six months of disbursement. For this, Central Government has given a package of Rs 20 lakh crore to make India "ATMANIRBHAR" or "SELF-RELIANT".^{viii}

6. FINDINGS

From the above research paper, following are the findings of the study

1. There were total 16159 SHGs in western part of the country. The compound annual growth rate of self-help groups in Rajasthan region of a country is 5.77 percent.
2. In the year 2020-21, the total amount of loan Rs 2,30,330 was disbursed. The compound annual growth rate of loan disbursement in Rajasthan region of the country is 13.92 percent.
3. States like Jharkhand, Rajasthan, Madhya-Pradesh and Maharashtra have registered an adverse impact when it comes to access for credit.
4. States like Chhattisgarh, Jharkhand, Kerala, Rajasthan, Tamilnadu Maharashtra registered an adverse impact when it comes to recover the dues from the SHGs members.
5. Recently, Government of Rajasthan had also introduced various schemes like Mukhyamantri Bal Seva Yojna, Prandhan Mantri Kisan Samman Yojna, Atma Nirbhar Bharat etc. State Government had also announced an incentive of Rs 25 lac to the frontline workers, police and other employees working in Public Sector Units.

7. RECOMMENDATION AND CONCLUSION

A country as whole, the impact of covid-19 and the resultant lockdown had been quite harsh in majority of districts. Though, banking activities were exempted from lockdown but basic banking services such as loans, deposit and recovery were severely hampered. Consequently, there was an increase in digital banking transaction in Rajasthan region of the country. The microfinance sector was the biggest casualty with disruption and it was seriously affecting the livelihood of the people working in the unorganised sector which provides maximum employment in the rural areas. However, these rural institutions including SHGs took the opportunities provided by the situation of making face masks, distributions of PPE kits and preparation of sanitizers thereby helping the society as also earning some income for their members. Covid-19 had impacted negatively not only in India, but also other developed countries, developing countries as well. Across the world, Government had focused more on expanding the fiscal measures to boost health expenditure, income transfer and welfare payments, subsidies and minimizing the short-term unemployment.

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