

# Role of Central Cooperative Bank for Promoting and Developing Self Help Groups with special reference to Erode District Central Cooperative Bank Limited, Tamil Nadu

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**Abstract**—The self-help group (SHG) is a small, economically homogeneous collective of rural poor individuals who voluntarily contribute to the Central Cooperative Bank in Erode District. This study evaluates the impact of SHG participation on income generation, employment opportunities, and saving capacity, based on field work and observations. The Central Cooperative Bank plays a pivotal role in fostering the growth and enhancing the capabilities of these SHGs by providing essential financial and non-financial services. SHGs serve as a cornerstone for the social and economic empowerment of the rural poor, particularly women, by offering opportunities for holistic development. The findings highlight that SHG activities significantly contribute to building self-confidence, fostering self-reliance, and promoting social welfare among members. The Central Cooperative Bank remains a critical enabler in supporting the sustainable development and empowerment of SHG members, particularly in rural areas.

**Index Terms**—Self Help Groups, District Central Cooperative Bank, Business of SHGs, Women Empowerment.

## I. INTRODUCTION

Self Help Groups are promoting the common interest of the weaker sections of the society. SHG is an organization of homogeneous group of a minimum number of persons, joined voluntarily to improve their status by small savings and related activities. There is for solving their common problems through self help

and mutual help. The SHG promotes small savings among its members the savings are kept with a bank. This common fund is micro finance of the SHG. Usually, the number of members in one SHG does not exceed twenty. In recent years SHG emerged as a viable organization for the rural people, thereby it paved the way for the rural folk to become micro entrepreneurs. The SHGs provide savings mechanism. Which suits the needs of the members. It also enables the members to learn to cooperate and work in a group environment. Hence, they are linked with many financial institutions in which they deposit their savings and borrow money with the development of the SHG members.

Self Help Groups have emerged as one of the major strategies for the convergence of services and activities different SHGs in different states of the country have focused on: skill development, awareness generation, gaining access to credit from financial institutional for micro enterprises projects and inculcation of thrift and management of credit for the economically poor sections of women and so on.

The DCCBs have extended credit to a variety of purposes which provide income generation and employment creation through SHG among women. The loans are extended mainly for business. The DCCBs have been supporting need based skill development programmes for matured SHGs which already have access finance with banks. Loans are provided to entrepreneurial activities leading to

establishment of micro enterprises either on individual basis or on group basis.

Statement of the Problem

The DCCBs hold an important place in the three level cooperative credit structure. The DCCBs come into PACS credit scheme and establish a vital bridge between the Apex Cooperative Bank and PACS. The DCCBs perform at the district level, directly connected with PACS at the base level. As a district level credit provider institution, it offers promotional and development activities for the loan seekers. Moreover, in addition to meeting the credit requirements of affiliated PACS also lends a supportive to other types of requirements for people in rural areas. The rural areas consumer can seek loans and advances for a different activities like agriculture purpose, marketing, weaver cooperatives, and cooperative sugar federation, cooperative spinning mills etc., in addition to this, and it also offers lending services, supervising it members for recoveries. DCCBs can increase its banking facilities simply by passing a resolution under the supremacy of RBI (Reserve Bank of India, Central Bank) and meeting the criteria according to the guidelines prescribed by The Central Bank of India (Hedge, 2012), in the present scenario. The DCCBs have played a significant role in the social and economic development of the state particularly in the rural areas. It is part of the economic development efforts in rural areas. Micro financing programs through SHGs have the potential to minimize the problem of inadequate access of banking services to the poor. Involvement of SHGs with banks would help in overcoming the problem of high transaction cost in providing credit to the poor, passing on some banking responsibilities, regarding loan appraisal, follow-up, recovery, etc., to poor.

II. OBJECTIVES OF THE STUDY

1. To evaluate the role of DCCB in promoting SHG’s in Coimbatore District.
2. To assess the effectiveness of financial support provided by the Central Cooperative Bank to SHGs.
3. To access the progress made under SHGs with Coimbatore District Central Cooperative Bank.

III. METHODOLOGY

The present study is based on the secondary data. The secondary data has been collected from the records, registers, and reports of the Erode District Central Cooperative Bank.

Period of the Study

The study period was covered by the 2013-2014 to 2022-2023.

Bank Profile

The Erode District Central Cooperative Bank Ltd was registered on 11.07.1980 and was assigned the start its business from 03.02.1982. The bank has entered 43 years of service. Totally 32 branches and head office working in different areas of Erode and Tirupur District. The responsibility of DCCBs is to provide timely adequate and other allied services to individuals through its affiliated PACS by way of crop loans, investment loans, promoting and financing for strong marketing facilities. The flow of the NABARD funds depends primarily on the fulfillment of financial discipline by the DCCBs and their capacity to absorb at least a certain amount of overdue from its own resources.

Role of Erode District Central Cooperative Bank for the promotion of SHG’s

Table-1 No. of SHG Promoted

S. No	Year	No. of SHG’s	Growth Rate	Growth Index
1.	2013-2014	395	0	100
2.	2014-2015	402	1.77	101.77
3.	2015-2016	570	41.79	144.30
4.	2016-2017	406	-28.77	102.78
5.	2017-2018	404	-0.49	102.28
6.	2018-2019	391	-3.22	98.99
7.	2019-2020	555	41.94	140.51

8.	2020-2021	372	-32.97	94.18
9.	2021-2022	478	28.49	121.01
10.	2022-2023	558	16.74	141.27

The above data reveals that distinct phases in the growth of Self Help Groups (SHGs). It shows a fluctuating trend during the study. Initially, there was steady growth from 2013-2016, with the number of SHGs peaking at 570 in 2015-2016, supported by consistent positive growth rates and a growth index reaching 144.30. However, from 2016-2021, the

trend reversed sharply, with a significant decline in SHGs, marked by negative growth rates each year and the lowest growth index of 94.18 in 2020-2021, likely due to systemic challenges or external factors like the pandemic. The recovery phase from 2021-2023 saw a strong rebound, with SHGs increasing to 558 and the growth index climbing back to 141.27.

Table-2 Savings of SHG with Bank

(Rs. in Lakhs)

S. No	Year	Amount	Growth Rate	Growth Index
1.	2013-2014	116.93	0	100
2.	2014-2015	133.40	14.09	114.09
3.	2015-2016	144.42	8.26	123.51
4.	2016-2017	215.88	49.48	184.62
5.	2017-2018	199.63	-7.53	170.73
6.	2018-2019	263.24	31.86	225.13
7.	2019-2020	286.95	9.01	245.40
8.	2020-2021	249.50	-13.05	213.38
9.	2021-2022	289.56	16.06	247.64
10.	2022-2023	391.10	35.07	334.47

The above table shows that distinct phases in the growth of savings of SHGs, it shows a fluctuating trend during the study. Initially, there was steady growth from 2013-2017, with the savings of SHGs peaking at 184.62. However, from 2017-2018, the trend reversed sharply, with a significant decline in

savings of SHGs, marked by negative growth rate and growth index of 170.73. The recovery phase from 2018-2023 saw a strong rebound, with savings of SHGs increasing to 391.10 and the growth index climbing back to 334.47.

Table-3 Amount of Bank Finance to SHG

(Rs. in Lakhs)

S. No	Year	Amount	Growth Rate	Growth Index
1.	2013-2014	311.80	0	100
2.	2014-2015	446.58	43.23	143.23
3.	2015-2016	481.53	7.83	154.44
4.	2016-2017	533.58	10.81	171.13
5.	2017-2018	666.95	25.00	213.90
6.	2018-2019	841.24	26.13	269.80
7.	2019-2020	856.98	1.87	274.85
8.	2020-2021	821.77	-4.11	263.56
9.	2021-2022	965.77	17.52	309.74
10.	2022-2023	1204.04	24.67	386.16

The data shows a consistent upward trend in the amount disbursed to Self Help Groups (SHGs) over the years, starting with 311.80 in 2013-2014. Significant growth was observed in the first few years, with a 43.23% increase in 2014-2015 and a 24.67% increase in 2015-2016. In 2022-2023, the amount reached 1204.04 with a

24.67% growth, pushing the growth index to 386.16. This indicates a strong overall increase in financial support to SHGs, with periods of rapid growth followed by stabilization, ultimately demonstrating a significant expansion of resources allocated to SHGs over the study period.

Table-4 Average Loan per SHG

(Rs. in Lakhs)				
S. No	Year	Amount	Growth Rate	Growth Index
1.	2013-2014	76.80	0	100
2.	2014-2015	88.91	15.77	115.77
3.	2015-2016	84.48	-4.98	110.00
4.	2016-2017	96.14	13.80	125.18
5.	2017-2018	119.53	24.33	155.64
6.	2018-2019	209.26	75.07	272.47
7.	2019-2020	212.12	1.37	276.20
8.	2020-2021	210.17	-0.92	273.66
9.	2021-2022	259.62	23.53	338.05
10.	2022-2023	304.82	17.41	396.90

The above data reveals that distinct phases in the average loan per SHGs. It shows a fluctuating trend during the study. Initially, there was steady growth from 2013-2015, with the average loan of SHGs peaking at 88.91 in 2014-2015, supported by consistent positive growth rates and a growth index reaching 115.77. However, from 2015-2016 and

2020-2021, the trend reversed sharply, with a significant decline in average loan per SHGs, marked by negative growth rates each year and the lowest growth rate of -4.98 in 2015-2016. The recovery phase from 2021-2023 saw a strong rebound, with average loan per SHGs increasing to 304.82 and the growth index climbing back to 396.90.

Table-5 Repayment of Loans by SHG

(Rs. in Lakhs)				
S. No	Year	Amount	Growth Rate	Growth Index
1.	2013-2014	70.45	0	100
2.	2014-2015	86.39	22.63	122.63
3.	2015-2016	121.19	40.28	172.02
4.	2016-2017	130.60	7.76	185.38
5.	2017-2018	155.62	19.16	220.89
6.	2018-2019	210.71	35.40	299.09
7.	2019-2020	231.39	9.81	328.45
8.	2020-2021	277.97	20.13	394.56
9.	2021-2022	313.53	12.79	445.04
10.	2022-2023	425.47	35.70	603.93

The data shows a consistent upward trend in the amount from 2013-2023, with significant growth observed in most years. Starting at 70.45 in 2013-2014, the amount increased steadily, reaching 121.19 by 2015-2016. The growth rate peaked at 40.28% in 2015-2016, with the growth index reaching 172.02.

In 2017-2018, the growth rates lowered to 19.16%, but the amount continued to rise to 155.62. From 2016-2017 and 2019-2020, the growth rate remained relatively stable but smaller, ranging between 7.76% and 9.81%, with the amount gradually increasing. In 2022-2023, the amount further increased to 425.47,

with a growth rate of 35.70%, and the growth index reached 603.93, showing a solid upward trajectory

over the decade despite fluctuations in the growth rate.

Table-6 Interest Charged by Banks

(Rs. in Lakhs)

S. No	Year	Amount	Growth Rate	Growth Index
1.	2013-2014	31.18	0	100
2.	2014-2015	44.66	43.23	143.23
3.	2015-2016	48.15	7.81	154.43
4.	2016-2017	53.36	10.82	171.14
5.	2017-2018	66.70	25.00	213.92
6.	2018-2019	82.18	23.21	269.79
7.	2019-2020	84.12	2.36	274.86
8.	2020-2021	85.70	1.88	263.57
9.	2021-2022	96.58	12.70	309.75
10.	2022-2023	120.40	24.66	386.14

The data shows a steady increase in the interest collected amount from 2013-2023, with significant growth in several years. Starting at 31.18 in 2013-2014, the amount grew to 44.66 in 2014-2015, reflecting a growth rate 43.23% and a growth index of 143.23. The growth continued, reaching 48.15 in 2015-2016, with a slightly lower growth rate of 7.81%. In 2020-2021, the growth rate slowed to 1.88%, with the amount rising to 85.70. The next few years saw moderate growth, with rates ranging

between 10.82% and 2.36% as the amount increased to 53.36 in 2016-2017 and 84.12 in 2019-2020. A notable jump occurred in 2021-2022, with a growth rate of 12.70%, pushing the amount to 96.58, and the growth index rising to 309.75. The amount reached 120.40 in 2022-2023, with a growth rate of 24.66%, and the growth index further increased to 386.14, reflecting sustained overall growth despite some fluctuations in the annual growth rates.

Table-7 Outstanding Loans by SHG

(Rs. in Lakhs)

S. No	Year	Amount	Growth Rate	Growth Index
1.	2013-2014	225.41	0	100
2.	2014-2015	325.39	44.35	144.35
3.	2015-2016	350.93	7.85	155.69
4.	2016-2017	463.13	31.97	205.46
5.	2017-2018	527.71	13.94	234.11
6.	2018-2019	625.59	18.55	277.53
7.	2019-2020	611.33	-2.28	271.21
8.	2020-2021	611.06	-0.04	271.09
9.	2021-2022	687.80	12.56	305.13
10.	2022-2023	778.57	13.20	345.40

The data shows a general upward trend in the outstanding amount from 2013 to 2023, with some fluctuations. Starting at 225.41 in 2013-2014, the amount grew significantly in the early years, peaking at 625.59 in 2018-2019. After two years of decline (2019-2021),

the amount recovered in 2021-2022 to 687.80, it reached 778.57 in 2022-2023, with a strong growth rate of 13.20%. The growth index increased steadily, ending at 345.40 in 2023.

Table-8Overdues

(Rs. in Lakhs)

S. No	Year	Amount	Growth Rate	Growth Index
1.	2013-2014	14.13	0	100
2.	2014-2015	18.60	31.63	131.63
3.	2015-2016	26.08	40.22	184.57
4.	2016-2017	35.86	37.50	253.79
5.	2017-2018	32.73	-8.73	231.63
6.	2018-2019	31.75	-2.99	224.70
7.	2019-2020	54.46	71.53	385.42
8.	2020-2021	57.89	6.30	409.70
9.	2021-2022	60.84	5.10	430.57
10.	2022-2023	68.42	12.46	484.22

The data shows an overall upward trend in the overdues amount from 2013 to 2023, with some fluctuations in growth rates. Starting at 14.13 in 2013-2014, the amount grew steadily, reaching 35.86 in 2016-2017. There were brief declines in 2017-2019, with amounts falling to 32.73 and 31.75, but the amount recovered in 2019-2020 to 54.46, and then increased significantly in 2022-2023 to 68.42, reflecting a growth rate of 12.46%. The growth index followed a similar pattern, reaching 484.22 in 2023, showing a positive overall trend despite occasional setbacks.

### III. FINDINGS

1. The number of Self Help Groups (SHGs) showed three distinct phases: steady growth from 2013 to 2016, a sharp decline from 2016 to 2022, and a recovery from 2022 to 2023. While there was significant growth in the earlier years, 2016 to 2021 saw a significant drop, likely due to external factors like the pandemic. The recovery phase indicates regained momentum but not yet to the levels of the peak in 2015-2016.
2. The savings of SHGs exhibited fluctuations over the years, with a notable decline from 2017 to 2018. However, from 2018 to 2019 onwards, there was a positive growth trend.
3. The financial support disbursed to SHGs consistently increased from 2013 to 2023. Notable growth was observed in the first few years, with a particularly strong surge 2022-2023, where the growth rate reached 24.67%. This shows a significant expansion in financial

resources allocated to SHGs over the period.

4. The amount allotted to SHGs consistently increased from 2013 to 2023, with some fluctuations in annual growth rates. Notable growth was observed in several years, particularly in 2015-2016 and 2020-2021. Despite brief periods of slow down, the overall trend was positive, with the growth index steadily raising.
5. The data indicates a general upward trajectory in the amount allocated to SHGs, with significant growth in most years. The amount grew steadily from 2013-2016, followed by a slower but consistent increase thereafter. Despite a light dip in 2021-2022, the amount rebounded in 2022-2023. The recovery in SHGs from 2021 onwards demonstrates their resilience despite challenges faced during the period of decline. However, it highlights that while momentum was regained, SHGs are still working towards reaching previous peak level.

### IV. SUGGESTIONS

1. Technology and innovation will serve as the vital marketing. SHGs members should be adopt new technology.
2. The SHGs members should improve the quality through different techniques and acquire better skills in order to face competition.
3. Technical training was found to be the best method to encourage SHGs members and develop personality traits leads to face the problems of competition in marketing. So the Government takes a steps to start effective

training centre to them.

4. Creation of adequate marketing facilities, effective supervision and monitoring of investment activities.
5. The self-confident and creativity of rural women through their education system should be enhanced.

#### V. CONCLUSIONS

The banking sectors role is essential part in promoting SHGs in India. It sustainably finances the SHGs while also reducing informal lending practices that could provide loans at explore interior rates thus leading to better positions for SHGs rural women and better resource management. The Central Cooperatives has play an important role in promoting SHGs in all over India. In Tamil Nadu all DCCBs more concentrate on promoting SHGs in rural areas.

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