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A study on performance of different self help groups in Mungeli district of Chhattisgarh

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Abstract
The present study was undertaken to evaluate the performance and financial performance of selected Self Help Groups (SHGs) in Mungeli district of Chhattisgarh. A total of twelve SHGs engaged in diverse microenterprises — including Mid Day Meal services, vermicomposting, food processing, tailoring, spice processing, fancy stores, flour milling, and poultry farming — were purposively selected for the study. Primary data were collected through structured interviews, focus group discussions, and record verification for one financial year.

The performance of the SHGs was assessed using the NABARD grading system, which considers parameters such as group size, meeting regularity, savings, internal lending, record keeping, group cohesion, and loan utilization. Out of the twelve SHGs, five (41.7%) were graded as Excellent (Grade A), four (33.3%) as Good (Grade B), and three (25.0%) as Poor (Grade C).

Financial performance was analyzed by estimating input cost, revenue, net profit, and profit per member. The highest net profits were recorded by the tailoring shop (₹3,20,000) and flour mill (₹3,20,000), followed by food processing (₹2,85,000) and fancy store (₹2,20,000), highlighting the profitability of value-added and retail activities. SHGs involved in the Mid Day Meal program showed comparatively lower profits, constrained by fixed pricing and limited scope for expansion.

Overall, the findings suggest that SHGs undertaking high value-added and market-oriented activities tend to achieve better financial outcomes. Strengthening group management, enhancing skill development, and encouraging diversification into more lucrative enterprises can further improve the economic benefits of SHGs in the district.

Keywords: Self Help Groups, NABARD grading, financial performance, microenterprises, rural development, Mungeli.

1. Introduction
Review of Literature: NABARD reported that the grading of SHGs based on parameters like group size, savings, internal lending, and loan utilization helps banks identify creditworthy groups. SHGs with regular meetings, strong savings discipline, and active internal lending generally achieved Grade A and had better access to bank linkage and higher sustainability.

Swain & Varghese observed that microenterprises operated by SHGs, particularly those focused on locally demanded services and products (e.g., flour milling, retailing), tended to outperform agricultural-based or service-linked enterprises in terms of profitability, due to higher margins and lower dependence on external factors.

Deshmukh-Ranadive in a multi-state study found that diversification into niche and higher value-added activities — such as spice processing and fancy stores — significantly improved the income of SHG members. However, groups with weak participation and irregular operations often struggled to achieve financial viability.

Shylendra & Rani in their study on SHGs in Tamil Nadu found that SHGs engaged in income-generating activities involving value addition and direct market access, such as food processing and tailoring, earned higher profits per member compared to those in government-supported programs like Mid Day Meals, which offered stable but lower income.

Puhazhendhi & Badatya highlighted that SHGs with better internal cohesion, transparency in record keeping, and regular participation by members demonstrated higher repayment rates, better financial performance, and greater empowerment outcomes.

Methods and Materials
The present study was conducted to evaluate the performance and financial performance of selected Self Help Groups (SHGs) in Mungeli district of Chhattisgarh. The methodology followed is described below.

1. Selection of Study Area and SHGs
Mungeli district was purposively selected as the study area because of its active SHG movement and the presence of diverse SHG-run microenterprises. A total of 12 SHGs engaged in various occupations — such as Mid Day Meal services, vermicomposting, food processing, tailoring, spice processing, fancy stores, flour milling, and poultry farming — were selected for detailed analysis. The selection ensured representation of different types of activities and performance levels.

2. Data Collection

Primary data were collected through structured interviews, focus group discussions, and verification of SHG records. Information was gathered on group characteristics, economic activities, savings and lending patterns, meetings, record keeping, income, and expenses. Inputs, revenue, and profits of SHG-run enterprises were recorded for one financial year.

3. Performance Evaluation of SHGs

To assess the overall performance of SHGs, the NABARD grading system was used. This system evaluates SHGs based on eight key parameters:

- Group size
- Regularity of meetings
- Savings mobilization
- Internal lending
- Record keeping
- Bank transactions
- Group cohesion
- Utilization of loan

Each SHG was scored out of 100 points and categorized into

- Grade A (Excellent): 80–100 points
- Grade B (Good): 60–79 points
- Grade C (Poor): below 60 points

The grades were then summarized to determine the proportion of SHGs falling into each category.

4. Financial Performance Analysis

The financial performance of the selected SHGs was analyzed by estimating:

- Input cost: the annual expenses incurred on materials, labor, and other operational costs.
- Revenue: the annual income generated from the SHG's activity.
- Net profit: calculated as the difference between revenue and input cost.
- Profit per member: net profit divided by the number of members in the SHG.

These indicators were used to compare the profitability of SHGs engaged in different economic activities.

5. Data Analysis

The collected data were tabulated and analyzed using simple descriptive statistics such as totals, averages, percentages, and ranking. The results were presented in tables and discussed in light of the SHGs' operational and financial efficiency.

Results and Discussion

1. Performance of selected SHGs in Mungeli district

The performance of the 12 Self Help Groups (SHGs) selected in the study area was assessed using the NABARD grading system, which considers parameters such as group size, regularity of meetings, savings, internal lending, record keeping, bank transactions, group cohesion, and utilization of loan. Each group was scored out of 100 and categorized

into Grade A (Excellent: 80–100), Grade B (Good: 60–79), and Grade C (Poor: below 60).

Out of the twelve SHGs, five (41.7%) were graded as A, indicating excellent performance with high scores in all parameters, especially in group size, meetings, savings, internal lending, and loan utilization. These groups demonstrated strong cohesion and effective financial management, making them highly eligible for larger credit linkage from banks.

Four SHGs (33.3%) fell under Grade B, reflecting moderate performance. These groups maintained satisfactory meetings, savings, and lending practices but showed some weaknesses in record keeping and group participation, suggesting scope for improvement before accessing higher levels of credit.

The remaining three SHGs (25.0%) were categorized as Grade C, which indicates poor performance. These groups exhibited low scores across most parameters, including irregular meetings, inadequate savings, poor loan utilization, and weak group cohesion.

Table 4.4: Grading of selected SHGs.

SHG No.	Maximum Point	Obtained Point	Grade
1	100	100	A
2	100	85	A
3	100	69	B
4	100	58	C
5	100	75	B
6	100	96	A
7	100	79	B
8	100	49	C
9	100	91	A
10	100	66	B
11	100	35	C
12	100	85	A

Table 4.5: Summary of Grades.

Grade	No. of SHG	Percentage
A(80-100)	5	41.7%
B(60-79)	4	33.3%
C(<60)	3	25.0%
Total	12	100%

2. Financial Performance of SHGs in Mungeli District

The financial performance of the selected Self Help Groups (SHGs) in Mungeli district, presented in Table 4.6, reflects a diverse range of economic activities and varying levels of profitability. Among the twelve SHGs studied, the highest net profit was recorded by the Tailoring shop (SHG 12) and the Flour Mill (SHG 10), each earning ₹3,20,000 annually, with a high per-member profit of ₹24,615 and ₹22,857 respectively. This indicates that micro-enterprises like tailoring and flour milling, which require moderate investment and cater to local demand, can yield substantial returns.

The Food Processing group (SHG 6) also demonstrated strong performance with a net profit of ₹2,85,000 and a per-member profit of ₹23,750, showcasing the potential of value addition in agricultural produce. Similarly, the Fancy store (SHG 7) achieved a respectable net profit of ₹2,20,000 and per-member profit of ₹16,923, highlighting the viability of small retail businesses in rural areas.

On the other hand, SHGs engaged in the Mid Day Meal program (SHGs 1, 3, 5, 8, 11) showed relatively lower profits compared to other enterprises, with net profits ranging from ₹80,000 to ₹1,50,000 and per-member profit between ₹7,272 and ₹11,666. Although these SHGs provide steady employment, their limited scope for expansion and controlled pricing structure might restrict higher profitability.

The Vermicomposting (SHG 2) and Poultry farming (SHG 9) groups reported moderate net profits of ₹1,45,000 and ₹1,05,000 respectively, which still contribute meaningfully to members' incomes. Interestingly, the Spice Processing & Marketing group (SHG 4) earned a net profit of ₹1,50,000, reflecting the potential for niche agri-based enterprises despite relatively higher input costs.

Overall, the data indicate that SHGs engaged in activities with higher value addition, direct retailing, or processing tend to achieve higher net and per-member profits. Meanwhile, SHGs involved in government-supported programs like Mid Day Meals, though ensuring stable income, may have constrained profitability due to structural limitations. These findings suggest that encouraging diversification into more lucrative microenterprises, alongside capacity building and market linkages, could enhance the economic benefits of SHG participation in the district.

Table 4.6: Financial Performance of Selected SHGs in Mungeli. Rs./Year

SHG No.	Occupation	Input Cost	Revenue	Net Profit	Profit/Member
1	Mid Day Meal	2,80,000	4,20,000	1,40,000	11,666
2	Vermicomposting	65,000	2,10,000	1,45,000	9,666
3	Mid Day Meal	3,20,000	4,70,000	1,50,000	10,000
4	Spice Processing &Marketing	4,50,000	6,00,000	1,50,000	12,500
5	Mid Day Meal	2,56,000	3,65,000	1,09,000	9,083
6	Food Processing	3,25,000	6,10,000	2,85,000	23750
7	Fancy store	2,80,000	5,00,000	2,20,000	16923
8	Mid Day Meal	2,00,000	2,80,000	80,000	7,272
9	Poultry Farming	2,50,000	3,55,000	1,05,000	8,750
10	Flour Mill	2,30,000	5,50,000	3,20,000	22857
11	Mid Day Meal	2,20,000	3,25,000	1,05,000	9,545
12	Tailoring shop	2,00,000	5,20,000	3,20,000	24615

Summary and Conclusion
Summary
The present study analyzed the performance and financial performance of 12 Self Help Groups (SHGs) in Mungeli district of Chhattisgarh, engaged in diverse microenterprises such as Mid Day Meal services, vermicomposting, food processing, tailoring, spice processing, fancy store, flour milling, and poultry farming.

The performance of SHGs was evaluated using the NABARD grading system. Among the 12 SHGs, 5 (41.7%) were graded as Excellent (Grade A), reflecting high scores in parameters like group size, regularity of meetings, savings, internal lending, and loan utilization. Four SHGs (33.3%) were graded as Good (Grade B), showing satisfactory performance but some weaknesses in record keeping and group participation. The remaining 3 SHGs (25.0%) were graded as Poor (Grade C), with low scores across most parameters and indicating weak cohesion,

irregular meetings, and inadequate savings.

Financial performance analysis revealed that SHGs involved in high value-added and market-oriented activities achieved higher profits. The highest net profits were recorded by the Tailoring shop (₹3,20,000) and the Flour mill (₹3,20,000), followed by Food processing (₹2,85,000) and Fancy store (₹2,20,000). These enterprises also yielded higher per-member profits, highlighting their potential for income enhancement. Conversely, SHGs engaged in the Mid Day Meal program showed lower profitability, constrained by fixed pricing and limited expansion scope. Vermicomposting, poultry farming, and spice processing generated moderate profits and contributed meaningfully to member incomes.

Conclusion
The study demonstrates that well-managed SHGs with strong internal cohesion, regular meetings, active participation, and effective financial practices tend to perform better and become more eligible for institutional credit. Enterprises involving higher value addition, direct retailing, and local demand-oriented services, such as tailoring, flour milling, and food processing, generate greater economic returns for SHG members.

However, a significant proportion of SHGs still exhibit moderate to poor performance, pointing to the need for strengthening group dynamics, improving record keeping, and enhancing participation. Additionally, SHGs engaged in government-supported programs like Mid Day Meals provide employment but yield lower profits due to structural limitations.

Promoting diversification into more lucrative and market-responsive microenterprises, providing capacity building and skill development, and facilitating stronger market linkages can further improve the operational and financial outcomes of SHGs in the district. Strengthened SHGs can serve as an effective instrument of rural development and poverty alleviation in Mungeli and similar regions.

The study on the performance and financial behavior of Self Help Groups (SHGs) in Mungeli district reveals a strong positive correlation between the duration of SHG operation and their overall performance. SHGs were categorized based on their years of functioning, and data was collected from 12 groups comprising 120 respondents.

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