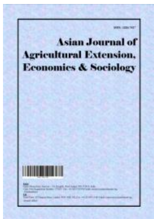

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Growth Analysis of Joint Liability Groups (JLGs) in India - With Special Reference to Tamil Nadu

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Authors' contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

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ABSTRACT

Joint Liability Groups (JLGs) has been a noteworthy developmental mechanism in microfinance group-lending model advancing towards uplifting materialistic collateral-less and unbanked poor society in the direction of self-sustainability through easing access to formal financial services with a proposal for self-employment which remained to be pursued as their dream for so long. The present study seeks to document expansionary trend in JLGs and to identify major benefits, constraints and suggestions of JLG member-beneficiaries with purview of supporting further development towards promoting and financing more JLGs in India.

Aim: The present study attempts to document the trend in growth of JLGs supported by National Bank for Agriculture and Rural Development (NABARD) in India and to identify major benefits, constraints and suggestions in functioning of JLGs through Bank-Business Corporate (BC) linkage model among its member-beneficiaries which would serve researchers and policy makers to arrive at appropriate measures to expedite advancement in expansion and magnification of trend of JLGs in India.

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Design of Study: The study employed secondary data from annual publication of NABARD "Status of Micro Finance in India" for 2011-12 to 2019-20 for JLG trend analysis. Following purposive sampling, 3 blocks of Namakkal district were studied during August 2021, purposively selecting Bank-Business Corporate (BC) linkage model and randomly selecting well-experienced 30 member-beneficiary groups.
Methodology: The study adopted Compound Annual Growth Rate (CAGR) for JLG trend analysis and Garrett's ranking procedure to prioritize major benefits, constraints and suggestions of JLG members.
Findings:

- Overall growth rate of India stands at 44.86% in terms of number of JLGs promoted and 60.73% in terms of quantum of JLG loan disbursed. Northern region excels growing at the rate of 62.53% in the former category while Western region exhibits expeditious rate of growth (75.19%) in the latter.
- Tamil Nadu leads the lane in terms of cumulative quantum of credit disbursed ranking second to Bihar in terms of cumulative number of JLGs promoted in India. Orissa manifests rapid growth among leading five states in both categories cumulatively.

With women empowerment socially and economically, easy access to formal credit and better repayment as major benefits of JLG participation, hiking initial loan amount, aiding in identification of microenterprise, training and capacity building in related fields, introducing technological innovation on demand-side and linkage to product marketing and brand promotion on supply side were suggested areas of concern towards encouraging massive promotion of JLGs..

Keywords: Microfinance; joint liability; Compound Annual Growth Rate (CAGR); Garrett's ranking.

1. INTRODUCTION

Agriculture credit in India was under the dictatorship of non-institutional sources of finance for decades. In India, dominance of non-institutional financial sources was prevalent till 1951 engulfing 90% of unsettled debt of agricultural households which then remarkably declined to 37% in 1981 and then to 35% in the next decade exhibiting slow rate of decline. The momentum turned upside down in 2002 with 39% share of informal lending sources but lost its rising pace reaching 36% in 2013 [1], dropping further down to 28% in 2015 [2]. Contrastingly, the share of agricultural credit from institutional sources shot up drastically from 10.2% in 1951 to 63% in 1981, sustaining between 63% to 65% for 1981-2013 [1] and exhibiting an unprecedented expansion accounting to 72% in 2015 [2].

In rural India, as of 2018, 35% of total households (40.3% cultivator and 28.2% non-cultivator households) are indebted of which 17.8% (21.1% cultivator and 13.5% non-cultivator households) are indebted to institutional credit sources only, 10.2% (10.3% cultivator and 10% non-cultivator households) are indebted to non-institutional sources only and about 7% (8.8% cultivator and 4.7% non-cultivator households) are indebted to both sources [3].

Several astounding initiatives were operating behind the statistics of what the share of formal financial infrastructure is today. Dreaming about being entrepreneurs, poor people are struck in their way to source credit. Fortunately, access to credit with no mortgage or collateral through several institution-led innovative mechanisms has been a boon in the area of finance. Microfinance serves as a major contributor in enactment of financial inclusion besides aiding in poverty alleviation. With "One for all and all for One" motto, joint liability in microfinance rely on peer partner strength for delivering a 'win-win' scenario for both debtors and creditors and propose the poor with broader financial services inclusive of credit, voluntary savings, insurance and non-financial upliftment services like training, capacity building, etc.,

Joint liability loans are progressively large offered at low interest rates targeting small groups which step up for successive loans provided all borrower-guarantors repaid the sum amount without leaving behind even one defaulter, the failure of which results in denial of subsequent loans [4]. Two mechanisms that run behind and expedite repayment in joint liability lending are peer monitoring and pressure. While the former is concerned with keeping track of peers' actions, the latter refers to influencing fellow borrowers with sanctions when they are not committed to agreed principles [5].

Studies reveal that group lending encourages risk-taking [6]7], and can generate social capital

[8][9]. Though microcredit failed to encourage the manifestation of fresh business ventures, it aided in rising the short-term profitability of existing activity by offering additional investments. Also, there prevails a household consumption pattern shift i.e., spending more on durables than investing on temptation-goods after availing microcredit [10].

Inspired by evidencing accomplishments of the Bank for Agriculture and Agricultural Cooperatives (BAAC) in Thailand in satisfying financial necessities of landless farmers through extending collateral-less formal credit, in 2004-05, NABARD strategically infused Joint Liability Groups (JLGs) in the field of microfinance piloted with the assistance of 13 RRBs in 8 states in India for uplifting small and marginal farmers, tenant farmers, oral lessees by offering collateral-free loan to invest for on-farm and off-farm purposes. In 2006, evidencing its potential, NABARD mainstreamed the scheme by offering financing banks a 100% refinance and grant assistance for group initiation and nurturing. In 2007, RBI included loans through SHGs and JLGs under Direct Finance category of Priority Sector Lending evidencing their huge impact on weaker sections. In 2009, with NABARD's grant support, formation of JLGs for non-farm purposes was also brought under the umbrella. With low rate of interest, joint liability lending resulted in betterment of social welfare beyond assuring better rate of loan repayment compared to individual lending [11]. In 2014-15, the improvised scheme featured characteristics for forming JLGs through cluster approach, promoting JLGs outside and within SHGs and BCs/BFs model of initiating and financing JLGs.

The present study attempts to document the trend in State-wise and Region-wise expansion of JLGs in India in terms of number of JLGs promoted and volume of loan disbursed to JLGs supported by NABARD and also to identify benefits, constraints and suggestions in availing JLG loan from the standpoint of JLG member-beneficiaries with an intent of facilitating and aiding in designing suitable measures to expand the trend of JLGs in India.

2. MATERIALS AND METHODS

The present study employed secondary data obtained from annual publication of NABARD "Status of Micro Finance in India" for the period 2011-12 to 2019-20 in terms of number of JLGs promoted and volume of loan amount disbursed to JLGs in order to document trend in expansion of JLGs supported by NABARD state-wise and region-wise in India. The study also used primary data and purposive sampling was done to select sample districts in Tamil Nadu. In India, Southern region accounts for the major share of JLG coverage and among the southern states, Tamil Nadu has the highest number of JLGs. In Tamil Nadu, Namakkal district leads in JLG financing among all other districts in the state [12].

Among the leading districts being supported by NABARD in Tamil Nadu, Namakkal district (2900 JLGs) ranks 2nd to Salem district (6250 JLGs) which proves the potential of the district. An enquiry about current functioning of JLGs in the district would support researchers and policy makers to design measures encouraging large number of JLGs in Namakkal. Among different linkage models financing/promoting JLGs in the district, Bank-BC (NGO) linkage model, in particular Tamil Nadu Grama Bank (TNGB)-Business Correspondents (MGENM) model, has been purposively selected based on year-wise and agency-wise data of NABARD on JLG promotion in Namakkal district and upon discussion with respective stakeholders. Three blocks namely, Rasipuram, Sendhamangalam and Namagiripettai were purposively selected as dominant blocks of operation of MGENM BC in which 30 JLG member-beneficiary groups with average group size of 4 borrowers/JLG comprising 120 member-respondents who are undergoing 3rd loan cycle were randomly selected and personally interviewed to extract primary responses. The respondents were required to rank their responses on benefits reaped from their participation in JLGs, constraints encountered in functioning of JLGs and suggestions for improvement.

2.1 Compound Annual Growth Rate (CAGR)

To document expansionary trend in promoting JLGs in India, CAGR was employed depicting growth in terms of number of JLGs promoted state-wise and region-wise in the country and volume of loan disbursement to JLGs for the same. CAGR was calculated using the obtained secondary data in a Microsoft Excel Worksheet.

2.2 Garrett's Ranking Procedure

Garrett's ranking technique enables to rank priorities which then permits to convert ranks into percentages for further analysis and interpretation of results. The present study recorded individual subjective ranks on major benefits realized by their participation in JLGs. The study also identified major constraints faced in functioning of JLGs and suggestions for cultivating improvement in JLGs from the standpoint of members-beneficiaries and respondents who were required to record their subjective priorities by assigning ranks to each parameter. Garrett's formula for conversion of ranks into percentage can be given by,

Percent Position = $[100 (R_{ij} – 0.50)]/ N_{ij}$

where R_{ij} = rank proposed for i^{th} category by j^{th} respondent; N_{ij} = Total number of parameters/attributes ranked by j^{th} respondent. Scores was assigned to percent position of each rank with reference to Garett's table (1996) which when added, arrived at mean values for each attribute. The most important attributes were identified when mean values for each category were ordered in an ascending manner. Garett's ranking identifies the most crucial attribute to be prioritized and taken into consideration.

3. RESULTS AND DISCUSSION

3.1 Growth of JLGs in India

Being piloted initially in eight Indian states namely, Assam, Bihar, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Tamil Nadu and West Bengal during 2004-05 through 10 Regional Rural Banks (RRBs) and 1 PCARDB, 565 JLGs were promoted from financial support of about Rs. 79.30 million accumulating the statistics to a totality of 850 JLGs financed about Rs. 124 million in India.

Table.1 presents Region-wise growth in terms of number of JLGs promoted in India from 2011-12 to 2019-20. From around 1.92 lakh to 91.29 lakh JLGs within a decade, India has disclosed a phenomenal and striking increase in absolute numbers whose compound rate of growth was found to be positive and around 45% for the country during the decade exhibiting significant pattern of expansionary growth. All six regions in India demonstrated a positive trend in compounded growth. In terms of region-wise cumulative share to total JLGs promoted in India, Eastern region (34%) positioned 1^{st} followed by Southern region (28%) and Central region (15%).

Remarkably, in July 2014, Finance Ministry of India proposed an announcement of financing five lakhs JLGs of "Bhoomi Heen Kisan" (landless farmers) in India with support of NABARD during FY 2014-15 with a view to enhance production and productivity in agriculture sector. Expending 'Financial Inclusion Fund', NABARD had trained about 0.30 lakh JLG participants during 2014-15 and the scale shoot up to 0.55 lakh trained JLG participants during March 2015. Thenceforth, there has been a momentous growth in absolute number of JLGs promoted among different regions in India.

Since 2011-12 to 2017-18, dominance of Southern region was prevalent being chased by Eastern region with much closer promotion of number of JLGs. The scenario transfigured when Eastern region (47.58% CAGR) surpassed Southern region (41.03% CAGR) during 2018-19 with over 16.90 lakh JLGs and about 31.01 lakh JLGs in 2019-20 sustaining its position in the top while Southern region follows behind with about 15.72 lakh JLGs in 2018-19 and about 26.62 lakh JLGs in 2019-20. The trend in growth of JLGs was reported to be less skewed compared to that of SHGs in the country all over the years.

In terms of number of JLGs promoted in the country, Central region (43.62% CAGR) manifested a momentous surge from 1,60,272 JLGs to 6,92,088 JLGs within the span of a year although showing only sustaining rise during the past three years. Northern region (62.53% CAGR) is exhibiting a rapid expansion from 2018-19 competing with Western region (57.63% CAGR) promoting much closer number of JLGs. North Eastern region (35.01% CAGR) displays a decline of around 5140 JLGs in 2019-20 compared to the previous year resulted from fall in specifically Tripura promoting 25,757 JLGs in 2018-19 but only 14,976 JLGs in 2019-20.

Table. 2 presents region-wise growth in terms of Volume of credit disbursed to JLGs in India from 2011-12 to 2019-20. Overall growth rate of India reveals positive and appreciable trend in growth from Rs. 170039 lakhs to Rs. 8310295 lakhs during the decade with 60.73% rate of compound annual growth. There has been a positive trend in growth of all six regions in India. In terms of region-wise cumulative share to total JLG loan disbursed in India, Southern region (35.21%) ranked 1^{st} followed by Eastern region (29.3%) and Central region (13.74%). Western (75.2%), Eastern (74.73%) and Northern (74.64) regions demonstrate very similar statistics in terms of CAGR followed by Central (65.83%), North Eastern (51.57%) and Southern region (51.05%).

Table 1. Region-wise promotion of JLGs in India during 2011-12 to 2019-20

(Nos.)

Region	Northern Region	North Eastern Region	Eastern Region	Central Region	Western Region	Southern Region	India
2011-12	6010	9259	68512	13635	5147	89099	191662
2012-13	7809	14987	58648	42924	15912	56259	196539
2013-14	16068	7178	63602	49053	26867	45103	207871
2014-15	45708	10093	121320	76069	77422	126024	456636
2015-16	35331	15827	164626	88641	89131	178799	572355
2016-17	50402	24153	234019	109134	88112	195803	701623
2017-18	79078	51334	371763	114786	99869	302569	1019399
2018-19	132272	78013	617555	160272	146290	469254	1603656
2019-20	461722	72873	1411623	692088	451322	1089872	4179499
Total	834400	283717	3111668	1346602	1000072	2552782	9129240
% Share	9	3	34	15	11	28	100
CAGR (%)	62.53	35.01	47.58	43.62	57.63	41.03	44.86

Source: NABARD Annual Publication, various issues

Table 2. Region-wise distribution of loan disbursed to JLGs in India from 2011-12 to 2019-20

(in Lakh Rs.)

Region	Northern Region	North Eastern Region	Eastern Region	Central Region	Western Region	Southern Region	India
2011-12	7460	2751	22126	13358	5284	119060	170039
2012-13	7678	14254	33475	22809	18388	87161	183764
2013-14	16707	9040	58321	31512	18476	87961	222016
2014-15	43609	12603	110411	65013	66338	143469	441444
2015-16	21153	25427	147508	78518	78278	265188	616072
2016-17	71826	38314	251924	135381	119129	334543	951117
2017-18	116267	53148	354437	174358	159938	537366	1395515
2018-19	218726	90667	938742	326307	302898	1217348	3094687
2019-20	867602	109871	2588791	1267148	852561	2624322	8310295
Total	1371027.8	356074.2	4505735.6	2114404.3	1621288.7	5416418.8	15384949.3
% Share	8.91	2.31	29.29	13.74	10.54	35.21	100.00
CAGR (%)	74.64	51.57	74.73	65.83	75.19	51.05	60.73

Source: NABARD Annual Publication, various issues

In 2011-12, Southern region accounted for about 69% of total volume of loan disbursed to JLGs in India and engulfing about 60% and 55% of sum quantum of credit disbursed to during 2012-13 and 2013-14 respectively. Southern region (51.05% CAGR) accounted for about 46% in 2014-15, 45% in 2015-16, about 41% in 2016-17 and 2017-18 of cumulative volume of JLG loan disbursed in the country. This declining trend in percentage share occupied by Southern region in terms of total credit disbursed may serve as a sign for increasing participation of other regions in the country.

Leading five Indian states in terms of cumulative number of JLGs promoted and cumulative volume of JLG loan disbursed during the last decade (Table 3) revealed positive growth in all states listed and that Orissa unfolded rapid rate of growth demonstrating sharp expansion in both terms. Though positioned second to Bihar in terms of number of JLGs promoted, Tamil Nadu ranks 1st in volume of JLG loan disbursed which may be due to better repayment behaviour of JLGs in Tamil Nadu attributed to their better employment and income pattern serving them with progressively greater volume of loan.

In terms of cumulative statistics on number of JLGs promoted, West Bengal, Orissa and Karnataka follow the lane after Bihar and Tamil Nadu. Orissa exhibits greater rate of growth at 51.22% followed by Tamil Nadu at 49.05%, Bihar at 47.42% while West Bengal and Karnataka expand with much closer rates at 44.74 and 44.78 respectively. In terms of distribution of cumulative volume of JLG loan, Southern states including Tamil Nadu (56.48% CAGR), Karnataka (54.94% CAGR) and Kerala (66.51% CAGR) stationed among leading five states in the country dominating the category. Orissa escalated in voluminous growth topping with as high as around 76% compounded rate of growth followed by Kerala and Bihar with much similar expansionary rate of growth.

3.2 Impact of JLGs in Tamil Nadu

3.2.1 Socio-economic characteristics of JLG member-respondents

In Namakkal district, sample JLGs included 100% women respondents as MGENM BC concentrates on promoting only women JLGs of which average age of respondents stood at 38 years, majority of respondents falling into 31 to 40 years category (Table. 4). Respondents were mostly educated till Secondary grade and found mostly to be backgrounded with 4-6 membered households (Table. 4).

Majority of member-households opted for JLG loan depend primarily on Non-farm income (43.34%) derived equally from employment as drivers (21.67%) including lorry driver, auto driver, milk van driver, Passenger bus driver and as other labourers (21.67%) including power loom labor, sanitary worker, brick worker, grill labor, tiles labor, welding labor (Table 5). Second majority were agricultural labourers earning off-farm income (32.5%) followed by small business households (12.5%) earning from petty shops, meat shop, tea stall, iron shop, grocery shop and borrower-households deriving income primarily from agriculture accounted for 11.67% of total sample respondents (Table 5).

With average monthly income of member households standing at Rs. 22,869, majority of respondent-households (43.33%) fall in between the range of Rs.10,000-20,000/month followed by Rs.21,000-30,000/month income category (Table 6).

Investing Joint Liability loan towards expansion of existing enterprises (54.17%) including livestock, agriculture and small business through purchase of inputs such as goat, milch cattle, planting stocks and fertilizers for flowering crops, groceries for petty shops, tea stall, meat shop, etc., was predominantly prevalent among sample borrowers (Table 7). Next to this category were borrowers extending JLG loan for short-term benefits such as repaying debts from other sources, satisfying household consumption needs dominantly education and hospital expenses, spending for building/renovating houses (30.83%).

Only 15% of sample borrowers invested JLG loans in igniting new enterprises from their standpoint inclusive of tailoring, marketing horticultural produces in vehicles, textile and saree business intended to reap long-term sustained income, foreseeing an opportunity to stepping up the ladder. Special mention to three JLGs of a village who learnt tailoring in their own expense and collaboratively established a tailoring shop after purchasing modern tailoring machineries exclusively through successive JLG loans.

3.2.2 Respondents' Benefits of Joining JLGs

Majority of borrowers prioritized women empowerment being categorized into social empowerment and economic empowerment. The former was demonstrated in terms of self-confidence as an earner, decision-making ability regarding personal, business and social terms, security from compulsory savings to support family while the latter in terms of financial upliftment and freedom for productive investment (Table 8). Second majority claimed an ease in access to formal credit despite being collateral-less while respondents close to second majority opted for better repayment performance through group liability as their benefit accrued from participation in JLGs. However, area of concern lies in skimpy group support to individual borrowers for sharing risk from taking up new entrepreneurial ventures.

Table 3. Top 5 State-wise Cumulative Number of JLGs Promoted and Cumulative Volume of JLG Loan Disbursed in India during 2011-12 to 2019-20

			(Nos.)				(in Lakh Rs.)
S.No.	**States**	**Cumulative number**	**CAGR**	**S.No.**	**States**	**Cumulative volume**	**CAGR**
1	Bihar	1065992	47.42	1	Tamil Nadu	2672910.56	56.48
2	Tamil Nadu	1037825	49.05	2	Bihar	1736081.25	66.32
3	West Bengal	944805	44.74	3	Orissa	1317173.62	75.90
4	Orissa	875017	51.22	4	Karnataka	1304508.14	54.94
5	Karnataka	758600	44.78	5	Kerala	1116422.94	66.51

Source: NABARD Annual Publication, various issues

Table 4. Socio-economic characteristics of respondents

S.No.	Category	Frequency (N=120)	Percentage
I	**Age**		
1	Below 30 years	24	20.00
2	31 to 40 years	55	45.83
3	41 to 50 years	27	22.50
4	Above 50 years	14	11.67
II	**Educational Status**		
1	Illiterate	32	26.67
2	Primary Education	21	17.50
3	Secondary Education	45	37.50
4	Higher Secondary Education	17	14.17
5	Graduate	6	5.00
6	Post Graduate	1	0.83
III	**Family Size**		
1	Less than 4	38	31.67
2	4-6	79	65.83
3	Above 6	3	2.50

Table 5. Primary income source of respondent households

S.No.	Primary Income Source	Number of households	Percentage of households
1	Non-Farm Income	52	43.34
2	Off-farm Income	39	32.5
3	Small business	15	12.5
4	On-Farm Income	14	11.67
Total		120	100.00

Table 6. Monthly household incomes of respondent households

S.No.	Monthly HH Income (Rs.)	Number of households	Percentage of households
1	less than 10000	5	4.17
2	10000-20000	52	43.33
3	21000-30000	38	31.67
4	31000-40000	19	15.83
5	41000 & above	6	5
Total		120	100.00

3.2.3 Constraints in functioning of JLGs

Majority of respondents reported an inadequacy of loan amount sanctioned during the first loan cycle (about Rs. 20,000-30,000/borrower) to ignite a new venture as about 95% of borrowers were observed with no existing business (Table 9). Second majority of respondents prioritized limitation of skills and knowledge about entrepreneurship while the closer majority reported that restricted idea on selecting demand-based microenterprises as their major constraint. Third set of individual majorities suffered from lack of entrepreneurial attitude among other members in a JLG to establish group-based venture. Other constraints encountered include negligible knowledge about product-pricing, difficulty in identification of marketing and supply-chain facilities for products, insufficient credit to avail needed equipment/technological innovation, exiguous hold up from group members who opt to avoid investment into 'unknown/unfamiliar' ventures thus unsupportive to individual entrepreneurs within the group to get into start-ups and unestablished brand which would otherwise support marketing products jointly produced by groups in same locality.

3.2.4 Suggestions for promotion of JLGs

Majority of sample JLG members requested a hike in initial loan amount sanctioned to at least about Rs.50,000/borrower which could serve in investing in livestock like purchasing a milch cattle as an alternate and additional source of household income (Table 10). Second majority of respondents suggested for an initial support in microenterprise identification stating that credit availed would otherwise be spent on household consumption seeking short-run benefits rather be invested in profitable enterprises for long-run convincing returns. Also, respondents prioritized support for marketing produce much greater than aid for availing factors of production. Training and capacity building in fields like tailoring, processing of fruits and vegetables were fourth importantly ranked suggestions among others. Surprisingly, respondents recorded least priority towards reducing rate of interest or improvement in repayment schedule stating that they were quite comfortable with current loan design.

Table 7. JLG loan utilization pattern by member-respondents

S.No.	Pattern of Utilization	Number of respondents	Percentage
1	Expansion of existing enterprise	65	54.17
2	Diversion from Investment	37	30.83
3	Initiation of New enterprise	18	15
Total		120	100.00

Table 8. Respondents' benefits after participation in JLGs

S.No.	Benefits of joining JLG	Percentage	Rank
1	Women empowerment	69.90	I
2	Easy grant of loan at low RI	57.14	II
3	Improved repayment performance	56.92	III
4	Improved socio-economic status	34.66	IV
5	Group support in risk sharing and liability sharing	33.39	V

Table 9. Constraints faced by Respondents' in functioning of JLGs

S.No.	Constraints in functioning of JLGs	Percentage	Rank
1	Lack of adequacy of funds	73.23	I
2	Lack of individual entrepreneurial skills and knowledge	52.97	II
3	Difficulty in microenterprise identification	52.52	III
4	Lack of entrepreneurial attitude	51.53	IV
5	Lack of knowledge on pricing	49.49	V
6	Lack of marketing/supply chain facilities	48.93	VI
7	Lack of appropriate technology/equipment	48.62	VII
8	Group support in individual risk taking	47.98	VIII
9	Lack of branding	28.75	IX

Table 10. Respondents' Expectations/Suggestions for promoting more JLGs

S.No.	Expectations/Suggestions	Percentage	Rank
1	Increase in loan amount	76.65	I
2	Aid in Venture identification	61.74	II
3	Linkage & promotion of marketing	55.38	III
4	Training and capacity building	49.17	IV
5	Aid in availing inputs	44.80	V
6	Reduction in RI	33.59	VI
7	Improved repayment schedule	27.63	VII

4 CONCLUSION

In India, Northern region (62.53% CAGR) exhibits rapid rate of growth while North Eastern region (35.01% CAGR) should pick its pace up in terms of number of JLGs promoted; Southern region reveals gradual growth at the rate of 51.05% topping the table in cumulative amount while Western region commits for expeditious growth (75.19% CAGR) in terms of quantum of JLG loan disbursed. Overall growth rate of India stands at 44.86% for the former and 60.73% for the latter category. State-wise, Orissa discloses a sharp rate of growth among leading five states in both categories cumulatively. Tamil Nadu leads the lane with domination of Southern states in terms of cumulative quantum of credit disbursed ranking second to Bihar in terms of cumulative number of JLGs promoted in India.

Foreseeing potential of Tamil Nadu to promote more JLGs, the present study enquired for suggestions to enhance current design of promoting JLGs. It has to be noted that being unaware of entrepreneurial benefits and with self-unreadiness to take up risks, group members offer limited support to capable individual borrowers for investing in start-ups. Surprisingly, respondents prioritized improvements related to entrepreneurial necessities rather than queries relevant to loan design such as lowering interest rates or improving repayment procedures. In fact, 98% of borrowers revealed to abide with JLG loan after settling loans taken from other sources as they felt ease and comfort in repaying JLG loan.

Women empowerment socially and economically, easy access to formal credit and better repayment were reported as major benefits accrued from participation in JLGs. Hiking initial loan amount sanctioned per JLG-borrower, guiding in identification of demand-based microenterprise, training and capacity building of JLG members in relevant fields, introducing them to field-related technological innovations were demand-side suggestions for advancement in promotion of JLGs. In supply-side, linkage to product-marketing, promotion of branding were expected factors of concern to break new grounds in JLG financing in India.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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