

SWOT Analysis of Joint Liability Group

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Abstract--- *“All for One and One for All”. Based on this quote when the people are grouped to form a team or union, definitely it makes them feel more powerful and strong as compared with on an individual level. In order to reduce poverty in India, the National Bank for Agriculture and Rural Development (NABARD) introduced a new concept that is called Joint Liability Group (JLG). This scheme helps the small farmers such as sharecroppers, oral lessee and also agricultural labourers by providing institutional credit. The objective of this paper is to discuss the Strengths, Weaknesses, Opportunities and Threats of JLG. The major strengths of JLG is group farming and the weaknesses of the JLG pointed that general awareness about JLG among stakeholders is absent. The major opportunities available for JLG is women empowerment and threats will be faced by the JLG Lack of financial literacy amongst JLG members. It is concluded that bankers should take the necessary steps to create financial literacy among the JLG members. JLG members should make use of their strengths and opportunities in order to reduce and face their weaknesses and threats available outside of the group.*

Keywords--- *JLG, SWOT, NABARD, Group Farming, SHG.*

I. INTRODUCTION

“Union is Strength” and “All for one and one for all”

These quotes are based on the quality and benefits of unity or group. A person can be easily beaten or injured by anyone but a group of persons is always able to face any uneven situation. When the people are grouped to form a team or union, definitely it makes them feel more powerful and strong as compared with on an individual level. Their physical and mental strength increases by these feelings of power and confidence. Everyone understands and agrees that no one can injury them in terms of social, physical or financial level. Without unity no war can be won, proved by History.

Likewise, in order to reduce poverty in India, the National Bank for Agriculture and Rural Development (NABARD) introduced a new concept that is called Joint Liability Group (JLG). This scheme helps the small farmers such as sharecroppers, oral lessee and also agricultural labourers by providing institutional credit. The main objective of JLG is to provide credit facilities by forming groups together. JLG is nothing but an informal group which contains a minimum of 4 to 10 individuals and a maximum of 20 individuals join together for the purpose of availing credit from the bank. JLG enables to avail loan. JLGs can be designed mostly for small farmers, rural entrepreneurs who are engaged in non- farm activities, tenant farmers and oral lessee.

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Features of JLG

- In order to avail the benefits of Joint Liability Group (JLG), the persons can form JLG if they are having a common activity,
- There is no necessity to have a ownership of the land,
- The persons should belong to the same village,
- Only one person from one family can become a member of this group, they should not be a defaulter of any bank credit and also
- The person should hold meetings regularly.

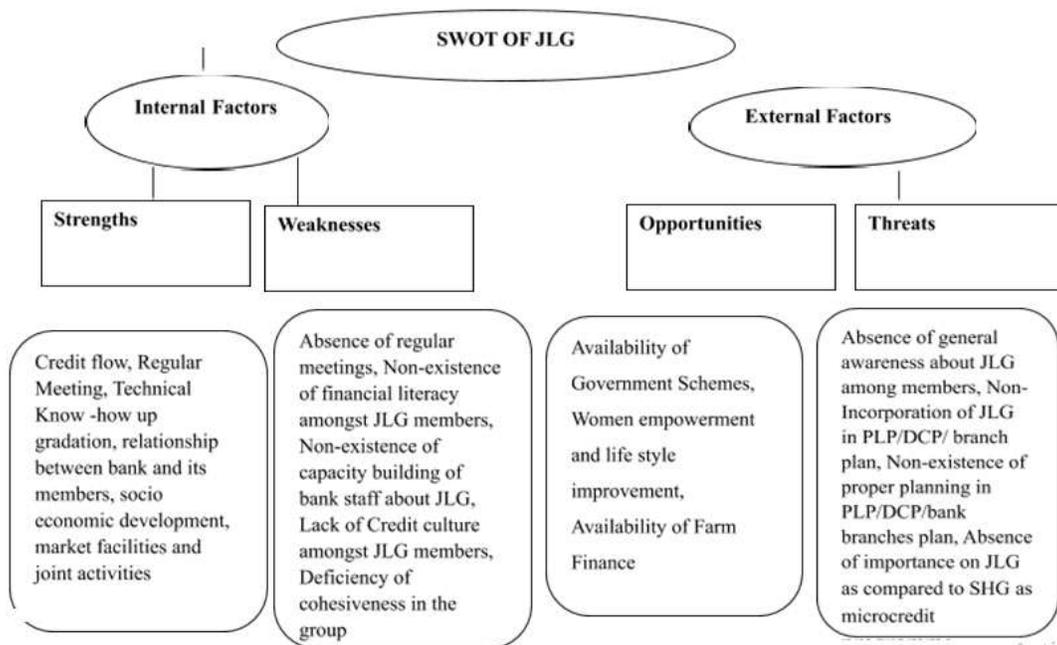
Objectives of the Study

The purposes of this paper are;

1. To know the concept Joint Liability Group (JLG)
2. To study the Strengths, Weaknesses, Opportunities and Threats of the JLG

II. SWOT ANALYSIS OF JLG

SWOT analysis is an abbreviation for Strengths, Weaknesses, Opportunities, and Threats. This is used to evaluate a project or business venture through these four elements. This method of SWOT analysis may be used to evaluate a company, product, place, industry or person. In order to achieve the aims of the project or business, SWOT analysis involves specifying the aims of the business undertaking or identifying the favourable and unfavourable internal and external factors. Albert Humphrey is the person who used SWOT analysis in the first. In the 1960s and 1970s, data collected from Fortune 500 companies at the Stanford Research Institute, now it is called SRI International. Though Albert Humphrey used this analysis he does not claim the creation and the origins remain unclear. The strategic fit of this analysis explained the degree to which the firm internal environment matches with the firm external environment.



- **Strengths:** factors which give more advantage to the business or a project than others
- **Weaknesses:** factors which give disadvantage to the business or a project compared with advantages than others
- **Opportunities:** factors that help the business or project could feat to its advantage
- **Threats:** environmental factors which could create trouble for the business or project.

III. JLG'S STRENGTHS

- To ensure credit flow to its members, create a cordial relationship between the banker and the members of JLG
- Subject to the requirement, there may be 2 to 3 meetings per month may arrange to discuss the way to achieve the goals
- For technical know-how up-gradation, extension activities were conducted by inviting specialists from several fields like agriculture and related allied activities, workforces from universities, Development of departments and also other connected agencies. Even the persons non-members of JLG but experienced in agriculture may also invited from the village/ neighbouring villages
- On behalf members, there is a relationship between the input supplier of corporate in order to buy bulk inputs
- Various joint activities such as value addition, processing, collective purchase of raw materials and farm produce marketing, etc. are organised for the welfare of members. They can also patron / arrange SHGs,
- Likewise, they start various socio-economic developmental activities such as natural resource management, education, health, environment and community works etc.
- Make arrangements to market rural produce and products.

Weaknesses of JLG

Absence of regular meetings: Though the regular meeting should be conducted by the JLG, but the fact is meeting was not conducted regularly by the JLG members. The same thing was stated by the maximum of the bankers, officials from NABARD and officials from government. Marginal farmers, landless labourers and sharecroppers are the members of JLG. Group dynamics was not developed midst JLG members due to lack of regular meeting

Absence of financial literacy amongst JLG members: One of the key restraints in the upgrade of JLG. It is very tough to build awareness about the different facts of group dynamics and management micro- finance in the creative purpose, because most of the members of JLG are from rural poor and they are illiterate. This difficulty may be solved through taking the steps to clarify the fiscal characteristics to the group members by the bank branch.

Non-existence of capability building among the bank staff about JLG: **Absence of** capability among the bank staff was one of the key constraints facing by the JLG. There are rarely organized programmes which are helpful to

provide the information about the JLG formation and promotion. There is a need to take an immediate redressal to correct this non-existence of capacity building of bank staff stated by maximum of the officials from the various banks, government departments, NABARD, Non-Government Organisations and Micro Finance Institutions staff.

Non-existence of supervising by Banks./BLCC/DLCC/ SLBC/NABARD/ RBI: Most of the time JLG was not regularly monitored by the bank officials and the officials of BLBC / DLCC SLBC/NABARD /RBI level. Even though the information relating to the prospects and growth of JLG financing is not existing at any branch level.

Absence of publicity/promotion of Joint liability group concept: There are no promotion schemes taken by the JLG than the promotion concepts followed by the Self Help Group.

Even there is no effort taken to publish the concept of JLG.

Non-existence of availability of guidelines among stakeholders: The guidelines regarding the formulation and promotion of JLG were not accessible with the branch level of banks.

The document required for the pay-out of credit did also not exist with various branches of bank and government departments. This reveals the ethological attitude of the bank.

Opportunities of JLG

Availability of Government Schemes: Government is providing many schemes for the development of the JLG members. The objectives of these financial schemes are sustainable livelihood, Group cohesiveness and Empowerment to the JLG members.

All these financial schemes are available to the maximum of the people and also they are utilised in the efficient manner for the benefits of them. Maximum of the people are well known about the availability of these Government schemes, only a few people are not aware of these schemes. They are those who are not participating in regular discussion of the JLG forum. All the new financial schemes which are introduced by the government are made available to all the members of the JLG through financial institutions like cooperative banks and ESAF.

Women empowerment and lifestyle improvement: After being a member in Joint Liability group lifestyle improvement and women empowerment has been developed among the group members in Joint Liability Group also help its members to develop the qualities like decision making power, savings, education and social relationship.

Self-reliant and Group cohesiveness By being past and members of JLG each of its members are turning out to be self-reliant and which helps in building group cohesiveness among its members. And only by being self-reliant will they be able to build a good relationship among its members which finally results in the success of JLG groups.

Group cohesiveness and women empowerment Joint Liability Group is an open floor so the women members of this group can freely share their ideas, can express their happiness, emotions and can freely share their suggestions which finally lead to women empowerment.

Availability of Farm Finance: The main objective of JLG is to develop agriculture by arranging the credit from various banks and other financial institutions. There is a possibility of providing a required credit by forming this JLG. This group makes a farm into an advanced level by providing a large amount of credit. This leads to group

farming in order to face the problems like under-pricing the produced products, unable to repay bank credit, purchase of seed, fertilizer and Agri related machineries and so on.

Threats of JLG

Non-existence of general awareness relating to JLG among members: The existence of the scheme of JLG only known by except government officials, only few NGOs. Although bank headquarters staff were aware about the scheme of JLG, still the concept did not enter at the bank branch level. It was one of the key threats in the case of financing JLG. There is an absence of awareness among the bankers of the support available for JLG up gradation, capacity building and promotion from NABARD. Enormous awareness is needed to create knowledge amongst bank staff for the promotion of JLG

Non- Incorporation of JLG in PLP/DCP/ branch plan: Still JLG scheme is not incorporated with PLP / DCP/ branch level plan. This is another point of main threats to be faced by JLG promotion. In future, it will create a major problem for the JLG while availing a credit from the bank branches level.

Deficiency of suitable planning in PLP/DCP/bank branches plan: There is no sustainable planning about JLG in future which is linked with the credit plan, district credit plan or branch plan.

Absence of importance on JLG as compared to SHG as a micro-credit programme: The micro credit programme like Self Help Group is getting more importance than JLG. If the JLG scheme wants to get success it may also take a step to provide a microcredit programme. Otherwise it will create a major difficulty in future.

Absence of attentive attention at the level of banks and government: Absence of attentive attention both at the level of bankers and government. The JLG is not the main concern for bankers' level and also government level. This will be a major threat in front of JLG in future.

Manipulate of regional middleman: There was an intervention of the regional head man and also other middleman. In order to get credit, the persons who are known by these middlemen are included in the list of JLG members. Misappropriation of loan is existing because of the involvement of middlemen. This is clear for the requirement of the fine and credible intermediaries.

IV. CONCLUSION

Based on the discussion of strengths, weakness, opportunities and threats of JLG, it is found that in order to make this group successful, the government and the bank should take steps to create awareness about JLG by giving advertisements through print and electronic media like newspapers, magazines, TV, etc. Banks make an arrangement for the availability of guidelines, all the documents required at branch level and provide their full support to create JLG. JLG has most of the points which strengthen their group compared with their weaknesses which are easily reduced by its strength. Likewise, JLG has many number opportunities which will add more power to them. By using these opportunities automatically the threats which are available outside of the JLG. Finally, it is concluded that bankers should take the necessary steps to create the financial literacy among the JLG members.

Members should make use of their strengths and opportunities in order to reduce and face their weaknesses and threats available outside of the group.

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