



ORIGINAL RESEARCH PAPER

Commerce

ROLE OF SELF HELP GROUP IN RURAL DEVELOPMENT

KEY WORDS: SHG, Rural Economy, Micro-finance, financial Inclusion

Ms. Sonali Arvind Kabra

Prerna College of Commerce, Reshimbagh, Nagpur

ABSTRACT

Self-Help Group is a small voluntary association of poor people preferably from the same socio-economic back drop. The micro-credit given to them makes them enterprising; it can be all women group, all-men group or even a mixed group. However, it has been the experience that women's groups perform better in all the important activities of SHGs. Self-Help Group or in-short SHG is now a well-known concept. It is now almost two & half decade old. It is quite understood that the SHGs have a role in enhancing country's economic development process. Development of rural people is important in order to develop the economy like India. The biggest hurdle in development is poverty in rural areas. As per the earlier researches, Microfinance to Self Help Groups (SHGs) may be considered as a vital tool for meeting the financial requirement of those poorer sections of the society living in the rural areas. The present research paper is an attempt to analyze the role of Micro-Finance and Self-Help-Groups (SHGs) for the economic development of the rural India.

a)INTRODUCTION:

As already mentioned in abstract, development of a nation is very much dependent on the development of rural masses. Poverty is a term with which India is suffering.

The official estimates show that around 26.1 percent of total population still lives below the poverty line in India. The financial requirement is one of the basic needs of the poor rural people of the society for their socio-economic improvement.

Microfinance to Self Help Groups (SHGs) may be considered as a vital tool for meeting the financial requirement of those poorer sections of the society living in the rural areas. In India, in the ninth and tenth five year plans proper emphasis has been given for the empowerment of women through SHGs by the planning commission.

The NABARD is the main initiator of the SHG movement since 1986-87. Now a day's both central and state governments, nationalized commercial banks, regional rural banks, cooperative banks, NGOs, non-banking financial corporation (NBFC) etc. have joined in the SHG movement as promoters.

b)OBJECTIVES OF THE STUDY:

Following are the objectives of the study:

- To identify the nature & working style of SHG in India
- To investigate the present scenario of SHG in India with specific focus on Maharashtra
- To understand the historical development in the con

C)HISTORICAL BACKGROUND& LITERATURE REVIEW:-

In 1974, Professor Muhammad Yunus, then a professor of economics, in Bangladesh was moved by the plight of people when the country faced a famine. Famine-struck "skeleton-like people began showing up in the railway stations and bus stations of the capital, Dhaka. Soon this trickle became a flood. Hungry people were everywhere. Often they sat so still that one could not be sure whether they were alive or dead. They all looked alike: men, women, and children. Old people looked like children, and children looked like old people." Yunus felt guilty teaching economics in the cool comfort of this classroom in this scenario. "What good were all my complex theories when people were dying of starvation on the sidewalks and porches across from my lecture hall? My lessons were like the American movies where the good guys always win. But when I emerged from the comfort of the classroom, I was faced with the reality of the city streets."

Yunus left the campus and went to Jobra, a village in Chittagong of Bangladesh, to learn a new method of banking for the poor. That is where he tried the idea of tiny loans for self-employment of the poor, and thus, the idea of micro credit was born. It is from here that it took the shape of Grameen Bank, Bangladesh, and thereafter, has spread all over the world. The World Bank estimates at there are now over 7000 microfinance institutions, serving some 16 million poor people in developing countries. The total cash turnover of MFIs worldwide is estimated at US\$2.5 billion and the potential for new growth is outstanding. It is estimated that, worldwide, there are 13 million microcredit borrowers, with US\$ 7 billion in outstanding loans, and generating repayment rates of 97 percent. It has been growing at a rate of 30 percent annual growth. (Data Snapshots on Microfinance - The Virtual Library on Microcredit).

d)CONCEPT OF SHG

Generally Self-Help Group consists of 10 to 20 women. The women save some amount that they can afford. It is small amount ranging from Rs. 10 to 200 per month. A monthly meeting is organised, where apart from disbursal & repayment of loan, formal and informal discussions are held. on many social issues also. Women share their experiences in these groups. The minutes of these meetings are documented and the accounts are written. The President, Secretary and Treasurer are three official posts in any SHG. If the SHGs are connected with some NGOs, they take part in other social activities of those NGOs. Of late, the organisational structure of various micro-financial groups is undergoing significant changes. There are Thrift groups; Credit management groups, Income generating groups, Self-help groups and Mutual help groups. Sometimes the institute that promotes the SHG, itself provides loan facilities. It is called as Micro-finance Institute.

a)OBJECTIVES OF SELF HELP GROUP:

- To get access to policy making bodies through political empowerment and social mobility
- To facilitate linkages between SHGs and banks/govt. agencies/local institutions
- To have better access to development information and marketing linkages
- To resolve any conflicts that may arise within member SHGs
- To assist in strengthening the performance of member SHGs
- To help in achieving sustainability of SHG
- To strengthen (through training, information

dissemination, on-site support, etc) the capacity of member-SHG in one or more of a variety of fields (bookkeeping, accounting, marketing, financial management, advocacy, bank-linkage, accessing government schemes, to name some)

- To provide credit, especially multiple credit lines
- To provide savings facilities, especially voluntary savings
- To undertake marketing of the produce of the members of the SHGs
- To provide life/loan insurance services
- To provide staff support to member-SHGs
- To write and/or audit the accounts of member-SHGs
- To review/regulate/supervise the functioning of member-SHGs
- To promote new SHGs
- To create the political/social space that women need to live their lives as fully as they desire to
- To be the window to the outside world, in replacement of the promoter organisation
- To undertake all that the external facilitator was undertaking, after its departure.

PURPOSES BEHIND PROMOTING SHGS.

The fundamental aim of promoting SHGs is poverty alleviation and to achieve empowerment of women. The recent trends show significant changes in the promotional strategies for the SHGs. Financial needs like banking, saving, insurance etc, getting subsidies, building organizations to gain political power also, are the purposes behind some of the SHGs. Today like Bangladesh & India, SHG movement is spreading in other Asian Countries and Latin America, Africa etc. SHG movement has got importance in the social movement.

INDIAN SCENARIO

India has adopted the Bangladesh's model in a modified form. To alleviate the poverty and to empower the women, the micro-finance has emerged as a powerful instrument in the new economy. With availability of micro-finance, self-help groups (SHGs) and credit management groups have also started in India. And thus the movement of SHG has spread out in India. In India, banks are the predominant agency for delivery of micro-credit. In 1970, Ilaben Bhat, founder member of 'SEWA'(Self Employed Women's Association) in Ahmadabad, had developed a concept of 'women and micro-finance'. The 'Annapurna Mahila Mandal' in Maharashtra and 'Working Women's Forum' in Tamilnadu and many National Bank for Agriculture and Rural Development (NABARD)-sponsored groups have followed the path laid down by 'SEWA'. 'SEWA' is a trade union of poor, self-employed women workers. Since 1987 'Mysore Resettlement and Development Agency' (MYRADA) has promoted Credit Management Groups (CMGs). CMGs are similar to self-help groups. The basic features of this concept promoted by MYRADA are: 1] Affinity, 2] Voluntarism, 3] Homogeneity and 4] Membership should be limited to 15-20 persons. Aim of the CMG is to bestow social empowerment to women. In 1991-92 NABARD started promoting self-help groups on a large scale. And it was the real take-off point for the 'SHG movement'. In 1993, the Reserve Bank of India also allowed SHGs to open saving accounts in banks. Facility of availing bank services was a major boost to the movement.

The movement of SHG was nourished in the states of Gujarat, Maharashtra, Andhra Pradesh, Rajasthan, Tamilnadu and Kerala. Now nearly 560 banks like NABARD, Bank of Maharashtra, State Bank of India, Cooperative Banks, Regional rural banks, the Government institutions like Maharashtra ArthikVikasMahamandal (MAVIM), District Rural Development Agency (DRDA), Municipal corporations and more than 3,024 NGOs are collectively and actively involved in the promotion of SHG movement.

ii) SHG MODEL IN INDIA

In India three different models of linkage of SHGs to the financial institutions have emerged. They are:

- Banks, themselves, form and finance the SHGs.
- SHGs are formed by NGOs and other agencies but financed by banks.
- Banks finance SHGs with NGOs and other agencies as financial intermediaries.

The second model is the most popular model. Almost three-fourths of all the SHGs come under this model. Only 20% of the SHGs are covered under the first and 8% under the third model respectively.

THE SHG MOVEMENT IN MAHARASHTRA

The concept of SHG was not new to Maharashtra. Beginning with a tiny amount of only 25 paise, the women of Maharashtra from Amaravati District had established one SHG long back in 1947. Further in 1988, 'Chaitanya' GraminMahila Bal YuvakSanstha started promoting SHGs in Pune District, informally. In Southern part of India, 'SADHAN', 'DHAN' foundation and 'ASA' worked to promote SHGs. But their thrust was on economic aspects only. Whereas in Maharashtra, the NGOs not only have catered to the economic needs of the participants, but also involved in the process of social development. Aim of 'Chaitanya' is also the same to empower the women in both ways, economically and socially. Presently, numerous NGOs and governmental institutions promote SHGs on a large scale.

ADVANTAGES OF SELF HELP GROUP:-

- a) The women have started coming together to think about their problems on a scale larger than before.
- b) At some places women have begun to consider solving their problems unitedly.
- c) The women have acquiring courage to stand before the society.
- d) Their confidence level is obviously increasing.
- e) They are acquiring knowledge of day-to-day worldly affairs.
- f) Their decision-making ability is on increase.
- g) The woman has acquired somewhat elevated status in her family.
- h) Women have started to come out of their homes to take part in social activities.
- i) There occurs greater participation of the women in political activities where there is a woman Sarpanch.
- j) The women, however, desire that the SHGs should continue.

d)CONCLUSION:-

The movement of SHGs is primarily aimed at elevating the status of economically weaker sections of the society. The main and prime requirement of women and their families is to fulfil their financial needs. Undertaking experiments to create new employment opportunities becomes difficult because of factors such as lack of farm equipments, scarcity of water etc. Even if new products are produced, their marketing is problematic. Thus 'economic' problems are overriding all other problems. The rural people have to obtain loans to meet their day-to-day needs. The money-lenders charge exorbitant rates of interests on the loans. The movement of SHGs provided answers to these problems, though on a small scale. The movement, therefore, took roots. It is, of course, obvious that SHGs cannot provide complete succor to the financial problems of the rural people. Therefore, the journey of the women in the SHGs towards looking to their own needs, their solutions, social empowerment, understanding problems of the society and the country outside their SHGs is a very distant dream.

REFERENCES:-

1. Government of India, Swarnajayanti Gram swarozgaryojana- Guidelines, New Delhi:Ministry of Rural Development.
2. Department of Women and Child Development and Gender Equality Fund, CIDA (2000), Best Practices in Group Dynamics and Micro-Credit, Report of a Workshop, 15-17 February, Manesar, Gurgaon.
3. APMAS (2001), The Study of SHG Movement in Cuddapah District (<http://www.apmas.org>).
4. GudaganavarnagarajV and gudaganavarrajashriS. (2008), "Empowerment of Rural Women Through SHG", Southern Economist, Vol. 47, No. 19, pp. 35-37.
5. Bosch, Ellie (2001), SHG Development in India: Some Issues Relating to Quality and Sustainability, I/C Consult, The Hague, The Netherlands.
6. Bhatia B. S. Verma H. I and Garg M. C. (1994) ,Encyclopedi a of Coope r a t ivemangement, Deep and Deep Publication, New Delhi.
7. Gain, Raji T.S. and P. Satish (1995), A Micro Study on Group Dynamics and Group Functioning, Working Paper No. 6, Banker's Institute of Rural Development, December.
8. Shobha K (2008), "Problems of Self- employed women: An Analysis", Southern Economist, Vol. 47, No. 6, pp. 24-26.
9. Micro-Finance for Women's Empowerment – A perspective – by Archana Sinha. Kurukshetra, April 2004
10. Bachatgat: SakshatkarStreeShakticha'- by Dr. NilamGorhe.--Anubhav, March 2005
11. Micro-finance Institutions of Bangladesh-Lessons for India –NavinBhatiya, Anju Bhatiya– Kurukshetra, February 04
12. Empowerment through self help groups-C. S .Ramalakshmi. –Economic and Political weekly, March 2003
13. Progress of SHG – Bank linkage in India – 2003-2004 (NABARD)
14. Report on AN EVALUATION OF IMPACT OF SHG ON THE SOCIAL EMPOWERMENT OF WOMEN IN MAHARASHTRA-'Drushti' - Stree Adhyayan Prabodhan Kendra NATIONAL COMMISSION FOR WOMEN NEW