



Self-help groups a source of development of rural economy in India

Motiram Das

Assistant Professor, Department of Commerce, JDSG College, Bokakhat, Assam, India

Abstract

Self-Help Groups are playing significant role in the self-employment by raising the level of income and standard of living of rural people of India. Both central and state governments have been launched various schemes to uplift the economic condition of poor. It is silent revolution in the rural credit delivery system within a short span of time. Various financial institutions have involved to develop economic conditions of rural people. SHGs now emerged as most attractive scheme with less effort. It became a tool to remove poverty and improve rural development.

Keywords: formation, government as a promoter, development

Introduction

At present, all over the World there is a realization that the best way to tackle poverty and enable the community to improve its quality of life is through social mobilization of the poor into Self-Help Groups. In order to change the face of the socio-economic scenario, the Self-Help Groups are playing significant role in the self-employment by raising the level of income and standard of living of the rural people. In India a number of development schemes have been launched to uplift the economic conditions of the poor. However the formal sector credit agencies find it difficult to reach vast majority of rural people. But the Self-Help groups have now emerged as the most attractive scheme with less effort. It has become a tool to remove poverty and improve rural development. The main objective of the concept of Self-Help Groups is to improve the economic conditions of the rural poor and create facilitating environment for their social transformation. In fact the SHGs movement has gathered pace in countryside and is directly or indirectly contributing towards the economic development of rural areas. This paper mainly focuses on the effectiveness of the SHGs as a tool for socio-economic development of rural India.

Concept of Self-Help Groups

The concept of Self-Help Groups originated from the brain child of Grameen Bank of Bangladesh, which was founded by Prof. Mohammed Yunus, the Nobel Peace Laureate, in 1975. So this concept originally comes from Bangladesh where rural economy turned in Bangladesh. In India, National Bank for Rural Development and Agriculture (NABARD) has initiated in 1986-87. But the real effort was taken after 1991-92 from the linkage of SHGs with the Bank. The SHGs movement has become a silent revolution in the rural credit delivery system within a short span of time. This is an overwhelming support for the SHG movement from the Government of India, India's Central Bank, NABARD, the Banking sector, State Government and NGOs. The leadership role played by NABARD, all the Banks and NGOs contributed to the exponential growth of SHGs. Moreover the Indian Government Budget presentation has also emphasized SHG bank linkage each year.

Self-Help Group is a registered or unregistered group of micro entrepreneurs having homogeneous social and economic background, voluntarily coming together to save small amount regularly, to contribute a common fund and to meet their emergency needs on mutual help basis. According to NABARD a Self-Help Group is a small, economically homogenous and affinity group of rural poor, voluntarily formed, to save and mutually agree to contribute to a common fund to be lent to its members as per group decision for their socio-economic development of the country. Therefore, Self-Help Groups have been recognized as tool to help the poor people of rural economic development. Actually, 90% women of rural areas involves in SHGs as their income status for their families. Hence, the basic principles of SHGs are Group status, Mutual understanding, Managerial abilities, Co-ordination, Team spirit, Sound Staff Level, Skills and Knowledge and capacity building among organization.

Formation of Self-Help Groups

The SHGs usually organize among the BPL card holders of rural areas people. Its approved by the Gram Sabah where in about ten to twenty persons are selected, one each from a family and focus on the skill development training based on the local requirement. It aims at empowering rural poor and uplifting them above the poverty line. It is the common process of group members through awareness and capacity building.

The following guidelines of SHGs formation

1. A SHG must consist of 10 to 20 persons.

2. All members should belong to under BPL holders especially economically poor.
3. The group meeting should be conducted weekly allowing their exchange of views.
4. The group should be taken any decisions in the meeting.
5. In the meeting, group may operate various transactions like- deposit, accounted balance and loans etc.
6. The group should maintain simple basic records such as attendance register, cash book, bank pass book etc.

Self-Help Groups

India basically underdeveloped country, people mainly depends on agriculture. Poverty reduces economic development of a country. So it has faced challenges in rural areas of the country to develop economic activities. Especially, in rural areas women, they have been burden and faced challenging with poverty. Poverty creates new opportunities to survive and thinking among the people where they have organized for their basic economic income. Therefore, the basic concept of micro finance is self organization of the poor at the community level driven and an inherent capacity to improve their living conditions by themselves. Inspired by the success of the Bangladesh Grameen experiment, the self help group approach in India has taken strong roots as an effective and adequate channel to take the poor to a new domain of economic development and social upliftment.

At present, India has been initiated various relevant programmes launched. But lack of experience of these programmes, was not satisfactory to implement properly and strategic design system. These factors include improper delivery system affecting outputs in an adverse manner, insufficient funds for project, lack of proper supervision and monitoring of schemes. At present, Self-Help Groups play a major role in poverty line in rural India. Speedily growing number of poor people (especially women) in various parts of rural India are members of SHGs and actively engaged in savings and credit (S/C) as well as in other activities like- income generation, natural resources management, literacy child care etc. The SC focus in the SHG is the most prominent element and offers a various chances to create new opportunities for the rural women in India. Many NGOs are promoting the SFG mechanism and linking it to various other development interventions.

The government of India initiated as a promoter: India as a developing country initiated and started several subsidy- linked credit programs where it has a major role right from the stage of identifying of the borrowers to the disbursement of credit and subsidy. As a result these programs were not satisfactory. Experience has shown that the non involvement of the people has led to an attitude of total dependence on administrative efforts. This is especially true credit programs for the rural poor. To overcome this, Government started adopting participatory approaches to rural development, particularly SHG approach. Therefore, Government involved SHGs movement was through the Rashtriya Mahila Kosh, which started funding NGOs forming and nurturing SHGs. Later, the Indira Mahila Yojana came into existence, which also facilitated the group formation process. After all, the Government launches and promotes SHGs through the following programmes in various part of rural India to growth and strengthens SHG movement.

Swaranjayanthi gram swarozgar yojana: It is an initiative launched by the Government of India to provide sustainable income to poor living in rural areas of the country. The scheme was launched on April 1st 1999. SGSY is a holistic scheme covering all aspect of Self-employment such as organization of poor into self help group. It aims to provide sustainable income to the poor and establishing a large number of micro- enterprise in the rural areas, based upon the potential of rural poor.

Anganwadi group: These groups are formed by the Department of Women and Welfare at the habitation level for implementing health, nutrition and literacy programmes for women. Micro finance is extended to the members for taking up income generating activities as individual or group enterprises.

Joint Forest Management Groups:

Some village community is notified in forest areas formed into Vana Samrakshana Samithis to cover forest wealth. Social mobilization through the SHG rout is being achieved under the programme. It aims to ensure sustainable use of forest to meet local needs equitable while ensuring environmental sustainable.

Watershed Manage Groups: These groups are dedicated group of individual and organization, usually volunteers, who represent the interest of the community and the environment with a mission goal and plan for implementing water quality implementing project developing recreational activities.

Rashtriya Mahila Kosh Groups (RMK Groups)

These groups are sponsored by Government of India was established in 1993 with the objective of assisting women below poverty line in undertaking income generating activities through provision of package of financial and other services and encourage promotion of women SHGs.

Development of Women and Children in Rural Areas Groups (DWCRA)

These groups with maximum membership of 15 women are formed by the development in rural areas. It aims to improve the socio- economic status of the poor women in the rural areas through creating groups of women for income generating activities on a self- sustaining basis. Thrift is used an important point for entry and micro financing among members. The scheme focuses on organization of women groups to foster a collective approach to their problem and to enhance their bargaining power.

Micro Finance Programmes of CAPART

The Council for Advancement of Peoples Action and Rural Technology (CAPART) was launched in 1986, by the Ministry of Rural Development, Government of India, to form voluntary organizations and community based organizations engaged in serving rural areas. It occupies a significant role in shaping the development innovations of NGOs and catalyzing development initiative to reach the poor. After government initiative, banks play a major role as self help promoting institutions in India. A most notable milestone in the SHG movement was when NABARD launched the pilot phase of the SHG Bank Linkage Programme in February 1992. This was the first instance of mature SHGs that were directly financed by a commercial bank. Soon after, the RBI advised commercial banks to consider lending to SHGs as part of their rural credit operations thus creating SHG Bank Linkage. Though government and banks have play positive roles in the promotion of SHGs, in terms of members, the non government organization rank as the premier self help promotion institutions. NGOs have so far been the main innovators in micro finance. In India, where Governmental systems are fairly rigid and restricted, NGOs are characterized by their flexibility and ability to evolve simplified work system. Specially in Assam, Recently formed new BJP Government of Assam under leadership of Chief Minister Dr. Himanta Biswasarma, he announced that all Micro Finance Loans SHGs of Assam will be relaxed. It may possible to encourage poor people of rural economy of Assam. It has been proceed to implement of loans relaxation.

Effectiveness and Soundness of SHGs

At present, self-help groups are very fast emerging as powerful equipment of socio-economic empowerment of the poor in our rural areas. It has seen that almost two-third of India's population does not have access to form financial service. Therefore, the self help movement emerged as a important strategy for achieving financial inclusion, contributing to inclusive growth and generating social capital in order to address larger issues like poverty and women empowerment. SHG enables the rural poor to earn their own livelihood besides participating in the process of development. In rural poor areas, these schemes have been extensively used by voluntary agencies for a long time for their socio-economic development. It aims to success properly such types of programmes in rural areas. Specially, in rural areas, women are not educated and unaware details about the programmes. But they (women) are very interested for these schemes in rural areas. Therefore, SHGs have also proved to be successful in addressing the interest of women in a sustained manner. Women comprise half of human resources. The contribution of women and their role in the family as well as in the economic development and social transformation are pivotal. Although rural women share abundant responsibilities and perform a wide spectrum of duties in running the family and maintaining the households, but female labour engaged in such activities is usually not measured in economic terms. Therefore, any productive work they (women) carries out is considered socially secondary and thus it has tended to remain unnoticed more so in the case of rural women. SHGs have emerged as a major role in rural economy and participating of rural women in some productive activities for their socio economic development. The rural women are engaged in small-scale entrepreneurship programme with the help of self-help groups. Through that they are economically empowered and attaining status in family as well as community. These groups are also extremely useful in generating savings, ensuring successful delivery of credit to individual women and effecting recovery. Hence, self-help groups through microfinance has helped the rural women in transforming them from Grameen Ladies in to Women entrepreneurs. It has made them economically independent. These groups represent a new culture in rural development, breaking with traditional bureaucracy and top-down management.

Suggestion and Solution

Self-Help Groups have been playing active role in rural areas. Therefore, to growth and prosperity of SHGs requires proper mechanism among them. There are-

1. Training programmes should be arranged on online system among members.
2. There should be any permanent transportation facility to SHGs.
3. Marketing facilities should be improved.
4. Every member should take SHG meeting seriously.
5. Supervision should be done by the DRDO officers on SHG activities.
6. SHG members should be maintained the register regularly.
7. Members should do hard work for maximum production per day.
8. Problems faced by SHG members should be regularly attended and solution should be given.
9. Bankers should talk in local language and loan should be provided at time and loan repayment period should be increased also.
10. Quick release of loan and reducing the rate of interest to SHGs.
11. Management part should be improved and also market demand should be improved.
12. Level of education in women should increased.

Conclusion

Though there is variety of programmes to alleviate poverty and empower rural poor people, SHGs have become more effective in the country. The emergence of small enterprises and its activities have made a considerable contribution in socio economic development of rural poor in the country. However in order to make the SHGs more effective and soundness inn bringing about economic change in the society, development of an integrated

approach of Government, Banks and NGOs are crucial. Therefore, institutional efficiency needs to be increased in SHGs. Easy access to credit, flexibility in the repayment schedule, systematized of new schemes for the rural poor should be considered. In this way, role of NGOs, too, is equally important as they serve as the most important element to create awareness among the rural poor. They should give wide publicity to rural banking and its linkage programmes at local level and must enable the rural Indian to participate in the decision making process at the top level. These measures can significantly make the Self-Help Groups effective and efficient in order to boost the Rural Economy of Developing India.

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