



Role of Self Help Groups in women empowerment: A sociological study

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Abstract:

Mitigating poverty is the core of all developmental efforts of countries across the globe. Post independence, several poverty alleviation programmes initiated by the government have resulted in the overall development of the poor but these programmes were not able to achieve the targeted success. Lack of capital and inaccessibility to credit is the serious constraint to the development and inhibits poor from responding to the opportunities created by the process of development. Women empowerment is a vital means of poverty alleviation. Despite considerable improvement in the status of women post independence, they still constitute the largest section of deprived population. ‘Self Help Groups’, have become a powerful tool in initiating the change and transforming the lives of crores of poor and marginalized across the country.

Self Help Groups are small, homogenous affinity group of rural poor, comprising of not more than 20 members each. These groups represent and foster true democratic culture, wherein all members of the group take active part in decision making through discussion. The membership is open, voluntary and group is primarily formed to practice voluntary savings and thrift on a regular basis. SHG act as a catalyst for bringing the most vulnerable section of the society to the main stream. It acts as a forum, which provides space and support to members. Poor people voluntarily come together, mutually agree to save conveniently and to contribute to a “Group Common Fund”. This fund will be inturn used to lend for productive and emergent needs of the members, without any collateral. Hence SHG has been very relevant, provides light and hope to the poor people to be self reliant, an improved income, a better standard of living and status in the society.

Keywords: Self Help, Group effort, Poverty eradication, Women empowerment.

Introduction:

Women empowerment is seen as an integral and inseparable part of a wider process of social transformation and converting poor women of villages as role models for change. In this direction SHG programme has received an extensive and true recognition as a policy framework, as a strategy for poverty reduction and economic empowerment. The experience of several SHG's reveals that rural poor are actually efficient managers and numerous case studies across the globe have proved the fact that rural poor, given assistance have demonstrated their potential to secure economic, financial strength and self help. Given the financial support, together with appropriate knowledge and skill input, the poor people, in general, have the propensity to make better use of labour and capital. Thus installation of income generating activities and micro enterprises in rural areas, helps to promote 1st generation micro entrepreneurs. Providing an opportunity to improve practical, serviceable and entrepreneurial skill is the core of all this.

Soon after the SHG is formed, an agreed, minimum voluntary savings amount is collected from all the members regularly in the group. The savings amount may be small but savings must be regular. "Savings first-credit later", should be the motto of every group and its members. For about six months in the beginning, the group collects the thrift and savings and no loan is given to any member. This tests the patience and tries to instill mutual trust amongst the members. During this period the groups are expected to open a savings bank account with a bank or financial institution which would like to extend loan or credit at later stage. The savings of the members will be used to constitute 'Group Common Fund' and it is used for giving loan to members. The needy members, the amount, the rate of interest will be decided by the group through mutual discussion. The group members learn to handle cash because of large claimants and small resource base, the group identifies the neediest person with regard to endowment level and the purpose of loan. 'Group Common Fund' created out of savings and thrift will be used for internal lending. Most of the time the 'Group Common Fund' created may not be adequate to meet all types of credit needs of all the members. The group then approaches the financial institution, where it has opened the savings account. The financial institution lends only to those SHG's which are functioning well. It is necessary to test whether a particular group (SHG) has evolved into a good group or not. This helps to understand the weakness of the group and to overcome such deficiencies, in due course of time.

There is a huge demand for credit in small amount for consumption, education, marriage, illness, petty trade etc., for varied duration. All these requirements necessarily do not match with the loan offerings of the financial institution. Any bank or financial institution would be benefitted by following "borrow short and lend long". This policy results in mismatch of demand and supply of credit structure. Lending small amount of money to large borrowers would result in high operational cost. Hence, financial institution always sanctions and issues loan in the name of the SHG and not in the name of the individual members. The amount of loan to the SHG can be to the tune of 1 to 4 times of its savings. {SHG savings includes, the group's balance in savings bank account, amount held as cash with the authorized persons, amount of money internally lent amongst members, interest earned on loan, all other contributions received by the group like grants, donations etc.,}. Therefore lending to SHG instead of individual members, brings following benefits to the financial institution. Such as:

- Minimised transactional cost, because group takes the decision to borrow on behalf of all the members and also undertakes the responsibility of repayment.
- The transaction cost of the individual member is reduced, because the members transact at the group level only.
- The Mismatch between demand and supply of credit is reduced, because the bank extends credit in lump sum amount and does not decide the purpose for which SHG gives loans to its members. The group will discuss and decide about the purpose for which loan has to be given to its individual members.
- The SHG is collectively responsible (Joint liability) for the repayment of the loan. Repayment pattern of members to the group and group to the bank need not be same.

The financial institution initially extends a term loan of a smaller amount and on the prompt repayment of the earlier loans by the borrower, the financial institution extends loan of a higher amount and even provides cash credit implying more flexibility and less interest burden. Therefore banks enjoy the freedom to decide on the interest rates to be charged to the SHG's and the interest rate charged by the group to its members will be left to the group. Normally it would be 1 to 2% per month.

Objectives of Research:

1. To find the formation procedure and functioning of Self Help Groups.
2. To ascertain the saving mechanism and lending process of Self Help Groups.
3. To find out role SHG's are playing in developing women entrepreneurs.
4. To offer suggestions for the betterment of the system.

Research Methodology:

Research Method: Primary sources, Secondary sources and Case based approach were adopted.

Sampling Method and Sampling Size: Purposive sampling method is adopted keeping in view the convenience and accessibility factor.

Selection of the Study Area: Four talukas were selected for collecting primary data. They were: Basava Kalyana of Bidar District, Channapatna taluka of Ramanagara District, Madhugiri taluka of Tumakuru District and Chintamani taluka of Chikkaballapura District. These Talukas have considerable number of Self Help Groups.

Survey Instrument: A pilot questionnaire was developed. Concepts were discussed and debated and wordings were changed as necessary. The order of some of the questions was also changed as necessary.

Primary Data was collected through (a) Direct Personal Interview (b) Personal observation Method (c) Questionnaire and (d) Schedule method.

Secondary data: The required information was collected from various statistical and information departments of government, NABARDs SHG Wing, Corporate social responsibility policies of the companies and company website, Articles (International and National Journals), published reports, previous research studies, other relevant websites etc.

Road to women empowerment:

Once Self Help Groups have stabilized and have reached the stage of maturity, so that it has developed into self managed people's organization, it is eligible to take up economic activities collectively or promote members to take up economic activities or income generating activities individually. Loan and subsidy is given to those groups, who want to take up group activity. Ideally under the group loaning, the SHG should take up single activity, however, the group can also take up multiple activities. In either the case, loan will be sanctioned in the name of SHG, where entire group stands as a guarantee to the bank for the prompt repayment of loan. This is known as collective or joint liability. Even if few members of the group are identified as beneficiaries, joint liability is applicable there. The group also undertakes the responsibility of closely monitoring the asset and income generation activities. Group activities stand a better chance of success because it is easier to provide back-up support and marketing linkages for group activities, than for each and every individual member.

To reduce poverty and exclusion, which are rampant in the rural economy, 'Skill Development Approach (SDA)', which is helpful in improving the employability and productivity enhancement is widely used. Providing good quality training is the essence of all these. To nurture the entrepreneurial abilities of Self Help Group members, NABARD introduced Micro Enterprise Development Programme (MEDP) to provide a livelihood option in the farm and non-farm sector. Till 31st march 2016, around 14,352 Skill Upgradation Training Programme (SUTP) have been conducted benefitting 4.02 lakh Self Help Group members. However, Skill Upgradation Training Programme (SUTP), had only limited impact on creating livelihood amongst Self Help Group members. With a view to create sustainable livelihood "The Livelihood and Enterprise Development Programme (LEDP) has been launched in December 2015, to provide intensive training for skill building, backward-forward linkages, offering end to end solution to Self Help Group members.

Government of Karnataka is playing the role of a catalyst by providing support to various programmes of NABARD. Through Women and Child development department and Stree Shakti programme, Government of Karnataka is continuously making efforts to make the poor more self reliant and empowering women. SHG has played a vital role in providing supplementary work to members, who earlier had only one alternative i.e, working as wage worker. As per NABARD annual report of 2015-16, now there are 7.9 million Self Help Groups with a total thrift and deposits of Rs. 1,36,914 million, annual loan off take of Rs. 3,72,869 million, touching lives of almost 101 million households. It is quite evident that, there is good number of Self Help Groups functioning and performing well in Karnataka.

Conclusion:

Initially these Self Help Groups were formed to encourage voluntary savings and thrift. Of late, the members of the groups are encouraged to take up income generating activities, so that they grow socially and economically to become more responsible citizens of the country. Few members of the self help group were into own business and earning income to supplement and to support the family. Many of these members were independent and earning comparatively well than before when they were working as wage earners. Many of these women were good at communication and also had good marketing abilities. Some of them were manufacturing goods or involved in providing services and directly linked with companies and some of them were procuring products from corporates and inturn selling them for a profit margin. The networking amongst these members enabled them to upgrade their capabilities. The personal identity and rapport of these members helps them to involve in trading activities and personal selling was playing a predominant role in rural market. The nativity, personal rapport and convincing skills played an important role in influencing the consumption pattern of the rural consumers. The SHG members, who were into trading activities, had the initial investment capacity due to finance access at the time of need, because of SHG. As a result of taking part in discussions, group meetings – familiarity is developed. In the process, communication and logical ability is also strengthened. With these qualities, SHG members who were in trading activities, were in a better position to influence the consumption pattern of the rural consumers and time and again word of mouth advertisements yielded better results than media advertisements in creating awareness about the product, in the rural set up.

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