

# The Impact of Self Help Group for the Development of Rural People: A brief review.

Nawshad Ali Ahmed  
Assistant Professor,  
Sontali Anchalik College  
P.O.- Mahtoli, Dist. – Kamrup

## INTRODUCTION :

About 75 percent of the people of our country and more than 87% people in Assam live in rural areas. Most of them are poor and do not have the skills to look for employment. They need special attention. The earning power of the rural poor people need to be increased which can result in the total well-being of the family.

Importance of Collective approach –

In rural areas, the people living below the poverty line are unable to realise their potential. Our traditional society does not provide enough chances to the poor to make full use of their abilities. But, people in a group can pool their ideas, experiences and labour for improving their economic condition. The group effort has better chances of success. The Group approach is a process of empowerment of people which helps them to take part in Development activities and in the village affairs.

## 1 WHAT IS A SELF HELP GROUP ?

A Self Help Group is a set of people coming together to work for common purposes. A group is organised when some people themselves want to form a group. Membership of the group is decided by themselves. The members of the group may be women/men or a composition of both men and women.

The following are the basic features of a SHG :

- \* The members meet regularly ;
- \*The members know that they are the members of a group ;
- \*The members have understanding;
- \*They have a group leader ;
- \* They have a common savings bank account in any Nationalised Bank or Regional Rural Bank.
- \* They follow common rules and procedures for working together ;

A SHG may normally have 10-20 members. It is better if the members come from same background and have other things in common. The members of the group should have a common need and goal to improve their social and economic condition.

## HOW TO FORM A SELF HELP GROUP ?

The SHGs are different from caste groups or other traditional groups already existing in the villages. So, it is very important to motivate the poor people to organise them into SHGs. Hence, the importance and benefits of group formation should be explained to them in awareness camp and sensitisation programmes.

The Facilitators/Animators/Block Extension Staff/Elected Representatives of PRIs, NGOs/CBOs may organise awareness programmes and may also contact the families below the poverty line in the village or the people could themselves approach the concerned authorities.

- \* The officials/NGO's may fix the date, time and place for the meeting.
- \* Help them to communicate with each other.
- \* Make them understand and priorities their needs.
- \* Identify common problems.
- \* Take into confidence the village headmen, Elected Representatives of PRIs and others.
- \* Then explain to them the objectives of the SHG.

### Once a group is formed, it should :

- \* Decide, as early as possible its objectives, the time and place of meetings. In the early stages, the Facilitator can help to develop the outline of activities;
- \* Elect a group leader. The group leader should be intelligent having the capacity to handle the affairs of the group and he/she may be called as a President.
- \* May elect another member as Deputy leader to assist the leader who may be called as Secretary.

### RESPONSIBILITIES OF GROUP LEADER :

- \* The Group Leader will organise Group meetings at regular interval.
- \* The group leaders liaise with the banks and implementing agencies.
- \* The group leader with the help of officials could facilitate supply of raw materials.
- \* The group leader with the help of officials could arrange for marketing of the products of the group.
- \* The Group leader should help the group to maintain accounts and other records at the initial stage.
- \* The Group leader will intimate and facilitate the members to discuss important matters relating to the management of the group in their regular meetings.

**FUNDING:**

There are various funding options available for SHGs. These can be grouped under 3 (three) heads (i) Weekly/Monthly contribution of Group members, (ii) Group Revolving Fund, (iii) Loan from Financial Institutions.

**GROUP REVOLVING FUND :**

Under Swarnjayanti Gram Swarozgar Yojana (SGSY), a group may avail the benefit of Revolving Fund comprising the contribution of Govt. and Bank loan or as may be provided under an approved project.

**The revolving fund may be used for :**

- i) Buying raw materials for income generating activities.
- ii) Strengthening of infrastructure (machines, tools, implements etc.)
- iii) Supplementing thrift and credit funds.
- iv) For any other purpose based on the felt need of the group.

**THRIFT AND CREDIT :**

It is often seen that rural poor people are not able to save money and build assets. The credit system in rural areas is based on landed assets and poor do not have land. So, it is not easy for the poor people to obtain credit from the banks. To overcome this problem, a system of thrift and credit has been started for the benefit of poor people. In simple words, it means raise money and take money.

**IMPORTANCE OF THRIFT****AND CREDIT:**

One of the objectives of group formation is to encourage self-dependence among the members. The entry point for the group members could be thrift activities whereby members come together with the objective of pooling their savings by opening a savings bank account. The savings could then be lent to the group members at a rate of interest to be decided among the group members themselves. A register of accounts required to be maintained with the help of literate member of the group. The basic objective of maintaining a thrift and credit fund are as follows:

- (a) to encourage self dependence among members,
  - (b) to help them gain confidence in handling money,
  - (C) to assist them in meeting their social and economic requirements through mutual help.
- The group may also work out the schedule for the repayment of the loan. It frames rules in the case of defaulters those who are not able to pay back the loans.

## SUCCESS FACTORS FOR THRIFT AND

### CREDIT SYSTEM :

The system of thrift and credit can become successful if the following factors are kept in view :

- i) The formation of a group should be a voluntary act. The people should not be forced to do so.
- ii) Persons forming a group should be mutually acceptable. They should be willing to work with each other.
- iii) The size of the group should neither be too large nor too small.
- iv) The functioning of the group should be democratic. All members should have the freedom to express their views. Decisions should be taken after proper discussion in the Group Meeting
- v) The records of accounts must be properly maintained.
- vi) A common code of conduct should be developed and followed by the leaders and members.

### LOANS FOR SHG :

The SHG can avail Bank loan to start Micro-Enterprises. Under SGSY, the SHGs may avail assistance in the form of Bank loan supported by back ended Govt. subsidy. A group can avail a Govt. subsidy upto Rs.1.25 lakhs under SGSY subject to 50% of the schematic cost or individual ceiling limit of Rs.10,000/- whichever is less. The SHG is normally considered to be eligible for a Bank loan

- (a) to start an economic activity
- (b) and to enlarge the activity within the members when -
  - i) the spirit of Self Help, self-confidence, self-dependence, decision making and collective efforts are seen in the Group.
  - ii) the Group has a minimum savings.
  - iii) the Group has identified an activity.
  - iv) the activity is economically viable.
  - v) there is proper marketing facility for disposal of the products.
  - vi) the raw materials and inputs are locally available.
  - vii) the group members are properly trained on on management of the group and tode activities.
  - viii) the members have undergone skill development training as per requirements.
  - ix) the technology support services are available to make the activity sustainable.
  - x) the Bank is confident about the grading, sustainability and repayment in time.

## ASSESSMENT :

The sponsoring authority and the Bank will assess the performance of the group on the basis of the above mentioned criteria. The concerned authority will sponsor/sanction loan on satisfaction after assessment is made or otherwise the group will have to wait till fulfillment of the requirements.

### INCOME GENERATING ACTIVITIES

#### FOR SHG :

The income generating activities for poor people is necessary for sustainability of the SHG. The main problem faced by groups of poor people is how to properly select a productive activity. They do not know the market potential of their traditional works. They are also not aware of the new ideas or new profit generating economic activities. Therefore, the foremost requirement is to make them aware about how to select a good activity which will help them to earn some money.

### WHAT IS A GOOD ECONOMIC

#### ACTIVITY ?

The selection of an income generating activity should be done after examining local situation carefully. The activity may be selected from the traditional occupations. However, selection of activity need not be limited to the traditional occupations only. Generally, the income from traditional works is very low. Very often, the market demand for traditional activities is either limited or has reached saturation point at local places. Therefore, SHG should be encouraged to look beyond their traditional methods. They should be motivated to take up high income generating activities by applying modern technology with appropriate skill in the occupation like Poultry, Dairy, Piggery, Agricultural Farming, Fish Farming, Food Processing, Diversified Handloom products, Handicraft etc.

The following aspects should be taken into consideration while selecting income generating activities.

- i) The activity should have proper working place, machinery, tools etc.
- ii) The activity should be based on locally available resources & have easy, regular supply of inputs and raw materials;
- iii) The activity should be relevant to the skills of the members of the group ; ..
- iv) The activity should have a good market - connections for selling the products ; The activity should provide for high returns and profit margin ;
- vi) The activity should have suitable financial support;
- vii) The activity should have the facility of training to upgrade their skills and availability of Technology support services.

## TRAINING OF SHG :

Training is an important component of any development programme. There are 3 (three) types of training requirements for the SHGs.

- i) Building of managerial capacity.
- ii) Skill upgradation.
- iii) Application of modern technology.

It is necessary to build the managerial capacity as well as to develop skill of the group members in selected activity. Their skills are to be upgraded in the areas of production techniques, costing, pricing, publicity, credit and marketing strategies. The aim of the training is to make groups competent and capable of running an income generating activity and to make the SHGs sustainable.

The SHGs can be given training either at the block, district, state or national level depending upon the felt needs and availability of support services including good Resource Persons. This should be decided by the concerned authority. At the state level, the training could be given through State Institutes of Rural Development (SIRD) and Technical Institutes. At district and Block level, training may be imparted through Extension Centres of line Departments/ organisations and selected NGOs.

### Od on MARKETING OF GOODS :

The marketing of goods produced by SHGs is an important task. The groups will not lose interest if there is a proper market for the sale of their products. The following steps should be taken to promote marketing.

State Governments may issue instruction declaring the SHGs as approved sources for supply of articles required by Govt. Departments.

\* The SHGs products may also be displayed and sold at Central/State Emporia, Public Sector Corporations, Women's Development Corporations, KVIC retail outlets etc.

\* The Gram Shree Melas organised by CAPART and other exhibitions/haats/melas could also be frequently organized and used to popularise products of SHGs.

## ROLE OF PANCHAYATS

The Panchayats may play a very crucial role in the process of developing SHGs. It may help in -

- \* Identification of poor people.
- \* Formation of groups.
- \* Selection of good economic activities.
- \* Marketing of products.

The Women members of the Panchayats can play an active role in organizing and functioning of women Self Help Groups.

**MONITORING :**

Since the success of any self employment activity largely depends upon close contact, it is very important to device a monitoring mechanism by the concerned implementing authority to look into the following aspects –

Maintenance of accounts.

- \* Regular meetings and cohesiveness of the group.
- \* Management of the activities.
- \* Repayment of bank loan.
- \* Marketing linkage and exposure.
- \* Access to various services.
- \* Involvement in social services and general welfare activities of the community.

**CONCLUSION:**

The success on the efforts of the Govt., implementing authorities, financial institutions and facilitating organisations largely depends upon the attitude of the people at the receiving end. Entire efforts seems to become futile if the people for whom the approach of SHG has been introduced do not perceive the concept in the right direction. From the study through primary sources it was clear that the women SHGs in both rural and urban areas are very active in providing income generating activities in Barhampur Development Block in Nagaon District. It can be clear that of the women SHGs are more vital in eradication of poverty for the BPL family. The sample beneficiaries, are gaining employment by adopting own personal skills and home based activities. The micro-finance system is playing a significant role in empowering women through SHGs by the sources of NABARD. The overall analysis of this variable establishes that women empowerment of the block was above average and the hypothesis set that the rural credit helps members of women SHGs to start new business. It is found that majority of women SHGs have taken loan for various economic activities, such as, Cattle rearing, poultry rearing, fishery, textiles and handloom works, Weaving and embroidery, food processing, agriculture etc. The women SHGs of Barhampur Block are providing rural credit to women members of the SHGs. Therefore, hypothesis is accepted. It would be fruitful to accelerate the development process of the Block at a faster rate, if mindset of the people is changed. In this era of liberalization, privatization and globalization, women are more conscious for their liberty, rights and freedom, security, social status etc, but till date they are deprived from same; hence, they should be provided with their deserving rights and liberties with dignity. We can conclude that women are part and parcel of our society so, it is essential to empower them.

## References

- [1]. Kapoor, Pramilia (2001): "Empowering the Indian women," Ministry of Information and Broadcasting, Government of India.
- [2]. Lalithe N and B.S. Nagarejan (2002): "Self- Help Groups in rural Development," Dominant publisher and Distributors, New Delhi.
- [3]. Narashimban, Sakuntala (1999) : "Empowerment of Women : An Alternative Strategy for Rural India," Saga Publication India Pvt. Ltd, New Delhi.
- [4]. Dasgupta, Rajaram (2005) : "Micro-finance in India, Empirical Evidence, Alternative Model and policy Imperatives," Economic and political weekly, 9 March.
- [5]. Manimekalai (2004): "Gross Root Women Entrepreneurship through SHGs," Peninsular Economist, Vol XII, No 2, Pp: 181-187
- [6]. Kartar Sing and Jain (1995): "Evolution and Survival of SHGs" Development Projects.
- [7]. Barhampur Block Profile, 2009, BDO, Govt. of Assam.
- [8]. District Census Hand Book, Nagaon, Govt. Of Assam.
- [9]. Gupta, S (2007): "SHGs effective tools for women empowerment," Development Projects.
- [10]. Mansuri, B.B. (2010): "Micro Finance through Self- Help Group- A case study of Bank linkage Programme of NABARD", APJRBM, Volume I, Issue 3, December, P-3.
- [11]. Kumar. A (2009): "Self-Help Groups, Women's Health and Empowerment: Global Thinking and Contextual Issues", Jharkhand Journal of Development and Management Studies, Vol.4 No.3 Pp : 2061-2079.
- [12]. Anikita Deka (2011): "Determinants of Women's Empowerment in India: Evidence from National Family Health Survey", Society for Social work and Research 15th Annual Conference: Emerging Horizons for Social Work Research, January.



[13]. SaravanaKumar (2012) : “ Self- Help Group in socio-economic transformation with special reference to Coimbatore”, International

Journal of Research in Commerce, Economic and Management, Volume No.2, Issue No.9, September, Pp:87-93

[14]. Angel Anila.A (2012) : “ Women Entrepreneurship through Self- Help Groups : A case Study of Tirunelveli District”, Tamilnadu

International Journal of Research in Commerce , Economic Management, Volume No.2, Issue No.2, February, Pp: 93-96.

[15]. Ariz. Ahmed, M. (1999): “Women Empowerment’ Self-Help Groups,” Kurukshetra April, 47, 7:19, 20 and 49.

[16]. Chatterjee, Sankar (2003): “Networking SGSY, Banks and SHGs initiatives in Uttar Pradesh,” Kurukshetra February, 51, 4:27-29

[17]. Chiranjeevulu T. (2003): “Empowerment Women through Self-Help Groups-Experience in Experiment,” “Kurukshetra, March.

[18]. Damayanthi U.T. (1999): “Development of Women and Children in Rural areas- An Impact Study,” the Asian Economic Review,

August, 41, 2:349-357.

[19]. Jain, Ritu (2003): “Socio-Economic Impact through Self-Help Group”, Yojana Vol 47 No. 7 Pp-32.

[20]. Pal, Dr. Mahi (2004): “Social Development of Rural Women in India,” Kurukshetra, July 2004, Pp: 40-42.

[21]. Sinha Frances, (2005): “Access, use and contribution of Micro-Finance in India, Finding from a National Study,” Economic and

Political weekly, April 23.

[22]. Tripathy, K.K., (2004): “Self-Help-Group- A Catalyst of Rural Development,” Kurukshetra, June 2004, Pp. 40-4