

SELF HELP GROUPS: A TOOL FOR POVERTY ERADICATION

Dr. Rijul Sihag

Dept. of Sociology, College of Basic Science & Humanities,
CCS Haryana Agriculture University, Hisar(Haryana), India

Abstract: Poverty is generally perceived as lack of income and assets for meeting the minimum needs for a decent living and the same leads to many other forms of deprivations related to human well being, essential for a meaningful life. Poverty deprives one from adequate food and nutrition, proper shelter, education, treatment during illness and similar essential material needs. Apart from material deprivation poverty leads to failure in participating in various social, cultural and economic activities and the poor have very little strength to mitigate the risk to any vulnerability, which affects them materially as well as morally. People living in poverty have lack of capacity to work for their own welfare and very often they have to compromise their dignity. Even after more than 62 years of planning, various poverty alleviation programmes, official estimates shows that around 26.1 percent of total population still lives below the poverty line in India. According to data, 29.8 per cent or 360 million Indians were poor in 2011. While 51% of the country's total workforce is self-employed, only 15.5% are regular wagers or salaried employees and 33.5% casual labourers, according to a survey by the National Sample Survey Office (NSSO).

Index Terms: self help groups, poverty, employment.

I. INTRODUCTION

Poverty and unemployment are the major problems of any under developed countries, to which India is no exception. The rate of growth of employment in India is very low. This is because of the low growth rate of new and productive employment. The more attractive scheme with less effort is —Self Help Group (SHG). In recent years, SHGs have become a significant movement in India. The Self-Help Group (SHG) movement in India has been working in the right direction in empowering women and eradicating poverty in the rural and urban areas. It is a small group of people facing similar problems. The members of the group help each other to solve their problems. SHG is a tool to remove poverty and improve the entrepreneurship and financial support in India. A Self Help Group is a economically homogeneous affinity group of the rural poor voluntarily coming together to save a small amount regularly, which is deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group. Self Help Groups enhance the equality of status of participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life.

The main objective of Self Help Group, to bring the assisted families above the poverty line is achieved through micro credit and their transformation from the vicious circle of poverty to prosperity. The SHG method is used by the government, NGOs and others worldwide. Thousands of the poor and the marginalized population in India are building their lives, their families and their society through Self Help groups. The motive is to combine the access to low-cost financial services with a process of self management and development for poor people. NGOs or Government agencies usually form and support these SHGs. The members of these groups save the amount which is used for loans. In spite of considerable expansion in the branch network, a large share of India's population continues to remain outside the formal banking system. Due to widespread rural bank branch network, the SHG-Bank Linkage Programme is very suitable to the Indian context. Although various alternative ways are being experimented in order to meet the objectives of financial inclusion. The SHG-Bank Linkage Programme is considered as most successful, promising and widely accepted model in India. Self Help Group- Bank Linkage Programme- a pilot project started by NABARD is widely accepted model as one of the largest and successful one in the world.

Self-help groups originated in the year 1975 at Bangladesh by Mohammed Yunus of Chittagong University. Its initiation-credit in India in year 1986-87 goes to National Bank for Agriculture and Rural Development (NABARD). But the real effort was taken after 1991-92 from the linkages of self help groups with banks. A self-help group is a voluntary informal organization of 10-20 persons from same social and economic status category people, basically poor living below poverty line. Their groups are promoted by the Governments, both central and state, nationalized commercial banks, regional rural banks, co-operative banks and non-governmental organizations. The promoters through their officials or workers impart training to the members of the group regarding the maintaining of records and organizing economic activities. The spread of Self-help groups in India has been phenomenal. It has made dramatic progress from 16,18,456 groups that have taken loans from banks in 2002 to 46,73,253 groups that have taken loan from banks in 2016 (NABARD 2016). About 81.48 million poor households have gained access to formal banking system through SHG-bank linkage programme and 90% of these groups are only women groups (NABARD 2016).

In the process, SHGs emerged as a mass movement across the country and largest community based microfinance model in the world. As per NABARD's microfinance report by March 2012, 79.6 lakh SHGs, with an estimated membership of 9.7 crores, have savings accounts in the banks, with aggregate bank balance of Rs. 6,551 crores. Over 43.54 lakh SHGs have loan accounts with total loan outstanding of Rs. 36,340 crores. As regard to physical performance of Swarnajyanti Gram Swarozgar Yojana (SGSY) which is now

remodeled as National Rural Livelihood Mission (NRLM) in 2011, in Haryana, there were 712 self-help groups formed in the year 1999-00 which increased to 41,693 in 2015. The number of women self-help groups is also increasing. In the state of Haryana, the SHG- Bank linkage programme started in 1997-98. Since then the number of self-help groups linked to the banks have increased considerably especially during the last few years. In Haryana, Self Help Groups are promoted under different programmes/projects by various departments and agencies like forest department, ICDS (Integrated Child Development Services), NABARD (national bank for agriculture and rural development) which promotes SHGs under bank-linkage programmes and DRDA (district rural development agencies) under NRLM (national rural livelihood mission).

The formation of self help group is generally done by a local person to initially help the poor people to form groups. He or She tells them about the benefits of thrift and advantages of forming groups. This person is called as 'animator' or 'facilitator'. The animator takes guidance and help from the agencies such as a voluntary agency or Non Government Organisation (NGO), the development department of the State Government, The local branch of a bank. The animator talks to the people by arranging small meetings or approaching individually. He or she explains the benefits of thrift and group formation. No promise of bank loan is given to anyone. He or she helps the group members to hold one or two initial meetings. The group finds a group leader, for holding meetings, keeping books, etc. He also guides them in maintaining their accounts etc. In general, the role of animator is to guide and motivate the leader and members of SHG. From one family, only one person can become a member of an SHG. Members should have the same social and financial background. The groups have regular meetings. Ideally, the meetings are weekly or at least monthly. Simple and clear books for all transactions are maintained.

The major functions of a self help group are savings and thrift where all SHG members save a small amount on regular basis, they learn financial discipline through savings and internal lending. The SHG should use the savings amount for giving loans to members. The purpose, amount, rate of interest, schedule of repayment etc., are to be decided by the group itself. Proper accounts to be kept by the SHGs. In every meeting, the SHG should be encouraged to discuss and try to find solutions to the problems faced by the members of the group. Individually, the poor people are weak and lack resources to solve their problems. When the group tries to help its members, it becomes easier for them to face the difficulties and come up with solutions. The SHG takes loan from the bank gives it as loan to its members. The RBI and NABARD had issued special guidelines to all the banks to encourage microfinance to SHGs.

The SHG in rural areas has created awareness among the people about social issues. Self Help Group today has become a vehicle to pursue diverse developmental agendas and even for the profit motive. The various programmes and schemes in different areas started by govt. as for skill upgradation are Support to Training & Employment Programme for Women (STEP) - A Central Sector Scheme launched in 1986-87, seeks to upgrade skill of poor and assetless women and provide employment on sustainable basis by mobilizing them in viable cooperative groups, strengthening marketing linkages, support services and access to credit. The programmes for Economic Improvement are as National Mission for Empowerment of Women (NMEW) was launched on 8th March, 2016. The objectives of the Mission are to ensure economic empowerment of women, ensure that violence against women is eliminated progressively, ensure empowerment of women with emphasis on health and education. Rashtriya Mahila Kosh – (National Credit Fund for Women) - the main objective behind the setting up of the RMK under the Department of Women and Child Development (now Ministry) was to provide micro-credit to poor women for various livelihood support and income generating activities. Swarnajyanti Gram Swarozgar Yojana (SGSY) which is now remodeled as National Rural Livelihood Mission (NRLM) in 2011 is an on going programme – a self employment programme that aims at providing assistance to the BPL (below poverty line) families for establishing micro enterprise through bank credit and govt. subsidy to acquire an income generating asset. Swarn Jyanti Shahri Swarozgar Yojana (SJSRY) which focus on providing gainful employment to urban unemployed or underemployed through setting up self employment ventures. The SHG bank linkage program (SBLP), which is the India's own innovation has proved to be one of the most effective poverty alleviation and women empowerment programs. The economic activities that are taken while working in a self help group can be of any interest of group members which are as follows fishery, dairy farming, embroidery, toys making, jutti making, handicrafts, handloom etc.

Self help groups have vast impact on the members of groups starting from saving and financial decision taking; they save regularly, have their own bank accounts and make deposits into these accounts. SHG is having a good impact on members, in their ability to save their hard earned money, access to credit, employment; the implementation of SHG has generated Self-employment opportunities for the rural poor. The program helped many participants in improving their economic conditions. The number of assisted SHG/ group Swarozgaris has increased from 35,000 in 1999 – 00 to 1.15 million in 2012. After joining the self help group the members are economically and socially empowered. Decision-making within the household; there is a change in the attitude of male members of the families, now they are more convinced about the concept of SHG and encourage women to participate in the meetings and women reported that they have savings in their name and it gives them confidence and increased self respect. Within family the respect and status of women has increased. Children Education has improved significantly. Especially girl education was very low but now SHG members are sending their children including girls to school. The Sanitation in members households has improved and it has led to better health in members families. Now women are taking treatment from qualified doctors, even if they have to travel to nearby towns. Members are now confident enough to raise social status. Microfinance movement is having a good impact on members, in their ability to express their feelings and has made people more confident to express themselves, self confidence, family support, access to family income, control on resources/assets, mobility, role in decision-making, changes in women roles.

Many of them, after joining the SHG movement are participating in outside economic activities, which was unthinkable even a few years ago. Many of the SHG members, who were illiterate or semi-literate, have acquired literacy and more functionality in understanding group activities and accounts with the help of the literate members of the group. They have started participating more

in community affairs and their network and unity has given them to challenge many injustices which they used to face silently. Domestic violence is one such area of suffering of the women and there are many incidences of organized resistances by the SHGs to violence against women by the husband or other members of the in-laws side of the women. So is the case for early marriage, incidence of which is very high in the state. SHG women are resisting such practices and many girls are now able to avoid early marriage with interventions by SHGs. More and more SHG members with their higher level of awareness have contested election of the local governments and have joined public offices after being elected.

The SHGs have provided a good environment for the upliftment of the rural poor. These are poor people's institutions capable of generating social capital and if guided with sensitivity can nurture human capital among the disadvantaged. Thus, SHGs are spaces, which can pave the way to work with the most vulnerable groups like the poor and the disadvantaged. The SHG-Bank Linkage programme in India and a cost-effective mechanism for providing financial services to the 'unreached poor' which has been successful not only in meeting financial needs of the rural women but also strengthen collective self help capacities of the poor, leading to the empowerment. The group based approach not only enables the poor to accumulate capital by way of small savings but also helps them to get access to formal credit facilities and mobilization of savings and pursuit of group enterprise activities. Also, number of SHG's linked to credit and bank loan amount has witnessed an increasing trend after 2010-11. Therefore, it is observed that self help groups have brought tremendous change in the lives of people living below poverty line by providing them means of earning and empowerment at their doorstep and in atmosphere of their known people and society where they work as a team for themselves and each other.

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