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Nature and scope of shgs.

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Abstract: self-governed, peer-controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose. SHGS are informal groups of people who come together to address their common problems. While self-help might imply a focus on the individual, one important characteristic of self-help groups is the idea of mutual support – people helping each other. The success made by these groups is in making the Indian rural women self-reliant. Thus, with the help of SHGs, the rural poor become economically upgraded, and need not to Self-Help Groups (SHGs) are informal associations of people who choose to come together to find ways to improve their living conditions. It can be defined as self-governed, peer-controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose. One of the reasons for rural poverty in our country is low access to credit and financial services.

Keywords: SHGS, Socio- Economic condition, Women. Government.

Introduction

Self Help Groups (SHGs) are small groups of poor people. The members of an SHG face similar problems. They help each other, to solve their problems. SHGs promote small savings among their members. The savings are kept with the bank. This is the common fund in the name of the SHG. The SHG gives small loans to its members from its common fund to its members. The progress is more visible among upper class families in urban areas. Entrepreneurship amongst women has been a recent concern. The women entrepreneurship, the status of women entrepreneurs and the issues, problems and challenges faced by them when they ventured out to carve their own niche in the competitive world of business environment. Self-help programmes, a flagship scheme of the Governments is Implemented across the states, basic objective of the schemes is to provide increased access to credit for development of rural/urban enterprises by supporting unemployed young individuals and group of individuals. Unemployed young persons, within the age group of 18 to 45 years and an income ceiling of Rs.15,000/- per month for the family are included as the target group for the scheme. More stress has been given on training, especially on trades where the locally available abundant raw materials, wasted due to ignorance, could be utilized for producing finer articles and on traditional crafts where there is sufficient potential. Entrepreneur stop

is an innovative and dynamic process, whereby, a new enterprise is created. It is an important segment of economic growth. Entrepreneur is a catalytic agent of change, which generates employment opportunities for others. Entrepreneurship amongst women is a recent phenomenon. When an enterprise is established and controlled by women, it not only boosts economic growth, but also has many desirable outcomes. Jawahar Lal Nehru has remarked “when a woman moves forward, the family moves, the village moves and the nation moves”. self-help groups with a view to increasing entrepreneurship, livelihood potential and wage employment opportunities. Training interventions from the Department covers several trades namely tailoring, mushroom cultivation, embroidery, computer training, electric repairing, food processing, mobile repairing, jute products manufacturing, vermicompost, terracotta, fast food & glass painting, beautician, hospitality management these activities are encouraged by SHGS in association with the Government. There is total 343961 SHG’s with total 4099422 members in all 30 districts in the state under KSRLM which come under Rural Development and Panchayat Raj Department. In the year 2017-2018 out of 263962 SHG’s 8750 are newly formed under NRLM concept and 1735 were renewed and 244476 are pre NRLM. In the state Karnataka, society, named as, “Sanjeevini” under Department of Rural Development and Panchayat Raj government of Karnataka (RDPR) has been promoted with an objective of reducing the incidence of rural poverty through the assistance extended by Union Government under National Rural Livelihoods Mission (NRLM) In association with SHGs. The three-tier organisational structure, State, District and taluk levels were envisaged to implement the scheme. The Karnataka State Rural Livelihood Mission (KSRLM) was inaugurated formally on 2nd December 2011 after that it is encouraging rural development SHGs.

Formation of SHGs

The technical and constructive advice from reasonably educated and helpful local person has to initially help the poor people to form groups in the name of SHGs. He or She tells them about the benefits of thrift and the advantages of forming groups. This person is called an ‘animator’ or ‘facilitator’. Usually, the animator is a person who is already known to the community to spread the knowledge of self-employment. Any of the following persons can be a successful animator for effective functioning of SHGs

- Head of the Village
- A panchayath member.
- Retired school teacher or a retired government servant, who is well known locally.
- A health worker/a field officer/staff of a development agency or department of the State Government.
- Field officer or a staff member of a commercial bank/regional rural bank or a field staff from the local co-operative bank or society
- A field level functionary of an NGO.
- An unemployed educated local person, having an inclination to help others.

- A member/participant in the Vikas Volunteer Vahini (VVV) Programme of NABARD.
- A social activist.

A Rural Woman animators can play more effective role in organising women SHGs. The animator cannot organise the groups all alone. He or she will need guidance, training, reading material, etc. Usually, one of the following agencies help:

- A voluntary agency or Non-Governmental Organization (NGO).
- The development department of the State Government.
- The local branch of a bank.
- A panchayath Unit.

Objectives of the study.

1. To understand basic objective of SHGs
2. To understand nature of working of SHGs

SHGS Movement in India

The concept evolved over decades and was pioneered by Nobel laureate Mohammad Yunus as Self Help Groups (SHGs) in 1970s. In 1999, Government of India, introduced Swarn Jayanti Gram Swarozgar Yojana (SGSY) to promote self-employment in rural areas through formation and skilling of SHGs. The programme evolved as a national movement in 2011 and became National Rural Livelihoods Mission (NRLM), in 1992, formed the SHG Bank Linkage Project, which is today the world's largest microfinance project. From 1993 onwards, NABARD, along with the Reserve Bank of India, allowed SHGs to open savings bank accounts in banks. The Swarn Jayanti Gram Swarozgar Yojana was introduced in 1999 by GOI with the intention of promoting self-employment in rural areas through formation and skilling of such groups. This evolved into the National Rural Livelihoods Mission (NRLM) in 2011. The programme was renamed in November 2015 as Deendayal Antyodaya Yojana (DAY –NRLM). Women's SHGs are being supported by Government of India's National Rural Livelihoods Mission (NRLM) which is co-financed by the World Bank. NRLM has scaled up the SHG model across 28 States and 6 Union Territories of the country, reaching more than 67 million women. The women have saved \$1.4 billion and leveraged a further \$37 billion from commercial banks with development of SHGs concept.

Nature and Significance of SHGs.

SHGs are small groups of people (especially from rural areas) who pool their resources and individual savings together. It is from this pool that loans are given to those members who are in urgent need of money. The loans provided by SHGs are at very nominal interest rates, which is lower than that charged by the informal sector. Villages face numerous problems related to poverty, illiteracy, lack of skills, lack of formal credit etc. These problems cannot be tackled at an individual level and need collective efforts. Thus, SHG can become a vehicle of change for the poor and marginalized. SHG rely on the notion of "Self Help" to encourage self-employment and poverty alleviation. It looks to build the functional capacity of the poor and the marginalized in the field of employment and income generating activities. It resolves conflicts through collective leadership and mutual discussion. It provides collateral free loan with terms decided by the group at the market driven rates. Such groups work as a collective guarantee system for members who propose to borrow from organised sources. The poor collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise. Consequently, Self-Help Groups have emerged as the most effective mechanism for delivery of microfinance services to the poor. It is with this bank loan that self-employment is created for the members of the group and their families, thereby increasing their standard of living. SHGs are working in rural India and have greatly helped in taking out poor farmers from debt-traps and helping them lead a life of dignity. Self-help groups can serve many different purposes depending on the situation and the need. For example, within the development sector, self-help groups have been used as an effective strategy for poverty alleviation, human development and social empowerment, and are therefore often focused on microcredit programmes and income-generating activities. A Committee constituted under the chairmanship of Dr. C. Rangarajan to prepare a comprehensive report on 'Financial Inclusion in the Country' identified four major reasons for lack of financial inclusion: Inability to provide collateral security, Poor credit absorption capacity, Inadequate reach of the institutions, and Weak community network. Women SHGs and panchayat leaders are trying to find more meaningful solutions to the challenges of development. The women SHGs are involved in gram sabha meetings and in developing gram panchayat development plans. Over one lakh SHG women have been trained to conduct social audit of programmes to improve accountability to the community. Financial resources from all ongoing programmes in rural areas are now focused on villages with social capital of the DAY-NRLM women SHGs on a priority basis. Opportunities for skilling and diversification of livelihoods are being provided through the skills programmes of the ministry of rural development and community-training institutions. They also help to build social capital among the poor, especially women. This empowers women and gives them greater voice in the society. Financial independence through self-employment has many externalities such as improved literacy levels, better health care and even better family planning. Credit linkage for these women SHGs is a priority, and a series of confidence-building measures have been undertaken to give banks the comfort that these women

will not only borrow, but also return on time. The setting up of the community-based recovery mechanism (CBRM), positioning community resource persons (bank sabhas) to act as a bridge between community and the bank as well as positioning of more than 4,000 bank sakhis as Business Correspondent Agents (BCAs) has generated confidence for the DAY-NRLM system. The training of bank managers and efforts at financial literacy and skills also helped. The existence of sound community networks in villages is increasingly being recognised as one of the most important elements of credit linkage in the rural areas. They help in accessing credit to the poor and thus, play a critical role in poverty alleviation. Social integrity – SHGs encourages collective efforts for combating practices like dowry, alcoholism etc. Gender Equity – SHGs empowers women and inculcates leadership skill among them. Self Help Group (SHG)-Bank Linkage Programme (SBLP) in the backdrop of growing banking and socio-economic divide between regions in India. The ‘defining event’ in the build-up of financial architecture in India was the nationalisation of major commercial banks. Voice to marginalized section – Most of the beneficiaries of government schemes have been from weaker and marginalized communities and hence their participation through SHGs ensures social justice. c. It has 15 to 20 members usually belonging to the same neighbourhood who meet and save regularly. The saving may vary from rupees 10 to rupees hundred or even more depending upon the ability of the people to save. The members can take small loans from the group itself to meet the requirements. They provide timely loans for various purposes and at a reasonable interest rate. It helps women to become financially self-reliant. Priority Sector Lending norms and assurance of returns incentivize banks to lend to SHGs. The SHG-Bank linkage programme pioneered by NABARD has made access to credit easier and reduced the dependence on traditional money lenders and other non-institutional sources. The aftermath of nationalisation witnessed a remarkable spread of the banking system to the unbanked and under-banked rural areas. However, the dependence on informal sources of credit has not decreased in rural areas. The member their participation in governance process enables them to highlight issues such as dowry, alcoholism, the menace of open defecation, primary health care etc and impact policy decision. Improving efficiency of government schemes and reducing corruption through social audits. Alternate source of employment – it eases dependency on agriculture by providing support in setting up micro-enterprises e.g., personalised business ventures like tailoring, grocery, and tool repair shops. The group charges rate of interest on these loans but it is less than the interest charged by the moneylender. After a year or two if the group is regular in savings, it becomes eligible for availing loan from the bank. The loan is given to the members for releasing mortgaged land, to meet the working capital requirements, to purchase assets and housing material. The members take the decision regarding the Savings and loan activities of the group. It also decides on the nature of the loan to be granted including the purpose, amount, rate of interest and the repayment schedule. In the case of non-payment of the loan by any one member is followed up seriously by the other members in the group. Due to this reason, banks are willing to lend to poor women when organized in a self-help group even though they have no Collateral as such. SHGs solves

the problem of a lack of collateral. It has enabled the participating households to spend more on education, food and health than non-client households. The financial inclusion attained through SHGs has led to reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health especially among women and children. Enhancing the efficiency of government schemes SHGs help implement and improve the efficiency of government schemes. They also help reduce corruption through social audits. Alternate source of livelihood/employment they help people earn their livelihood by providing vocational training, and also help improve their existing source of livelihood by offering tools, etc. They also help ease the dependency on agriculture. Impact on healthcare and housing – Financial inclusion due to SHGs has led to better family planning, reduced rates of child mortality, enhanced maternal health and also helped people fight diseases better by way of better nutrition, healthcare facilities and housing. Banking literacy – SHGs encourage people to save and promote banking literacy among the rural segment's encourages and motivates its members to save and act as a conduit for formal banking services to reach them. SHGs often appear to be instrumental in rural poverty alleviation. Economic empowerment through SHGs, provides women the confidence for participation in decision making affairs at the household-level as well as at the community-level. Un-utilised and underutilised resources of the community can be mobilised effectively under different SHG-initiatives. The problem accentuated as banks veered away from rural to urban India. The relative decline of commercial banking network in the rural areas runs contrary to the objective of financial inclusion and is a formidable challenge in the way of faster and more inclusive growth. Empowered women participate more actively in gram sabha and elections. There is evidence in this country as well as elsewhere that formation of Self-Help Groups has a multiplier effect in improving women's status in society as well as in the family leading to improvement in their socio-economic condition and also enhances their self-esteem. Leaders and members of successful SHGs bear the potentiality to act as resource persons for different community developmental initiatives. Active involvement in different SHG-initiatives helps members to grow leadership-skills. Evidences also show that often women SHG leaders are chosen as potential candidates for Panchayat Pradhan's or representatives to Panchayati Raj Institution (PRI). Weaknesses of SHGs are: Members of a group do not come necessarily from the poorest families. Though there has been social empowerment of the poor, the economic gain to bring about a qualitative change in their life has not been satisfactory. Many of the activities undertaken by the SHGs are still based on primitive skills related mostly to primary sector enterprises. With poor value addition per worker and prevalence of subsistence level wages, such activities often do not lead to any substantial increase in the income of group members. There is a lack of qualified resource personnel in the rural areas who could help in skill upgradation or acquisition of new skills by group members. Further, institutional mechanisms for capacity building and skill training have been lacking. Poor accounting practices and incidents of misappropriation of funds. Lack of resources and means to market their goods. SHGs are heavily dependent on their promoter NGOs and government agencies. The withdrawal of support often leads to

their collapse. Lack of knowledge and proper orientation among SHG-members to take up suitable and profitable livelihood options. primitive thinking and social obligations discourage women from participating in SHGs thus limiting their economic avenues. There are about 1.2 lakh bank branches and over 6 lakh villages. Moreover, many public sector banks and micro-finance institutions are unwilling to provide financial services to the poor as the cost of servicing remains high. Sustainability and the quality of operations of the SHGs have been a matter of considerable debate. The SHGs work on mutual trust and confidence of the members. The deposits of the SHGs are not secured or safe Only a minority of the Self-Help Groups are able to raise themselves from a level of micro-finance to that of micro-entrepreneurship. The Government should play the role of a facilitator and promoter, create a supportive environment for the growth and development of the SHG movement. Expanding SHG Movement to Credit Deficient Areas of the Country - such as Madhya Pradesh, Rajasthan, States of the North-East. Rapid expansion of financial infrastructure (including that of NABARD) and by adopting extensive IT enabled communication and capacity building measures in these States.

Conclusion

Efforts should be made to increase income generation abilities of the urban poor as there has been a rapid rise in urbanisation and many people remain financially excluded. The An integrated approach is required for meeting overall credit needs of a poor family in terms of backward linkages with technology and forward linkages with processing and marketing organizations. Credit needs to be provided for diversified activities including income generating livelihood activities productions, housing consumption loan and against sudden calamities. The delivery system has to be proactive and should respond to the financial needs of the farmers. Training programmes relating to management of finances, maintaining accounts, production and marketing activities etc. should be given Government functionaries should treat the poor and marginalized as viable and responsible customers and as possible entrepreneurs. There is need to establish a separate SHG monitoring cell in every state level. The cell should have direct links with district and block level monitoring system. The cell should collect both quantitative and qualitative information. Commercial Banks and NABARD in collaboration with the State Government need to continuously innovate and design new financial products for these groups.

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