

The role of Self help groups for rural empowerment in India:

A comparative analysis of two villages of Sikkim

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Abstract: The aim of this paper is to introduce and discuss the notion of a comparative study of self help groups between two villages of East Sikkim, i.e., Dipudara, under Khamdong Constituency and Kingstone, under Rhenock Constituency. A self-help group (SHG) is a village-based financial intermediary committee usually composed of 10–20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia. A SHG is a group of about 10 to 20 people, usually women, from a similar class of a region, who come together for savings and credit organization. There is vast scope of self help group to be applied to and contribute to rural development in India.

Over thousands of rural women of Sikkim aged between 16 and 65 years, participate in self-help groups to build up strong economic growth and personal development. The importance of self help groups includes improve efficiency of the credit system, channel of financial inclusion, mobilization of resource, promote the habit of savings and banking, improve the living condition of socially deprived group, women empowerment, promote socio-economic justice, community actions plan, development of innovative skills of the community members, finance livelihood and generation of employment, reduce the influence of different unorganised sector as well as financial sector profit.

The present study examines the empowerment of women by addressing two dimensions: economic empowerment and personal development. This paper explores an aspect of group contribution in the form of personal and economic development of women in rural communities by engaging them in group enterprise. A large numbers of researches taken from developing and under developed countries to explore entrepreneurial activity using micro financial credit to overcome from poverty, increase level of income and enhance social well-being. No such comparison study has been introduced amongst indigenous women in India in context of rural villages of Sikkim. In findings it comes to light that SHG helped the group to achieved economic and social empowerment among the women of both the villages of Sikkim. In conclusion, we understand that the SHGs mission brought the healthy environment among the women of both societies in bringing the members together to work in groups.

Index Terms - Women empowerment, self-help groups, rural development, economic growth, group enterprise, poverty, increase income, and enhance social well being

INTRODUCTION:

Self-Help Group (SHGs) is a small homogeneous social group, formed to strengthen social and economic structure of the society. A self-help group (SHG) is a village-based financial intermediary committee usually composed of 10–20 or more local women or men for the empowerment of poor and marginalized sectors. A SHG is a group of people, usually women, from a similar class and region, who come together to form savings and credit organization. It has been argued that there is enormous scope of SHG to be applied to and contribute to rural development. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia (Wikipedia).

The origin of SHGs is the brainchild of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus. SHGs were started and formed in 1975. In India National Bank of Rural Development (NABARD) was established in 1986-87. But the real effort was taken after 1991-92 from the linkage of SHGs with the banks. After 1991-92, numbers of SHG in India have been functioning by taking different types of activities in each states of India. Hundreds of SHG are running in our hill state of Sikkim also. Each group consists of 10 to 20 or even more in order to empower themselves in society. I have chosen two villages of East Sikkim for comparative analysis of their SHG activities and their joint initiatives to uplift themselves in society.

STUDY AREA:

The main aim of this paper is to introduce and discuss the notion of a comparative study of SHGs between two villages of East District, Sikkim i.e., Dipudara and Kingstone.

1. Dipudara village: This village is located in Singtam-Khamdong assembly constituency of East Sikkim. The total area of this village is approximately 15sq.km. The village is bounded by North of Dung-Dung Gram Panchayat Unit (GPU), East by stream Ghatey khola (Nala), South by river Tista and West by Borbotay khasmahal. The total population of village is approximately 650 individuals living in semi-cluster to sparse settlement. Basically, agriculture and service are the main income source of villager. The majority of community belongs to Tamang tribe, followed by Rai, Manger and others. Literacy rate of both male and female is almost similar, where the male literacy rate rides over the female rate. The senior citizens mostly women actively participate as the members of SHG, even though maximum participants are illiterates. Most decisions in the group are taken by literate female.

2. **Kingstone village:** The Kingstone village is located under Rigu assembly constituency of Rhenock, East Sikkim. The total area of this village is approximately 5 sqkm. This village is demarcated in the North by Aritar Gram Panchayat Unit (GPU), East by Khamdong village (boundary of West Bengal), South by Rhenock Town and East by Chalesay Village. This village have around 450 total individuals residing in semi-cluster to sparse settlement. Agriculture and service are the main sources of villager. The majority of community is belonging to Sharma, followed by Newar, Schedule caste and Bhutia respectively. Both male and female literacy rate is higher than neighbouring villages. The majority women in this SHG are literate. So, the decision making body of the group are more effective than counterpart village (Dipudara Village).

OBJECTIVES OF THE STUDY:

- To address the dimensions of economic and personal empowerment of women.
- To identify the different activities taken among the SHGs.
- To know the local resource mobilization by SHGs in order to participate in the regional and national market levels.
- To find out the credit facilities process and scenario among the groups that is provided by the different banks.
- To know the difficulties and problems facing among the SHGs.

RESEARCH PROBLEMS/QUESTIONS:

- How women address themselves in dimension of Social and Personal Empowerment?
- How the local substantial products are promoted in local and national market by self help groups by taking different activities?
- What are the different roles of local bodies, Gram Vikas Kendra, SRDA for the upliftment of emerging SHGs in society for Economic Empowerment of Women?
- In which way, the banking system provides funds for SHGs?
- Whether women of society are uplifted socially, economically and have achieved personal empowerment justice after being engaged in SHGs?

METHODOLOGY:

For collection of primary sources of data and make convenience of study, the following method and methodology has been adopted by the researcher.

- This study has been carried out by using Snowball sampling method.
- Personal interview was done with the main leaders of SHGs.
- Questionnaire methods have been adopted to know the details.
- This study has been carried out by using both qualitative as well as quantitative methods.



Figure 1.1: The interaction process between the researcher and SHGs group leaders.

DATA ANALYSIS:

i) Local Female Participation (community and literacy):

The research has been conducted the comparative analysis of two village self help groups i.e. Dipudara and Kingstone, East Sikkim. Firstly, the **Dipudara village**, Lower Khamdong, East Sikkim, self help group (women) consist of 11 members, formed in 20th January 2008 named as “Koko Mendho Self Help Group”. ‘Koko Mendho’ (in Tamang language) means ‘Totala ko ful’ (A type of flower found in jungle, basically used during inauguration of any festivals and ritual practises of Tamang’s community). Regarding the communities belonging in this group, 9 members comprising 82% of group’s member belong to Schedule tribe (ST) of Tamang community and 2 members comprising 18% of the group consists of Other Backward Class (OBC) categories. In the context of literacy rate, out of total 11 women members of groups, 2 members are literate acquiring primary education, whereas the 9 members are illiterate. Secondly, the **Kingstone Village**, Rhenock, East Sikkim, self help group (women) also consist of 11 members, formed in 5th June 2008 with the name registered as “Matri Sakti Self Help Group”. ‘Matri Sakti’ means ‘Women Empowerment’. In context of communities in group, with 9 members comprising 82% of group belongs to Sharma Bawun community of Other Backward Class and 2 members contributing 18% of the group consists of Schedule Caste (SC) categories. As far as the literacy rate of female is concerned, this group have literate members of 7 and illiterate members of 4.

Table 1.1: Comparative studies of belonging Categories and Literacy Rate of two villages in participation on self-help groups:

Name of Self Help Groups (SHGs)	Belonging Categories	Literacy Rate
Koko Mendho Self Help Groups, Dipudara Village, Khamdong, East Sikkim	(ST)- 09 (82%) (OBC)- 02 (18%)	Literate members- 02 (18%) Illiterate members- 09 (82%)
Matri Sakti Self Help Groups, Kingstone Village, Rhenock, East Sikkim	(OBC)- 09 (82%) (SC)- 02 (18%)	Literate members-07 (64%) Illiterate members- 04 (36%)

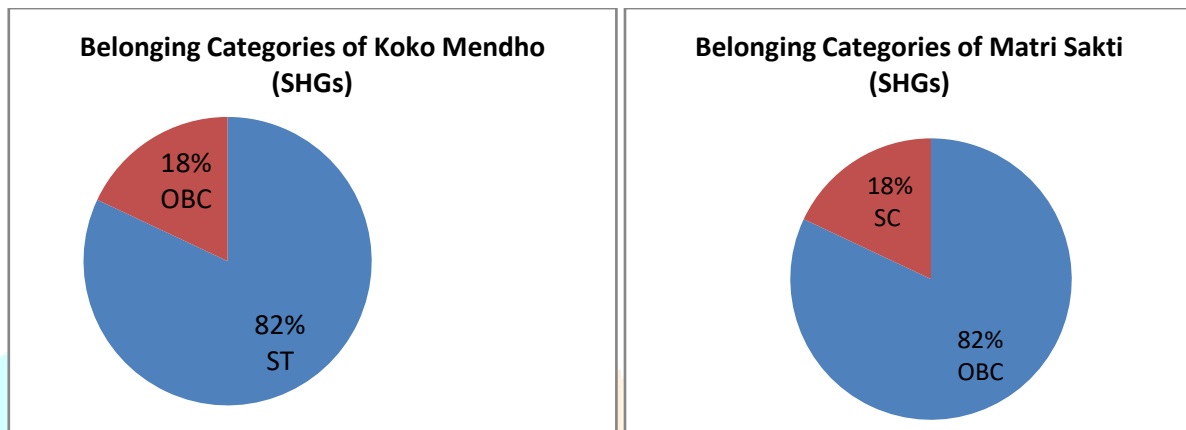


Figure 1.2: Pie-diagrams show the comparative analysis of belonging categories of two studies villages Self Help Groups

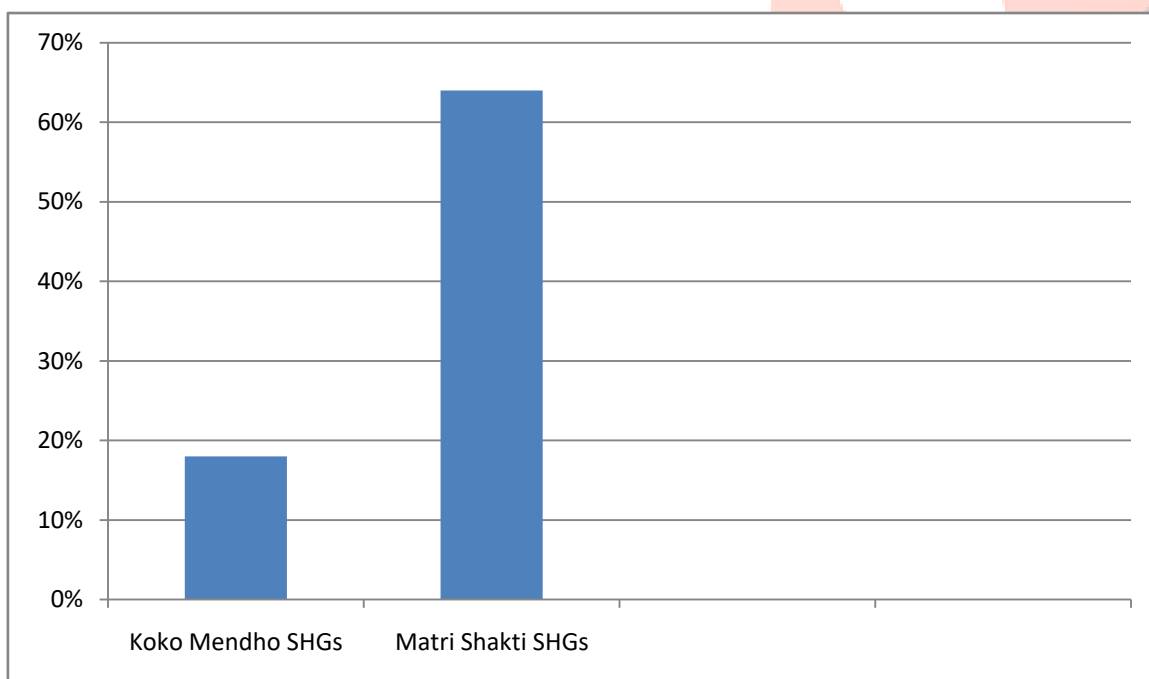


Figure 1.3: Bar diagram shows the Literacy Rate of two villages in participation on self-help groups

After comparative analysis of two villages, it can be pointed out that both villages have similar member strength. The interesting thing comes after the comparative study of two villages is the literacy rate and communities composition. Dipudara village’s self help group possess less numbers of literate members in group, where as the Kingstone village’s self help group have maximum numbers of literate members among group. As far as the community belonging of both villages is concerned, the Dipudara village is dominated by Tamang community, where as the Kingstone village is dominated by Sharma (Bahun) community.

ii) SHGs selection of activities, human resource, training and marketing:

Selection of activities depends upon the availability of local raw materials or existing levels of resources within the village. The activities started by Dipudara Koko Mendho SHGs during initial stage was poultry farming activities and later on the activities extended to preparation of local wines after fermentation of different local fruits like Orange, Guava, pine apples, apples etc, whereas the Kingstone Matri Sakti SHGs started an activity of preparing Phenol after bringing input chemical substances from local market of Rhenock and Siliguri.

Human resources can play the significant role for the development and growth of activities like existing knowledge and skill base of the members; leadership quality among the members, micro planning, documentation and critical decision making processes. The study reveals that, both the members of SHGs groups have possessed the required stated qualities to uplift and manage resources.

The GVA under the guidance of SRDA provides the different types of capacity building training for existing members of both the villages. The members of Dipudara SHGs received training of poultry farming, preparation of fruits wine from orange, apple, pine apple, plums etc focus on farm-based and agro-based activities. The members of Kingstone SHGs have got training of preparation of phenols and focus on off-farm based activity. The SHGs of both the villages were enabled and stimulates their members for management skills, better interaction and communication. In context of marketing potential and linkage, both the villages prefer to sell their outcome products in within village and local markets. The DRDA also provide marketing support to the both SHGs as a facilitators and tie-up groups with local and outside markets.

iii) Scheme, Bank Linkage, fund and micro finance:

The study reveals that, the members of both the SHGs of Dipudara and Kingstone know the scheme of banking system through the gram Panchayat and during gram sabha. Both the SHGs started their operation since 2008 and opened their passbook account in the bank. The financial record was regularly maintained by the SHGs and conducts frequent meetings with the members in a monthly basis. The SHGs of both villages have similar pattern of financial management, each members have to deposit membership fee of Rs. 50 on a monthly basis.

In term of credit, loan and funding system, the history of these two villages were different from one another. In the case of Dipudara Koko Mendho SHGs (Khamdong), the groups had applied loan from SBI in two phases. The first phase includes the loan of Rs. 15,000 (fifteen thousand) taken from SBI Singtam branch to purchase chicks for poultry farming. By selling poultry chicken meat in the local market nearby, they earn Rs. 18,500 (eighteen thousand and five hundred). The loan was repaid by groups within one year along with the interest @ 10.5% per annum; the sum total amount repaid outstanding loan was (15000+1575=16,575). During first phase, the groups earn net profit of Rs. 1925. During second phase, the group had applied again Rs. 1,00,000 (one lakh and fifty thousand) from same bank. This time, the group had adopted on-farm based activities on the preparation of wine from different local fruits and fruits purchased from market. By selling wine in local market and also presented during melas, exhibitions and sale outlet, they earn Rs. 1,82,000. The loan of second phase was quite more than previous loan, so they repaid within 2 years along with the same interest @10.5% per annum. The second phase repaid outstanding loan along with interest, sum total was Rs. (1,00,000+21,000= 1,21,000). During second phase, the group earn net profit of Rs. 61,000 (sixty one thousand).

Table 1.2: Activities, finance scheme and profit gains of Koko Mendho SHGs (Dipudara Village)

Name of SHGs	Types of activities	Loan amount	Interest @	Earning	Loan repaid with interest	Profit
Koko Mendho SHGs	Poultry Farming	1 st phase: 15,000	@10.5% per annum	18,500	16,575	1925
	Wine preparation	2 nd phase: 1,00,000	@10.5% per annum	1,82,000	1,21,000	61,000

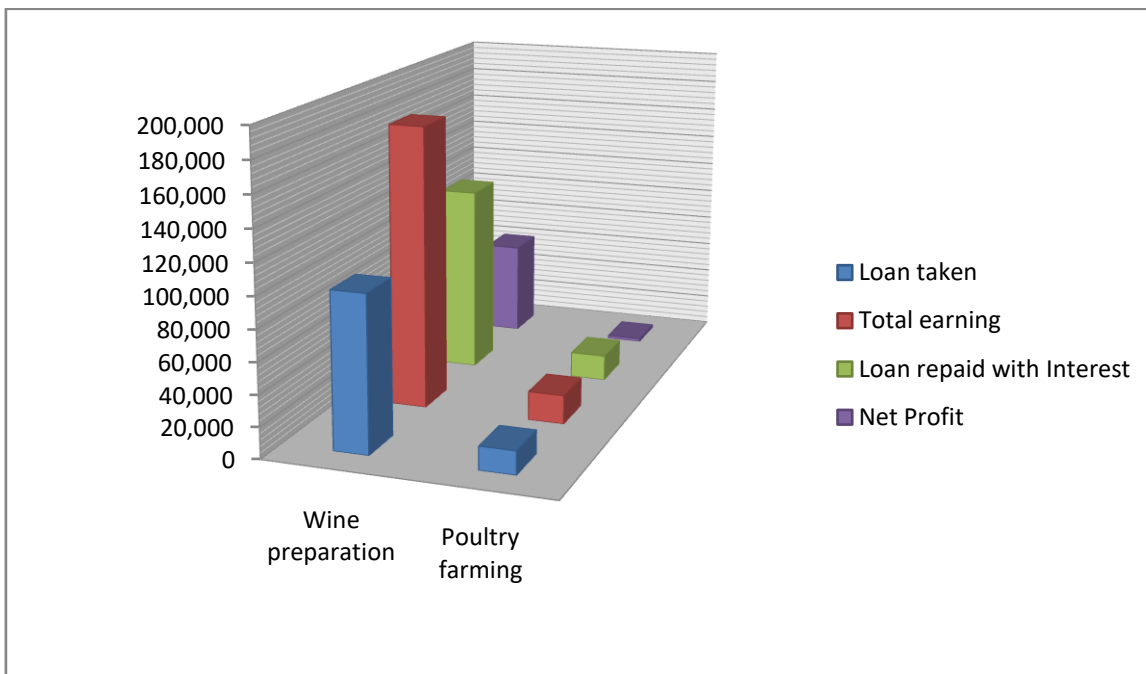


Figure 1.4: Bar diagram showing Activities, finance scheme and profit gains of Koko Mendho SHGs (Dipudara Village)

In the case of Kingstone Matri Sakti SHGs (Rhenock), even though the group opened passbook in CBI Branch, they did not apply for loan from the bank. A member of group disclosed that, an agency contributed a grant of Rs. 10,000 (Ten thousand) for upliftment of group during preliminary stage. Later, they use to collect fund from amongst member as a contribution and Rs. 50 per month as a monthly membership fee. Through that collected fund, the group managed to purchase raw materials for preparation of Phenol. They sold that phenol within the village and as well in local market. Later, this group were successful in generating Rs. 20,000 (Twenty thousand) net profit by selling phenol. As far, they have an outstanding balance of Rs. 20,000 (Twenty thousand) in their CBI saving account.

Name of SHGs	Types of activities	Grant (in Rs.)	Earnings (in Rs.)	Profit (in Rs.)
Matri Sakti SHGs	Phenol Preparation	10,000	20,000	10,000

FINDINGS:

After comparative study of these two villages SHGs of Dipudara Khamdong and Kingstone Rhenock, East Sikkim, it comes to light that SHG helped the group to achieve economic and social empowerment. It became an instrument for the empowerment of rural poor and marginalized sectors especially women of these societies. It helps to improve efficiency of the credit system channel and financial inclusion in the rural areas. The SHG members came to know about the resources mobilization and healthy banking habits.

CONCLUSIONS:

In conclusion, we understand that the SHGs mission brought the healthy environment among the women of both societies in bringing the members together to work in groups. These SHG activities helped them to increase in income, increase in savings, better health and education facilities and a good standing social respect. It helped to improve the members' standard of living and the quality of self reliance. It helped to promote social and economic justice, community actions, develop individual skills among the members, increase in livelihood finance and employment generation among the groups. The study also reveals that through engaging in SHGs, the women of both SHG went on to learn and were capable to face social and economic challenges in near future.

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