

ROLE OF SELF HELP GROUPS IN SOCIO-ECONOMIC DEVELOPMENT OF RURAL INDIA (A Study of Uttar Pradesh)

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ABSTRACT:

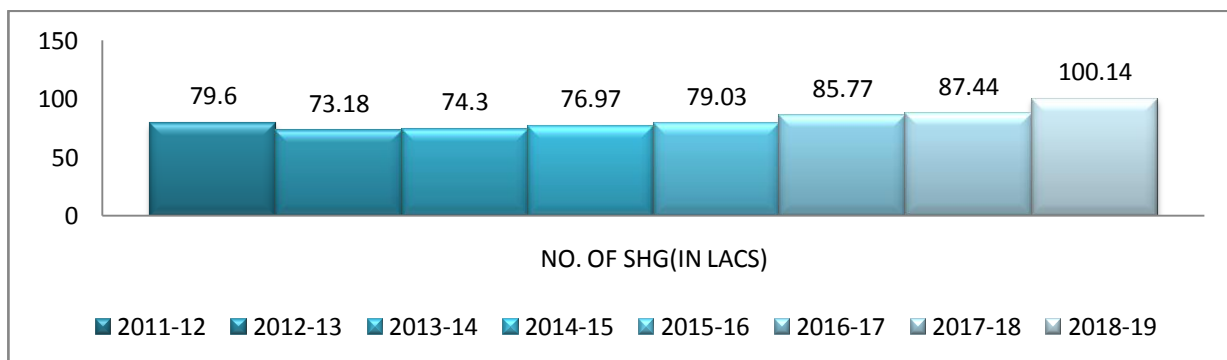
Self-Help Group or in-short SHGs is now a well-known concept. It is now almost two decade old. Self-help groups (SHGs) play today a major role in poverty alleviation in rural area. It is reported that the SHGs have a role in hastening country's economic Development. SHGs have now evolved as a movement. Mainly, members of the SHGs are women. Consequently, participation of women in the country's economic development is increasing. They also play an important role in elevating the economic status of their families. Women constitute around fifty percent of the total human resources in our economy. This has led to boost the process of women's Empowerment. Yet women are subservient to men as they are subject to many socio-economic and cultural constraints. The situation is more severe in the rural and backward areas. Women development activities must be given importance to eradicate poverty, increase the economic growth and for better standard of living.

The SHG promotes small savings among its members. Self-Help Group (SHG) is a small voluntary association of poor people, preferably from the same socio-economic background. This paper attempts to identify the role of SHGs in providing income and saving to rural poor household in Uttar Pradesh.

Key Words-Self Help Group, Savings, Money, Women, Poor

INTRODUCTION

The origin of Self Help Groups (SHGs) is the brainchild of Grameen Bank of Bangladesh, founded by Prof. Mohammed Yunus in 1975, who tried out a new approach to rural credit in Bangladesh. Grameen gave loans without asking borrowers either to provide collateral or engage in paper work. In India NABARD initiated SHGs in the year 1986-87 but the real effort was taken after 1991-92 from the linkage of SHGs with the banks. A SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming forward to save a small amount of money regularly, which is deposited in a common fund to meet the members' emergency needs and to provide collateral free loans decided by the group. It now addresses the issues of poverty alleviation and empowerment of poor, health, nutrition and other support services especially women, in the rural areas of the country. India has adopted the Bangladesh's model in a modified form. To alleviate the poverty and to empower the women, the micro-finance has emerged as a powerful instrument in the new economy. With availability of micro-finance, self-help groups (SHGs) and credit management groups have also started in India.



Growth of Self Help Groups in India

Source-NABARD

OBJECTIVES OF STUDY

- To study about the development of Self Help Group in India in general and Uttar Pradesh in particular.
- To examine the role of SHG in developing socio economic status of rural women.
- To draw conclusion and make suggestions for improving the efficiency of SHG

RESEARCH METHODOLOGY :

The present paper is primarily based on secondary sources of data. Present study focus on Uttar Pradesh self-help group's growth and movement. Secondary data were collected from operational statistics of Uttar Pradesh, Annual reports, and Published sources including Government publications, and other publications like research articles published in journals available.

IMPLEMENTATION OF NATIONAL RURAL LIVELIHOOD MISSION (NRLM):

The Ministry of Rural Development (MoRD), Government of India launched the National Rural Livelihood Mission (NRLM) by restructuring Swarnajayanti Gram Swarojgar Yojana (SGSY) with effect from 1 April 2013. NABARD is implementing the Interest Subvention Scheme for Women SHGs under the National Rural Livelihood Mission (NRLM) for Regional Rural Banks (RRBs) and Cooperative Banks in Category I districts. Further, as a part of collaboration between NABARD and NRLM, Regional Offices of NABARD are coordinating with the concerned SRLM to achieve the goal of training all rural bank managers. State level sensitization programmes on SHG-BLP for senior bank executives have also been organised in coordination with SRLMs with the overall objective of increasing credit linkages. SRLMs have also been roped in as implementing agencies for EShakti in several states and they are supporting the digitization project in many states.

Skill development is an important tool for improving the employability and enhancing productivity of the working poor and thereby reducing poverty and exclusion. Rural poor women typically face difficulties and discrimination in accessing good quality training. Keeping the above in view, NABARD continued with Micro Enterprise Development Programme (MEDP) to nurture the entrepreneurial talents of members of mature SHGs to set up and run micro enterprises as a livelihood option in farm or non-farm sector. Around 16406 skill up-gradation training programmes have been conducted under this initiative covering about 4.68 lakh members of matured SHGs up to 31 March 2018. During 2017-18, 2620 SHG members were provided skill and entrepreneurship training for setting up livelihood units through 185 LEDP programmes. Cumulatively, 15382 SHG members have been supported through 324 LEDP programmes with grant sanction of Rs.1507 lakh from NABARD up to 31 March 2018.

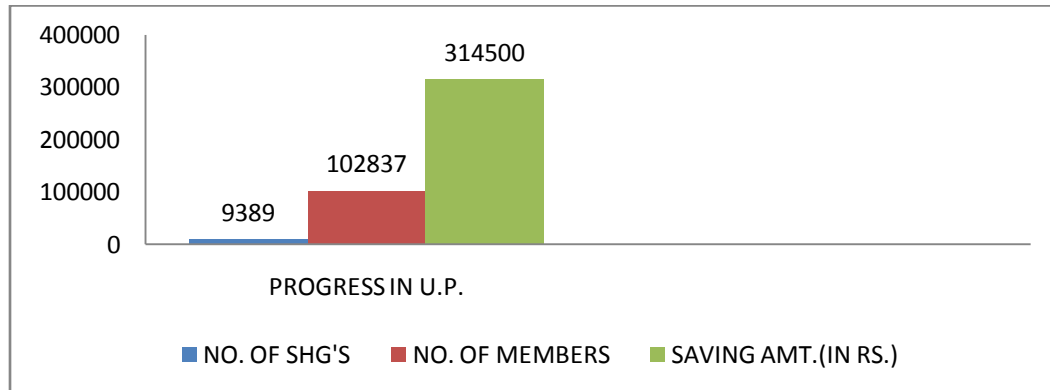
CONCEPT OF SELF-HELP GROUPS :

Generally Self-Help Group consists of 10 to 20 women. The women save some amount that they can afford. It is small amount ranging from Rs. 10 to 200 per month. A monthly meeting is organized, where apart from disbursement & repayment of loan, formal and informal discussions are held. Women share their experiences in these groups. The minutes of these meetings are documented and the accounts are written. The President, Secretary and Treasurer are three official posts in any SHG. If the SHGs are connected with some NGOs, they take part in other social activities of those NGOs.

There are Credit management groups, Income generating groups, Self-help groups and Mutual help groups. Sometimes the institute that promotes the SHG, itself provides loan facilities. It is called as Micro-finance Institute. All households are living under 'Below Poverty Line' category and their income is less than Rs. 40,000 per year. The National Bank for Agriculture & Rural Development will

create an Rs.15 billion fund to cater to women's Self-Help Groups in economically weaker districts in the country, after joining the self-help group the women are economically and socially empowered.

SELF-HELP GROUPS IN UTTAR PRADESH

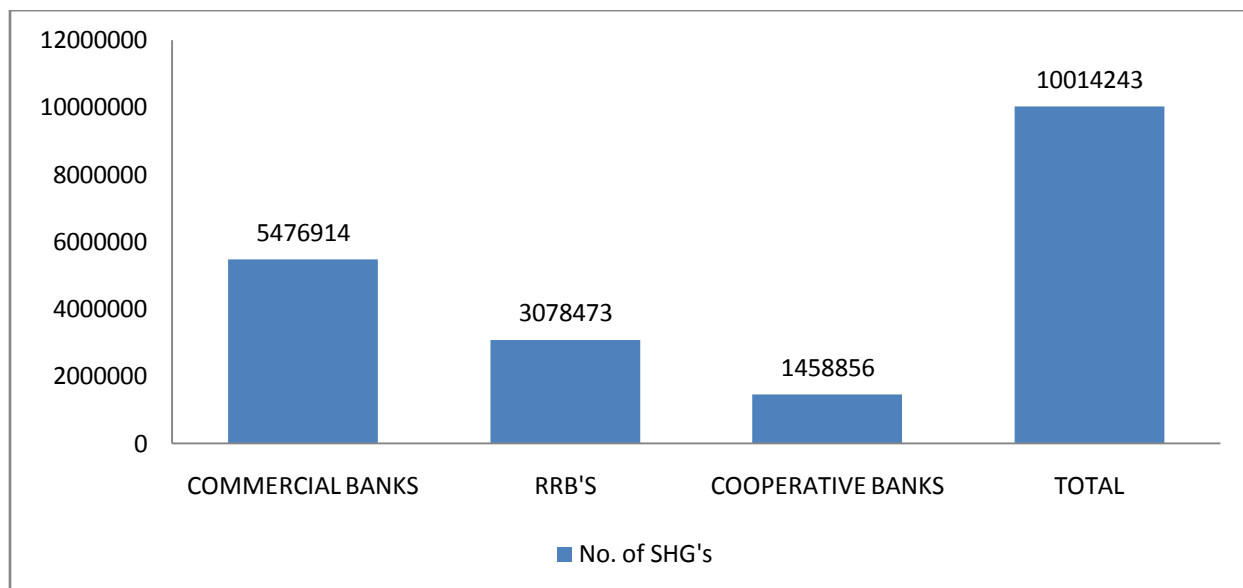


IMPACT OF SELF-HELP GROUPS ON SOCIO- ECONOMIC DEVELOPMENT:

Micro- Financing benefit for rural poor households:

Self-help groups have aimed at enhancing profitability for rural people. The low economic growth of this country was perceived to be due to lack of capital resources, especially in rural areas. Therefore, cheap rural credit policies like micro financing SHGs were designed to provide rural poor with access to adequate capital. Microfinance through SHG has become a ladder for the poor to bring them up not only economically but also socially, mentally and attitudinally and above all help them break through the stronghold of exploitative money lenders.

No. of Self Help Groups and their Associated Banks



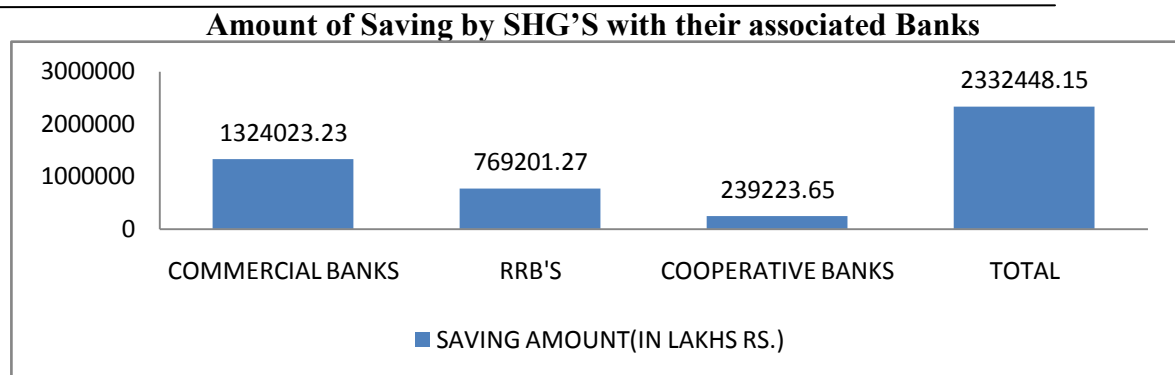
Source-NABARD

Bank-SHG linkage:

In this type of linkage banks provided financial support to SHGs which had grown almost spontaneously without any intervention of any SHPI. The SHGs were initially on the basis of a common activity, Problem and took up thrift and credit activities. The case of such linkages is not very common.

Saving and Financial Decision Making:

One of the primary benefits of participation in a SHG is the opportunity to save regularly, access formal savings institutions and participate in the management of these savings. They save regularly, have their own bank accounts and make deposits into these accounts.



Source-NABARD

Economic Empowerment:

According to the report by National Commission for Women (NCW) in India, women work for longer hours than men do. The proportion of unpaid activities to the total activities is 51% for females as compared to only 33% for males. Over and above this unpaid work, they have the responsibilities of caring for household which involves cooking, cleaning, fetching water and fuel, collecting fodder for the cattle, protecting the environment and providing voluntary assistance to vulnerable and disadvantaged individuals in the family. This shows that though there is still a long journey ahead towards women empowerment. Women's are save small amount of money regularly and mutually agree to contribute a common fund. But this does not fulfill all their needs. Indebtedness has become the hallmark of the rural life.

Social Empowerment:

The social empowerment means that the woman should get an important place in her family and society, and should have a right to enable her to make use of available resources. It has resulted in developing self-confidence, self-esteem and self-respect also. As the woman has now increased presence in banks, Gram Panchayats, various Government committees etc., her social status is seen somewhat elevated. The social impact of the SHG program increased involvement in Decision-making, awareness about various programs and organizations, increased access to such organizations, increased expenditure on Health and Marriage events, there is a Change in the attitude of male members of the families, now they are 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.

Employment:

The implementation of SHG has generated Self-employment opportunities for the rural poor. The progress of the program since inception assisted in formation of 35.7 lakh SHGs; assisted 1.24 Cr. Swarozgaris in establishing their own micro-enterprises. The Government of India released Rs.11, 486 Crore under the program; bank credit mobilization is Rs.19, 017; Total subsidy provided is Rs.9, 318

Cr. The program helped many participants in improving their economic conditions. Another good accomplishment of the program is that it has adopted the SHG strategy.

Village Level Programmes:

With a view to foster better understanding of mutual requirements between banks, SHGs & SHPIs and to sort out issues like credit linkage, repayment etc. at ground level, Village Level Programmes (VLPs) are being conducted with the support of banks and NRLM. VLPs sponsored by NABARD resulted in better interface between bankers and SHGs leading to increased credit flow and appreciation of each other's needs. During 2017-18, NABARD supported more than 30011 village level programmes with a sum of Rs. 464.27 lakh covering 855713 beneficiaries.

FINDINGS:

- Microfinance has reduced the incidence of poverty through increase in income, enabled the poor to build assets and thereby reduce their vulnerability. In certain areas it has 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.
- It has contributed to a reduced dependency on informal money lenders and other non-institutional sources.
- It has offered space for different stakeholders to innovate, learn and replicate. As a result, some NGOs have added micro-insurance products to their portfolios and SHGs in some areas have employed local accountants for keeping their books and IT applications are now being explored by almost all for better MIS, accounting and internal controls.
- SHGs are informal organizations and hence there is governance system. This may be due to lack of experience or lack of poor management or lack of capacity to review functions or comply with legal regulations. SHGs are governed by various regulations of different entities. This makes formation and functioning of SHGs difficult.
- The SHGs required several on-going services which they cannot procure individually from the market. Several incidents of dropouts from groups are observed. The drop-out rates of very poor is about 11 per cent and that of others is about 7 per cent. Inability to make regular saving deposits is the major cause of dropouts.

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