

 ISSN NO. 2320-5407	Journal Homepage: - www.journalijar.com INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR) Article DOI: 10.21474/IJAR01/10397 DOI URL: http://dx.doi.org/10.21474/IJAR01/10397	 INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR) ISSN 2320-5407 Journal Homepage: http://www.journalijar.com Article DOI: 10.21474/IJAR01/10397
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RESEARCH ARTICLE

DEVELOPMENT OF SELF HELP GROUPs AND ITS IMPACT ON SOCIO - ECONOMIC STATUS OF RURAL PEOPLE

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Manuscript Info

Manuscript History

Received: 30 November 2019

Final Accepted: 31 December 2019

Published: January 2020

Abstract

This Paper reviews the vital role of Self- Help Groups (SHGs) in poverty eradication in villages. The SHG Movement has become extensive, successful component of rural India. SHGs are generally small group controlled, consisted of homogenous members who generally belong to poor marginalized sections of the society, who come together in to groups and motivate each other to build new opportunities for income generation. The system of SHG has proven to very suitable to the poor and vulnerable women community in the society and this system breaks the exploitation and isolation of women from men. This paper examines the development of SHGs and impact on the socio-economic condition of SHG member's households. The programme has grown at a tremendous pace during last two decades and emerged as the most prominent means of delivering micro- finance services in India. The average annual net income, assets and savings of SHG member's households increased significantly in the post-SHG situation. The average amount of loans and the regularity in repayment of loans increased, and the dependence on moneylenders decreased remarkably. The percentage of loans used for productive purposes and employment per household increased, the incidence of poverty among SHG members declined, and the social empowerment of women improved significantly.

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Introduction:-

SHG and micro-credit movement have initiated in the year 1975 at Bangladesh by Mohammed Yunus. In the eighties, a serious attempt was made by the Government of India to promote an apex bank to take care of the financial needs of the poor, informal sector and rural areas and then, NABARD took steps during that period and initiated a search for alternative methods to fulfill the financial needs of the rural poor. NABARD initiated the effort in 1986-87, but the real effort was taken after 1991-92 by linking the SHGs with the banks. What started as a pilot programme has now become a movement for social empowerment particularly for the rural poor including women. The journey so far traversed by the Self Help Group – Bank Linkage Programme (SHG-BLP) crossed many milestones. According to NABARD, “SHG is a homogeneous group of rural poor, voluntary governed to save whatever the amount they can conveniently save out of their earnings and mutually to contribute to a common fund to lend to the members for making their production and emergency consumption credit needs”. SHGs have the power to create a socio-economic revolution in the rural areas of our country. SHGs have not only

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produced tangible assets and improved living conditions of the members but also, helped in changing much of their social outlook and activities. SHGs have been showing and paving the way ahead to alleviate the poverty of India along with empowerment SHG movement aims to provide livelihood security as well as betterment in livelihood of rural poor. "When the bottom of the pyramid the Rural Poor people are converted into micro producers, opportunity for global growth becomes obvious. The real effectiveness and success depends on alleviating poverty by converting the poor into producers which will increase the income of the rural families" (RAJENDRAN, 2012)

A Sustainable Livelihood; Enables a family to cope with and recover from stresses or shocks. -The very purpose of SHG approach is the empowerment of rural poor. "SHGs have the power to create a socio-economic revolution in the rural areas of our country. SHGs have not only produced tangible assets and improved living conditions of the members but also, helped in changing much of their social outlook and activities. SHGs have served the cause of women empowerment, social solidarity and socio-economic betterment of the poor." (Ramachandran And Balakrishnan, 2008).

Genesis & Development Of Shgs:

NABARD defines SHGs as "small, economically homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute to a common fund to be lent to its members as per the group members' decision". The SHG scheme has proven to be very successful for women empowerment and offering to break slowly away from exploitation and isolation. A self-help group is a village-based financial intermediary usually composed of 10–20 local women. Members make small regular savings aid .The Self Help Group (SHG) in India has come extensive way, since its origin in 1992. The spread of SHGs in India has been extraordinary. Self Help Groups (SHGs) is the brain child of Noble Peace Prize Winner Prof.Mohammed Yunus who started Grameen Bank of Bangladesh as early as in 1976. Self help groups (SHGs) and Microfinance (MF) is the recent past has emerged as a potential instrument for poverty alleviation and financial inclusion and women empowerment. The basic principles of the SHGs are group approach, mutual trust of small and manageable group, spirit of thrift, demand based lending, collateral free, poor-friendly loan, peer group pressure in repayment, skill training, capacity building and empowerment (Lalitha 1998). In the decade of nineties and twentieths National Agriculture Bank for Rural development (NABARD), Government Organization, Non government Organizations (NGOs), Micro Finance Institutions(MFIs), initiates and started Self help groups for microfinance, micro credit activities for the objectives of poverty alleviation, women empowerment and financial inclusion. Government of India had decided to restructure the self-employment programmes, the earlier programmes were no long in operation. An earlier programme known Swarnjayanti Gram Swarozgar Yojana (SGSY) has been launched from April 1999 & Its reorganised new form is "NRLM" National Rural Livelihood Mission began in the year 2012.

Broadly, the microfinance could be classified into the following model.

1. Grammin Model
2. The group approach.
3. Individual credit
4. Community Banking

In India, group approach model is very popular. The SHGs become the basis for socio-economic revolution and build as a relationship of mutual trust to among members and promoting organization credit delivery through thrift and credit groups.

The SHG has given individuality, access to information, and bargaining power to the women community.

Impact Of Self-Help Group:

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. SHG is having a good impact on members, in their ability to save their hard earned money.

Access To Credit:

A corollary of participation in SHGs is an improvement in a woman's access to credit. The financial mobility due to participation in the SHG has led to an improvement in the quality of life, according to some of the successful groups. Overall, many families were able to address their basic needs better than before. Women are more likely

to spend the income earned, on their families, leading to improved health and nutrition and for improving the quality of their lives.

Decision-Making Within The Household:

The social impact of the SHG program increased involvement in Decision-making, awareness about various programs and organisations, increased access to such organisations, 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. 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.

Participation In Local Government:

Because of SHG, women know about their local political institutions such as the Gram Panchayats and have better knowledge of where to report certain types of grievances. As part of the political empowerment process, it is a pertinent fact that many women have not only been elected to the Grama Panchayats but have become the role holders too.

Communication & Confidence Level Of Members

SHG movement is having a good impact on women & their ability to express their feelings and has made them more confident to express themselves. How over the years, women who have barely completed their schooling, who could earlier barely step out of their houses to talk to government officials or other village men, are today stepping out and caring for themselves and their communities with confidence.

Change In Family Violence:

Involvement with SHG has reduced this violence in 25 per cent cases especially due to reduction in economic difficulties. In most of cases the members revealed that their husbands should also be involved in SHGs. Feel an improvement in their social status. Family members changed their attitudes towards them after they started participating in the SHG. They now regard them brave women. The people of the village too give much more respect than before". Family members seek her opinion in many of the family decisions. Moreover, people from the society in general respect them.

Frequency Of Interaction With Outsiders:

Members generally, got lesser opportunity to interact with bankers, Government officials, NGOs and others in the Pre-SHG period. It can be seen that in the Pre SHG period 25 per cent of the members were not interacting with officials whereas after associating with SHGs, 91 per cent members had interacted with the outsiders and This interaction helped them to articulate their problems and improved their self-confidence.

Community Participation:

SHG members undertook a lot of community activities which they earlier could not have imagined themselves to have done. They distributed school uniforms to poor students; They participated in several social initiatives like the "Swachh Bharat Mission" and other such social upliftment programmes since their involvement in the SHG. They are now able to buy household goods like televisions, furniture, telephones, jewellery and most importantly are able to save for the future. "Now they are much more confident in their dealings with government officials, bank officials, electricity board officials, Medical officers, the revenue officer, health scheme officials etc. They also participate in elections. Moreover, they make use of the various government welfare schemes available". An interesting development is that the men, unlike earlier, are now encouraging women to step out of their houses to work and participate in these social and community events. Whether this is a welcome change or not needs to be understood. It has to be also understood why they are doing so. One reason they could be doing so is because of the increased household incomes and ready access to credit that the SHG participation of the women is resulting into. Sometimes this situation can be exploited if the men are alcoholic, so that the credit is actually wasted away. In this regard, however, the women are alert and aware and the SHG participation has given them the collective strength to stand up to it. They collectively stop any man from abusing his wife under the influence of alcohol.

Now they are able to meet each other and discuss their problems. They understand each other's viewpoints and problems. Interaction with other women has resulted in building congenial relationships and has ensured fewer conflicts. It has also had the multiplier effect of spreading the SHG movement. Awareness of health related issues, personal hygiene, communicable diseases; effects of malnutrition, environmental issues, and sanitation have also increased as a result of training programs and their participation in the related project.

Increased Nutritional Status:

They find positive impacts on empowerment and nutritional intake. Female social and economic empowerment in program areas increased irrespective of participation status. Evidence of higher consumption is not income or asset formation. The program's main economic impact had been through consumption smoothing and diversification of income sources rather than exploitation of new income sources.

Suggestions:-**To Promote Financial Inclusion:**

1. SHG banking may be allowed to function as core banking activity without any outside interference like target fixing, interest cap, loan size, etc.
2. The Government may promote quality SHGs through village/ cluster level / block level and district level federations.
3. Wherever banks are not accessible or not responsive, federations may be prepared to take up financial intermediation
4. Promoting agencies play a crucial role in developing quality institutions. Promoting agencies may be given adequate financial and capacity building resources and timeframe.
5. NRLM may work on sensitization and orientation to bankers about the commercial value of SHG banking.
6. NRLM may understand the banks' concerns such as quality of groups, political interference in functioning of federations, wrong signals like loan waivers, etc and address them.

Conclusion:-

SHG Programme clearly plays a central role in the lives of the poor; where, SHG members seem to transfer the loan source from moneylenders to their SHG to meet these expenses. The process of empowerment manifests itself in increased self-esteem. SHG Movement is also associated with changes in decision-making at the family level. Microfinance to the rural SHGs is a way to raise the income level and improve the living standards of the rural women. The Self Help Groups have proved the way for economic independence of rural women. Thus, it can be concluded that the self help groups contribute substantially in pushing the conditions of the female population up & achieving social harmony & social justice, involvement in community action, sustainable quality and accountability, equity within SHGs, defaults and recoveries, and sustainability.

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