

Vol 3 Issue 4 Oct 2013

Impact Factor : 1.2018 (GIS)

ISSN No :2231-5063

Monthly Multidisciplinary  
Research Journal

*Golden Research  
Thoughts*

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**RNI MAHMUL/2011/38595**

**ISSN No.2230-7850**

Indian Streams Research Journal is a multidisciplinary research journal, published monthly in English, Hindi & Marathi Language. All research papers submitted to the journal will be double - blind peer reviewed referred by members of the editorial Board readers will include investigator in universities, research institutes government and industry with research interest in the general subjects.

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## SELF- HELP GROUPS IN INCOME GENERATING ACTIVITIES



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**Abstract:** The concept of SHGs has been emerging as a major approach for development and empowerment of weaker sections in the third world. In India since the beginning of the ninth five year plan, most of the development programmes are channelised through SHGs. In most parts of the country, self-help groups are organized by governmental and non-governmental organization-government. The government, banks and non-governmental organizations facilitate them by providing revolving fund, organizational base and training, credit, etc. It is worthwhile to all SHGs a mass movement on a national scale for development and empowerment of the poor and downtrodden in the country. Self-help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural poor, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for common objective and gain strength from each other to deal with exploitation which they are facing in several forms. A group becomes the basis for action and change. It also helps building of relationship for mutual trust between the promoting organization and the rural poor to constant contact and genuine efforts.

**Key words:** empowerment , organization-government , genuine efforts , poverty.

### INTRODUCTION :

Since the inception of the planning commission planned efforts have been made to alleviate the problem of poverty. It is in this context several programmes have been formulated. However, the problem of poverty has not been wiped out completely. As a result the rural masses have been suffering due to the problems of unemployment, under employment, asset less ness, illiteracy, ill health, poor housing, and poor participation in development programmes, vulnerability to drought and such other calamities. Further the earlier anti poverty programmes have not recognized the involvement of women in the process of development. Though they have constituted nearly 48 per cent of the total population (as per the census reports of 2001). Accordingly in certain antipoverty programmes viz, IRDP (Integrated Rural development Programme), TRYSEM (Training For rural youth for Self Employment), JRY (Jawahar Rozgar Yojana), EAS (Employment Assurance Scheme), a stipulation has been made that at least 40 percent of the beneficiaries should be from the women category. The experiences in different parts of the world have shown that CBOs (community based organizations) alone could serve better in addressing the problems like poverty and gender disparities. Accordingly Development of Women and Children in Rural Areas (DWCRA) programme has been initiated during the year 1982-83 as a subcomponent of IRDP

with view to form the women groups consisting of 10-15 members and encourage the women to save from the little earnings and rotate among themselves to take up certain income generating activities with a view to tap the full potential of women and to empower them.

To support the cause of the women the Government has come forward to assist the Self Help Groups economically by way of granting revolving fund (R.F) to those groups which have shown progress in terms of regular savings and proper maintenance of the group. Due to positive response from the self help groups credit support has also been provided at reasonable terms and conditions under the NABARD (National Bank for Agriculture and Rural Development) bank linkage. In order to encourage the thrift, the government of A.P has also been providing financial assistance at very low rate of interest (3percent) to those groups which have been continually saving. In addition the bankers have also been extending liberal finance to those groups which have been showing the progress.

Though SHGs have been in existence since along it took momentum after the introduction of DWCRA programme. Due to the positive response from women the concept of self-help has been gaining importance and as a result in many of the rural development programmes, such as SGSY (Swarnajayanti Gram Swarozgar Yojana), VSS (Vana Samrksna Sarniti), IWDP (Integrated watershed

Development programme), Food for work programme, women have been encouraged to form into thrift groups. Further, the Non Governmental organizations (NGO's) too have recognized the need for formation and promotion of thrift so as to facilitate the SHGs to function effectively. In order to reduce the gender disparities and to realize the objective of women empowerment SHGs have become the focal points.

#### **SHG MOVEMENT IN INDIA**

In order to overcome the problem of poor economic base of the women, several programmes have been initiated from time to time, unfortunately all these programmes have not improved the economic status of women to the desired level. Even after the nationalization of the banks, though the share of the rural sector has gone up, the rural poor women have not been adequately recognized as a potential source for financing. In India a wide net work of cooperative societies were formed after passing the cooperative Act of 1904 with a view to meet the credit needs of the rural poor for the agricultural and other purposes contrary to the expectations cooperatives could provide credit only to a limited extent leading to the failure of the cooperative structure. As a result the rural borrowers continue to depend on the private sources of finance. It only means that the cooperative spirit and self-help nature of the cooperative institutions were lost. This led to the nationalization of commercial banks to assist the poor in the rural areas. However, the financial needs of the rural sector have not been met to the expected level by the nationalized banks. As a result the RRBs (Regional Rural Banks) have come up to meet the credit needs of the rural sector on a large scale. Due to emergence of rural institutional financial agencies several rural development programmes have been undertaken by the Government of India during the planning era. Unfortunately all these strategies have not yielded the expected results. Moreover the woman has not been recognized as potential borrower by the formal banking institutions.

In order to correct the discrimination against the women an experiment was made with the support of Government by resorting to the group approach. This was tried based on certain experiences of other countries in which the group effort has been proved successful than the individual approach. It was proved that the group effort have paved the way for raising the economic and social status of the women. Accordingly a programme known as DWCR was started during the year 1982-83 as a subcomponent of the IRDP with the UNICEF (United Nations International Children's Emergency Fund) cooperation to provide opportunities of self employment on a sustained basis for the rural poor women. The main objective of starting this programme was to bring women belonging to similar socio-economic background together with a view to empower them by undertaking income generating activities. In India, the term SHG is often used to describe a wide range of financial and non-financial associations. It is a form of accumulating savings and credit promoted by the government agencies, NGO, and banks. Accordingly, several SHGs were formed out of targeted groups, for the promotion of thrift and credit or even more broad based

activities. Further, some of the SHGs have also been sponsored by the NGOs as a part of the rural development programmes in operation across the country. There are also SHGs created by the banks and certain developmental agencies such as the DRDA and so on. Precisely SHGs are informal voluntary associations formed to attain a common objective. In India women have been neglected long. Hence, women were encouraged to form into SHGs.

#### **IKP/VELUGU**

The Government of Andhra Pradesh has been implementing since June 2000 a Special project called "VELUGU" to address poverty through empowerment of rural poor women, especially the poorest of the poor. The project being implemented by the society for elimination of rural poverty (SERP) under Department of Rural Development and Panchayati raj, covered 180 backward mandals in 6 Districts under phase I. The Phase II of the Project Covered 548 backward mandals and all coastal Fisherman Villages in other 16 Districts has commenced since June 2002, thus covering 864 rural mandals covering all the districts of the state. The unique feature of the project is that it would be implemented through SHGs and developing other grass root level institutions of the poor involving villages organizations (VOs) and mandal Samakhya (MSs), enhancing their capacities to manage their resources. The project would also support sub-projects to be implemented by grassroots institutions to increase their livelihood opportunities, income and reduce risks. These sub-projects are part of a village micro-plan i.e., Livelihood Enhancement Action plan (LEAP) prepared under VELUGU by the project Staff. The poor families have to be covered under this Scheme. The Project involves strengthening of all the existing SHGs promoted by DRDA and facilitating their bank linkage. Another important component of the projects is Community Investment Fund (CIF) to support investments in sub-projects proposed and implemented by SHGs. The CIF is provided under the projects as a loan component to the members through their SHGs.

The project is expected to generate income and employment to the SHG members. The other components of VELUGU include educational support for girl child labour, support to people with disabilities and special interventions like social risk management through community based insurance package and rice credit scheme provides for food security to the poor by making available rice on credit with repayment period of 1-2 months.

#### **ANDHRA PRADESH MAHILA ABHIVRUDDHI SOCIETY (APMAS)**

It came into existence as a state level technical support institution to provide capacity building, quality rating, research and advocacy services to the SHGs and others in this field.

#### **IMPORTANT FUNCTIONS OF APMAS**

Quality rating of the services of SHGs and SHG federations  
Evaluates financial and organizational quality of SHGs on a multi point scale.

Provides capacity building services to SHGs and other stake holders  
Conduct research studies on SHG related issues  
Organizes technical workshops on its own and also facilitate work shops at the district, state and national level.  
Provides technical support on livelihood.  
Impart training to staff of the SHGs and their federations on different management aspects.

#### **IMPORTANT FEATURES OF SHGs**

The important features of SHGs in India include:  
They are small in size with 10-15 members each group.  
They operate common fund raised through savings and external borrowings.  
The rates of interests on loans are decided by the groups themselves.  
They follow simple procedures in their operations with limited documentation.  
The members of SHGs are engaged in certain common activities.  
They are transparent in their activities.  
The members have mutual trust and confidence.  
The SHGs possess good knowledge about the strengths, weaknesses and also problems of their respective members.  
They use peer groups pressures and group dynamics and such other methods for repayment of loans by their members.  
They adopt several methods to restore their conflicts such as mutual consultations, discussions etc.

#### **ORGANIZATIONAL STRUCTURE OF SHG**

In order to encourage the women to form into SHGs an incentive by way of revolving fund has also been provided by DRDA to such of those groups which have shown progress in terms of continuous saving for a period of 10 months. For better coordination all the SHGs in a village or locality have been formed into a village organization (VO) and all the VOs are federated in to Mandal Mahila Samakya (MMS) and like wise into district samakya. The SHGs which have been federated in to Mahila Banks will have access (under bank linkage) to Bank credit. This programme also facilitates the women to have easy access to social services like health, education, protected water etc. The formation of village organizations (Group of SHGs) and mandal federations may go in long way to assist and guide the SHGs in undertaking IG activities by its members.

#### **STEPS IN FORMATION OF THE SHGs**

The important steps involved in formation and running of a Self Help Group on sound lines are as follows.

#### **IDENTIFICATION OF THE POOR**

In order to form SHGs to start with poor has to be identified based on the PRA and B.P.L. surveys. Generally these surveys have to be under taken with the initiative of the Government. This may facilitate in identifying homogeneous groups based on income, occupation, residential, proximity, caste, religion and similar interest forms the basis for forming the groups.

#### **FORMATION OF SHGs**

Soon after identifying the homogenous groups the facilitator (Animator) has to motivate the poor to form into a group. For this purpose the facilitator can suggest the idle number for formation of the group (10-15 members) Accordingly the members can form in to a SHG and the same will be identified by naming the group.

#### **LEADERSHIP**

Once the group is formed the facilitator can suggest the group to choose group leader (1st leader II leader etc..) so as to man the affairs of the SHG. While selecting the leaders members have to ensure that they do not have any vested interests and are committed for the promotion of the group. .

#### **CONDUCT OF MEETINGS**

Rules and regulations governing SHGs should be prepared and the same may be placed before the members for discussion and a resolution may passed to the effect that the rules have been thoroughly discussed and accepted by the members. The subsequent meetings should specifically concentrate on financial issues. The SHGs have to periodically meet at a specified place and at a specified time to discuss issues pertaining to the finances of the group and their utilization. Further, the groups should initiate discussions on different socio-economic issues which may in a way benefit the group members.

#### **POOLING OF SAVINGS**

One of the important objectives of SHGs is to inculcate the saving habit among the SHG members for the purpose of thrift promotion taking into consideration the members views, the size of the amount, frequency of savings.

#### **LOANS TO MEMBERS**

From out of the available financial resources loans will be advanced to the needy members for productive and non- productive uses. The size of the loan, number of members to be provided with the loan, rate of interest, repayment schedule has to be thoroughly discussed at SHG meetings and accordingly the loans may be sanctioned to eligible SHG members on rotation basis and while sanctioning a subsequent loan the track record of the members has to be taken into account.

#### **FINANCIAL SUPPORT TO SHGs**

In order to promote SHGs several measures have been initiated. Apart from the revolving fund (through DRDAs, to the SHGs) the NABARD has also been playing an active role in supporting the SHGs through direct and indirect financing. Further, the SHGs have also been benefiting through bank linkage. The SHGs which have been performing well (based on the banks appraisal) were considered for credit linkage with banks. Due to the bank linkage the SHGs could mobilize more finance for internal lending. It is also important to note that the SHGs have been provided with CIF through World Bank. Other institutions extending financial support to the SHG include SIDBI, HDFB, and HUDCO.

#### STABILISATION OF THE GROUPS

SHGs should take measures to maintain stability by way of ensuring the regular savings, timely repayment of loan installments by its members. The SHGs should seek the financial support from formal credit institutions to strengthen their SHGs financial base.

#### INCOME GENERATING ACTIVITIES

The avowed objective of the SHO is to improve the Socio - economic conditions of its members. For this purpose each SHG has to plan for area specific income generating activities in which members have interest and experience in creation of assets and generating employment may also pave the way for realizing the very objective of formation of SHGs.

#### BOOK KEEPING

An efficient book keeping is required for efficient financial management of SHGs. Moreover it develops confidence among the members and it promotes transparency. The services of animator can be made use for this purpose. Further, the literate members should be trained in book keeping so as to ensure up to date entries in the concerned records.

#### MONITORING AND EVALUATION

The self Help Group will work efficiently only when the group activities are subject to monitoring from time to time by internal and external agencies. It is in this regard the SHG in its regular meetings should discuss the problems confronting them i.e., the members felt needs, and practical problems of members in availing the finance and other benefits through SHGs. To discipline the group the external monitoring is necessary. Further, SHGs should be periodically evaluated by the outside agencies so as to find out the positive and negative factors.

#### SUGGESTIONS

In order to realize the objectives for which the SHGs have been setup the following suggestions have been made.

Maintenance of transparency in SHG transactions so as to instill confidence among the members. Groups must take decisions only after allowing thorough discussion of the issues.

Rotation of leadership should be encouraged so as to give a chance to other members to shoulder the responsibility.

Banker should encourage the SHGs (which have shown progress) by sanctioning subsequent finances without causing hardship to the members. To speed up the transactions pertaining to the SHGs a separate cell may be created in the bank.

Training of educated SHG members on book keeping will not only reduce the burden on Animator / MBK but also develops confidence among the SHG members that they could maintain accounts on their own.

The SHGs are required to resort to flexible repayment period as fixing repayment period uniformly has been causing hardship to certain SHG members who have borrowed for investing on crop production activities and long gestation

income generating activities which may take some time to yield returns.

Periodical monitoring of SHGs by C.C., A.P.M., D.P.M, A.P.O., P.D., should be made mandatory. In order to sensitize the groups in remote problematic, backward areas the concerned district level officials should take special interest so that the lower level staff and the SHG members will work with devotion and commitment.

Conduct of short-term awareness cum training programmes to the SHG members may help in better standing under of the philosophy of the SIIG and their role and responsibilities in the group.

By arranging exposure visits to successful SHGs the members could better understand the ways and means of improving the SHGs.

In order to empower the women economically members should be encouraged to under take IG activities so as to strengthen their economic base. For this purpose the beneficiaries must be provided with information pertaining to the feasible activities suitable for them. In order to take up no conventional activities, short-term training should be arranged at Mandal level so as to develop the potentialities and skills of the SHG members.

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