

Self-Help Group and Economic Development: A Study in the perspective of Assam

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Abstract

During the 20th century, the Self Help Groups (SHGs) signifies as an important instrument for the socio-economic development of society. The SHGs is a small group of poor's comprising marginal farmers, landless agriculture labourers and rural womenfolk not less than 10 and more than 20 members. The SHGs collect and deposit a certain number of amounts from their members per month in the bank and lend some amount to the needy members for production purposes and also for subsistence and consumption needs. Assam is in the eastern part of India dominated by an agrarian society. Most of the people of the state live in rural areas. The socio-economic conditions of these people are not so good to have a quality and dignity life in spite of growing many industries of deferent sectors. The SHGs plays a significant role in the field of socio-economic condition of both rural and urban people. In this paper, an attempt has been made to understand the role of SHGs in the economic development of Assam.

Keywords: *Self Help Group, Socio-economic, Development*

Introduction

A Self Help Groups (SHGs) is a small group of people created at the grassroots level to get economic benefits based on mutual help, solidarity and joint responsibility. The SHGs are formed voluntarily by the urban and rural poor for working together for social and economic upliftment. The SHGs are either sex belonging to the similar status background and having a common problem and who agree to save periodically a certain amount, create corpus (material substance) of their own, recycle the same among their members for a period of at least six availing loan assistance up to four times their saving in a phased manner.

The members of SHGs save and contribute to a common fund to be lent out to its members as per the decision of the group. The basic philosophy underlying SHGs is the fact that the shortcomings and weaknesses at the individual level can be overcome by the collective responsibility and security accrued through the formation of a self-help group. Hence, SHGs serve as a novel and innovative organizational instrument in India for the welfare of women and upliftment. Most SHGs are formed with membership ranging between 10 and 20. The members are usually women. They pooled financial resources to make small interest-bearing loans to their members. These processes create an ethic that focuses on saving first.

The setting of terms and conditions of accounting of the loan is done in the group by the designated members.

Every SHGs elect two or more office bearers including the president, secretary and treasurers according to the democratic process. The SHGs collect and deposit a certain number of amounts from their members per month in the bank and lend some amount to the needy members for production purposes and also for subsistence and consumption needs. The SHGs also take a loan from banks, voluntary organization and self-promoting institution to meet the needs of the members. But before starting their grain full activities, the members undergo training imparted by voluntary organization or Agencies such as the National Institute of Rural Development (NIRD), State Institutes of Rural Training and Development (SRTD), NABARD, NGOs, etc. The SHGs themselves or with the help of the NGOs assess individual credit needs of their members and submit the proposal to the bank for sanction of collective loans in its name. The NGOs help SHGs in procuring raw material and also marketing the product. India is a country with more than 121 crore people where almost 80% of the population lives in the rural area. About 40 per cent of the rural population and 23.62 per cent of the urban population are estimated to be living below the poverty line. SHG is now a well-known concept that has a role in hastening a country's economic development.

Objectives

Considering the research question of the paper the following objectives has been drawn to test the research problem.

1. To study the role of self help groups in upliftment of the economy of Assam.
2. To find out the problems faced by self help groups in the field of economic development.
3. To focus the area which are necessary for the effective functioning of self help groups in improving the rural economy.

Methodology

The study is based on secondary data. Secondary data are collected from various books, journals, articles working papers, official record etc.

Role of SHGs on Assam Economy

Assam is situated in the eastern part of India, famous for tea and petroleum product. During British rule, the tea and petroleum industry was established. Since then the attempt has been made to industrialize the state in different sectors such as limestone, cement, sugar industry, paper industry, forest base resources industry and so on. In these industry sectors, the domination of the Assamese people is too little for which

the socio-economic condition of the same remains bad. Most of the people of the state-related to seasonal agriculture and others like the profession. Hence, the earning of the people of the state is too few for which they could not maintain their family. After the independence of the country, the different developmental policy has been taken by the government for the socio-economic condition of the people. But, most of the holistic approaches of the government failed due to misuse of public money and corruption. On the other hand, the government money received by the beneficiary was also misused by them. Therefore, the development trend of the state is too slow.

The SHGs plays a significant role in the field of socio-economic development of the country in the last part of the 20th century. Since then the SHGs also popularized in Assam and the people of Assam considered it as the best way of development. The impact of the SHGs role in the upliftment of the economic condition of the state can be observed as discussed below.

1. To alleviate poverty: During the British rule and just after the independence of the country, most of the people of the country were suffering in poverty. But, after the planned economy initiated by the government, poverty is going to decline gradually. The SHGs is also playing a significant role in this regard and able to create leadership among the people. it is worth mentioning that near about 80 per cent of SHGs member before they join the SHGs group were dependent upon their family member. But after joining SHGs, they become self-dependent. They engage themselves in different productive works for their live hood. The process of production and earning empowered the people and hence, they able to free themselves from poverty.

2. To increase employment opportunity: The SHGs create employment opportunity in the state. local and need base small industry has been constituted in the state. The firming culture such as Fishery, Piggery, Goattery, Cutting and designing, Weaving etc. also popularized in the state. The members of the SHGs learn how to use their capital and establish relationships with the banking sector.

3. To accelerate economic growth: The economic condition of the members of the SHGs become gradually good compare to their earlier days. The investment and consumption capacity of the people increases which indicates the success of the SHGs. It contributes to developing the per capita income of the people as like as the national GDP.

4. Quality of Life: The SHGs promote the quality and dignity of life of the people of Assam. It provides a prestigious status to the people. Empowerment of women and capacity building among the poor's is a significant contribution of the SHGs. Result of this development, the members of the SHGs able to send

their child for higher education. They are also able to have to take care of their health and invest a good amount of money in Bank for future security.

5. To promote income-generating activities: Every SHGs have some pre-determined goals. Accordingly, they organised their productive activities for earning and profits. Due to this reason, different sectors of investment and production are identified. The members of the SHGs involve in this field for which the income-generating works and engagement field expand. It also uplifts the economic condition of the members of the SHGs.

Problems of self help group in Assam

The SHGs of Assam though plays an important role in the process of economic development of Assam but it has been facing different problems at different times. The major problems of the SHGs of Assam can be discussed as under.

Administrative corruption: Due to the practice of widespread corruption in Assam, the SHGs need to give bribe or take other means to get any financial assistance or other benefits from governments directly or through the mediator.

Insufficient financial assistance: Another notable problem of SHGs of the state is insufficient capital and financial assistance received from the government or other sources to organise their productive activities. Result that the SHGs are suffering in different problems and even in many times they also suffering in frustration.

Subsidiary amount: To create encouragement among the members of the SHGs it is very much essential to provide subsidiary in governmental schemes or banks loan. But, the role framed by the departments and banks subsidiary is not provided to all. The newborn SHGs are depriving of loan subsidiary or even not consider for the bank loan.

Maintaining Bank account: For the smooth functioning of the SHGs, it is very much essential to maintain Bank Account properly. But, in the case of many SHGs, the Bank accounts are not properly maintained. The reason behind the fact is the lack of banking knowledge and awareness among the members of the SHGs. Many members of the SHGs not deposited their monthly contribution in rights time. Result of which, the SHGs are not qualified for having a Bank Loan.

Lack of Training and Awareness: One of the notable problems of the SHGs of Assam is the absence of proper Training and Awareness. Due to this reason, the SHGs are not implementing their plan and programme at right time. On the other hand, the members of the SHGs remain inefficient for which they could not choose an effective plan of development. As per the statistics of the government altogether 70 per cent of total members of the SHGs are unskilled and untrained.

Suggestions

The performance of SHGs in Assam is not sufficient enough. There are lots of opportunities for the upliftment of the SHGs by involving them in different small and cottage industries.

To uplift the rural economy and engaged the members of the SHGs in production sectors, necessary initiatives need to taken by the government sector and individual sector. In this regard, few suggestions have been sketched here.

1. Government need to take some special measures for the economic upliftment of the SHGs. The special developmental programme needs to be taken for the all-round development of the members of the group and should include all categories of people belongs to below the poverty line as members of the same and provide them with the special economic package.
2. For skill development of all the members of SHGs, training and awareness programme need to be initiated for the skill development of the members through different line departments of the Government, leading institutions like IIT, IIE and NGO's etc.
3. For the smooth functioning of the SHGs, there should be transparency in official documents and records. If the records of the SHGs keep clearly as per official procedure then misunderstanding will not play among the members. Therefore, special training for record-keeping should be imparted to the members of SHGs from the bank and government side.
4. The Government and Bank authorities should try to keep their administration free from corruption or such kind of bad means. If corruption plays in administration then it will demoralize the SHGs to run their function properly. An accountable and corruption-free administration can encourage the SHGs to involve them in production-related works.
5. The subsidies amount of case loan provided to the SHGs is insufficient. Therefore, the government and bank policy should be reform so that they can get and a good amount of money as subsidies.
6. Proper training should be provided to the members of SHGs by concerned departments for adequate financial management.
7. It should be noted that subsidized amount should be received by all the groups of SHGs without any discrimination. Subsidization should be provided based on the priority of need.

Conclusion

The above discussion and findings of the study stated that the SHGs carry out an important role in the economic development of Assam. It also creates a self-help environment in the state. It helps to organise the poor, both men and women, in a common platform or groups to built leadership and capacity building.

The formation of SHGs can create opportunities for the deprived people to participate in various income-generating activities. The SHGs helps the dependent community to stand on their foot independently. Poverty, which is recognised as the crush of society is going to decline gradually. The SHGs provides engagement to its members in different employment generating activities. Result that the problem of unemployment is day by day eradicated from society.

The findings of the paper also stated that the traditional system of lending money is also gradually declining. The SHGs establish a good relationship with the bank. Today, every member of the SHGs understands the banking procedure and responsibility of the bank. Hence, the banking sector provides micro-credit loan along with government subsidies to the SHGs. Because of this reason, the economic condition of the members of the SHGs become good which contribute a great contribution to the national economy.

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