



1. Self-Help Groups & it's Present Status

Harsh Bisen

*Student, Rural Management Programme (2019-21)
Xavier Institute of Social Service, Ranchi, Jharkhand.*

e-mail: singh.harsh138@gmail.com

Abstract

The terminology “SHGs” said to emerged during 1970’s and the origin was from Grameen Bank of Bangladesh, founded by Mohamed Yunus in 1975, mostly formed by women; the SHGs has collection action with the vision focusing on their member's development in a period. It is said that SHGs has something to do with socio-economic progress of the nation by its alternative system for credit delivery to the people who are categorized as poor by class status i.e. they comprise of poor-marginal farmers and landless agricultural labours and other phenomena. Back in 1947, in Maharashtra amount of 25 paise, the women from Amravati district came up with voluntary association and further in 1988, Chaitanya - Gramin Mahila Bal Yuvak Sanstha started promoting SHGs in Pune district. “The first case scenario after the introduction of SHGs in India was from the actions undertaken by the Mysore Resettlement And Area Development Agency (MYRADA). The SHG movement, under the leadership of MYRADA, first started in the southern states.” (Basistha, 2018) They not only worked in economic aspects but also in social development too. We must accept that the SHGs have transformed tremendously after their birth in this world. As someone has rightly quoted, “Change is a constant term,” and the one who failed to do so has seen themselves in the graveyard sooner or later. The proposed study will show the essence of SHGs and its capacity to transform a nation of farmers and rural areas into the residents' adorable places.

Key Words - SHG, Self Help Groups, Empowerment,

Introduction

With the introduction of SHGs in the mid-1970s, the world came to know the alternative method of optimum utilization of human resource for their development by their active



participation with some base fundamentals to be followed. NABARD (National Bank for Agriculture and Rural Development) came with the idea of Self Help Group (SHG) during 1986-1987 and tried to expand to India's areas. Especially in rural areas, we all know that the absence of proper institutional credit availability in the rural area was somehow slowing down the rural economy. The concept of SHG after its introduction in India started becoming popular, especially in southern India and now it's been working very progressively in the rural areas of our nation. It has somehow helped to organize the rural poor, and even the urban slum residents to meet their production and consumption needs out of their savings. As we got this term from Bangladesh in 1975 but we can find its trace with the formation of SEWA (Self Employed Women Association) in the year 1970. During 1991, NABARD started promoting SHG, and in the year 1993, RBI (Reserve Bank of India) allowed SHGs to open saving accounts in banks for availing bank services. Then, NABARD also came up with many ideas on SHGs in the late 1980s. In 1999, the Government of India introduced SGSY (Swarn Jayanti Gram Swarozgar Yojna) to promote self-employment in rural through SHGs. With time, it came up with NRLM (National Rural Livelihood Mission) and in some states state government established NGOs like in Bihar, BRLPS (Bihar Rural Livelihood Promotion Society) as Ajeevika and in Jharkhand, JSLPS (Jharkhand State Livelihood Promotion Society) which also works in SHG formation and sustainability. Let's go to the soul and theme of SHG with its meaning. We can understand SHG as a self-governed, informative local group of people with similarities in their socio-economic profile and who wish to join together to collectively perform and achieve their objectives, goals, mission and vision. Generally, SHGs have a minimum of 08 – 10 members with the utmost of 20 in one group. Now, the government has started giving SHG codes to registered SHG, which can be used in the joint bank accounts and other legal work. These Self-Help Groups in India are assisted by the NGOs, which are popularly called Self Help Programming Institutions (SHPI). They help SHGs by encouraging them to take livelihood activities, for which certain NGOs provide skill training. The members of the SHG are encouraged to save and internally lend savings to its members. SHPIs also help them on managing books of accounts.

Literature Review

"This blended techniques deliberate survey centres around the effect of ladies' self-improvement gatherings (SHGs) on ladies' financial, social, mental, and political strengthening. Both legislative and non-administrative organizations spend considerable assets encouraging SHGs in low-and centre pay nations in South Asia and other creating nations, under the reason that entrance to micro-finance, preparing, and bunch backing can improve ladies' strengthening. We found that ladies' financial SHGs affect monetary and political strengthening, ladies' portability, and ladies' power over family arranging. The assessed impact sizes extend from 0.06–0.41 institutionalized mean contrasts. We didn't discover proof for constructive outcomes of SHGs on mental strengthening. The subjective research further proposes that the constructive outcomes of SHGs on strengthening go through instruments related to commonality in taking care of cash, freedom in budgetary dynamic, solidarity, informal organizations, and regard from the family unit and other network individuals. In any case, the included assessments regularly did exclude adequate data about the points of interest of the exercises that were actualized by the SHGs. Accordingly, it stays muddled which of the different SHG models are best. At last, our triangulation of the quantitative and subjective discoveries shows that SHGs do not have unfriendly ramifications for abusive behaviour at home." (Carinne Brody, 2016)

In his study, Bera Sudhin Kumar points out that micro-finance taking the form of SHG Linkage model has been able to inspire hope in the lives of the rural, focusing mainly on the women enable them to contribute to their family's well-being through savings and borrowings. Microfinance is influencing the quality of life and is considered a powerful tool for the positive change in modern society. The study was conducted to identify the improvements in the income level and the employment generation by the member's household and the study also highlighted some of the issues that concerned the functioning of SHGs. (Kumar)

Lakshmi R. Kulshresta and Archana Gupta attempted to bring out the importance of financing the poor with the help of Self-help groups, which would reduce the intensity of poverty. This would also help in the promotion of gender equality and socio-economic

equality. As pointed out by the authors, the problems discussed in the study were problems the banking sector faced, the problems faced during the emergence of microfinance and the SHGs. The conclusion that came out from this study was that the most effective cost strategy is the SHG strategy for the quick transformation of this poor society. (Kulshresta, 2001)

“**NABARD (National Bank for Agriculture and Rural Development)** in their study, had tried to make an attempt to bring forward the challenges that had been viewed from various perspectives, particularly the area requiring attention and thrust that promises the remedies and the multi-dimensional initiatives. The study that was done emphasized the up-gradation of skills, transfer of training and technology, the production of specialized handicraft items made and sold by the women, access to the information, export and marketing, networking with various agencies, and the simplification of the existing schemes. The study concluded that majorly importance should be given towards transforming the micro-groups to small and medium enterprises by strengthening credit delivery to women groups and thereby focusing on the development of SHGs.” (NABARD, 1998)

Krishnaiah in his study, highlighted the operation of the SHGs that are engaged in the arena of income generation, environmental protection, human development and natural resource management. The author has given the macro-analysis of SHGs that is based on the state-wise data. The study also deals with the working of women's self-help groups. The author has provided an in-depth analysis of the evolution, performance, loopholes and perspective. He focused on the socio-economic impact of the SHGs concerning the reduction in the level of poverty and importance on the women empowerment. The conclusion that came out of the study was that usage of appropriate technology, and the creation of necessary marketing channels require greater attention for making the SHG viable. (Krishnaiah, 2003)

Ganpati and Murugesan had researched the impact of Micro Finance on the economic status of the members of SHG that were operating in the Coimbatore District of Tamil Nadu. They tried to study the impact of microfinance on the women members of the SHGs in terms of their economic status and the members' socio-economic condition. The findings that came out of the study was that it revealed the association between the economic status of SHG members and other variables like the age, residence, marital status, size of the family were

not significant, but there was a significant relationship between the economic status of SHG and the variables such as education, awareness, monthly income and the active participation in SHG of the SHG's members. Further suggestions were made to improve the function of the micro-credit that is operating in the grassroots level. (Murugesan, 2011)

Sudarshan has conducted a study on the impact of women self-help groups in the economic development of Andhra Pradesh. The study that he conducted was to investigate the organizational structure of the self-help groups, keeping in view its strengths and weaknesses and studying the method and procedure required in savings, borrowings, and government assistance. The study revealed that the women's impact that belonged to the poor section of the society was satisfactory. The functioning of women SHG had reduced the burden of debt in rural areas. The conclusion drawn from the study was the establishment of the bank in the villages had become necessary to reduce the SHG members' transportation cost, personal cost, wages cost for getting the loan, and repayment of the loan. With the help of SHG the village banks are also inspiring for the savings that would strengthen their deposits, employment, income and influences of the savings habit of the members of SHG in the rural areas. The author's suggestion is for the efficiency in the functioning of women SHGs and the amount of loan that should be increased in response to the rising prices of the goods and services. (Sudarshan, 2011)

Objective of the study

- To understand the role and work of SHGs in strengthening the financial inclusion strategies.
- To get familiar with the current socio-economic status of SHGs.
- To analyze the gap between the expected effectiveness of SHGs with their current position and function in society.
- To understand the loopholes, which leads to the sufferings of SHGs.

As a whole, the study is to deal to find out the deviation from the benchmark that was set as expectations from the SHGs (Self Help Groups) and the position that the SHGs (Self Help Groups) are holding in the current scenario. The deviation must be analysed for being

negative or positive. If it holds a positive sign, then it's good but then what are the reasons acting as loopholes that hinder SHGs (Self Help Groups). The study's main thrust also includes what facilities the facilitator can provide to them so that they can evolve into smart and sustainable in financial and social aspects. The facilitators include the government and non-government agencies working for SHGs (Self Help Groups) development and the companies with the CSR interventions. It will also study the socio-economic impact made by the SHGs (Self Help Groups) on poverty reduction. Apart from the above, the focus will also on formulating sustainable financial inclusion strategies for SHGs and to know the current social and economic condition of the SHG members and to know the level of financial inclusion brought in by the SHG groups in their area.

Why we need SHG?

Since our childhood, we have heard a very popular phrase that “money attracts money,” which is the primary reason most Indian villagers are still finding it hard to fetch two meals a day for themselves and their family members. The reason was low credit formation in slums and rural areas and deprived them of basic financial services. The SHG also has to create confidence for rural people's economic self-reliance, particularly among women who are mostly invisible in the social structure.

A committee was set up to prepare a report on “Financial Inclusion in the Country” under the chairmanship of Dr. C. Rangarajan, which completed their work briefing the main problem of lack of financial inclusion in four subheads and they were:

- Inability to provide collateral security,
- Poor credit absorption capacity,
- Inadequate reach of the institutions, and
- Weak community network.

And that's what SHGs took as their motto: poverty alleviation and cheap credit. They also focused on empowering the youths & women, promoting education to increase literacy rate and other sections of society to be positive contributors to the nation's development.

As per NABARD report in the year 2006, “there are 2.2 million SHGs in India, representing 33 million members that have taken loans from banks under its linkage program to date. A study conducted by S. Chakrabarty in 2004 said that organization like SHG can be an effective tool for "alleviating- poverty." The need of SHG can be estimated with the fact that it has been successful in achieving almost all the burning issues that has been prevailing the nation and prohibiting accelerating the growth and development. Some of the major issues of rural and urban areas that SHG has shown a positive result are watershed management, community development, rural financial inclusion, public health, rural drinking water issue, livestock management, and many more.

The strength of any SHG lies in given bullets:

- Mobilizing the resources of the individual members for collective economic development.
- To improve living conditions of the poor members.
- To promote the habit of savings and optimum use of local resources.
- To develop individual skills for group's interest and promote entrepreneurship which will lead to employment as well as income generation.
- To make positive mindfulness in the general public.
- Financial assistance to needy members at low interest rates at the time of need.
- To identify major problems and finding out a solution after it's analysis.
- To focus on socio-economic development of their village.
- To help their members in repayment of loans within the time period.
- To gain mutual understanding, develop trust, teamwork concept, leadership and self-confidence.

Existing Scenario of SHGs

Today we have more than **62, 66,812** SHGs working in India. It constitutes approximately 6, 85, 60,721 members in it & the contribution of Jharkhand in a grand total of SHGs is approximately 2, 24,850 with approximately 25, 05,708 members in it.

Basic needs to form SHG

The mutual trust among the group members with demand-based lending and enabling poor-friendly loans without any collateral is essential for any SHG to perform in favour of their members. Besides this, it can be registered or cannot be but the valid point will be to get registered to avail the benefits of the government or any NGOs.

Core Functions:

Every committee or organisation has some activities which have to be performed purposely called as functions. Thus, SHGs have some basic functions to perform and they are:

- Be the alternative source of credit delivery to their members as collateral free loan.
- To resolve their members personal issue collectively and mutual discussion.
- Working the issues of their areas with an agenda to eliminate those loopholes from their community.
- To promote saving habits among the members.
- Self-reliant and self-dependent must be promoted among members.
- Providing a gathering for individuals for examining their social and financial issues.
- Upgrading the social status of members.
- Providing a platform for members for exchange of ideas, discussing on queries and collective decision making.
- To aware the society with the hot burning news or topic and also to act as a bridge between their society to rest of the world.

Goals

Self-help groups are often seen as instruments of goals that include women empowerment, development of leadership qualities among the poor and needy people, increased school enrollment, and improvement in nutrition and birth control. In India, SHG is bridging the gap between the high and low-caste people.

Structure of SHG

SHG group consists of 10-20 members, usual women from similar backgrounds who voluntarily come together to save small sums of money. The resources are pooled together for becoming financially stable, taking loans from their collective savings in times of emergency. The group members use collective wisdom to ensure the proper use of credit and timely repayment. Banks offer collateral-free loans to such groups at a very low-interest rate. This allows poor women to take over their challenges of exclusion from institutional financial services.

Major components of SHGs which needs full support to develop the group

The core components of SHG are of three which are interdependent on each other:

- MICROCREDIT
- EMPOWERMENT
- ENTREPRENEURSHIP

Some major players in banking sectors have come with many ideas on providing certain help to SHGs to make them sustain for longer periods and help them achieve their objectives. Like, ICICI has come up SBLP (Self Group Bank Linkage Programme) which aims to deliver financial products and services to the section deprived of access to formal banking. They also provide loans with the motto to empower the creditor and develop their means of income generation. ICICI has listed the information regarding these in their website given below: <https://www.icicibank.com/rural/microbanking/shg.page>. ICICI focused on the “savings first – credit later” theme of what every SHG intends to promote savings habit among the SHGs registered under them for availing any financial products and services under financial inclusion.

Accounts keeping by SHG

1. Simple and clear books for all transaction
2. If the members are not able to maintain the book, they can take outside help
3. All books to be written during the regular meetings held

4. Books to be kept by SHG:

4.1. Minutes book-

- Proceeding of meetings
- Rules of group
- Names of members

4.2. Savings and Loan Register-

- Details of individual loans
- Repayments
- Interest collected
- Balance

4.3. Weekly/Fortnightly/Monthly Register- Summary of payment and receipts

4.4. Members Passbooks-

- Individual savings
- Individual loans
- Loan balance outstanding

Loopholes that restrict SHGs to perform in a desired manner

1. In reality, many officials does not support SHGs as they have to do in certain areas which has some led to close down of SHGs like in case of Annai Theresa Women's SHG.
2. Education status is low among members of SHG which makes difficult for them to carry out SHG operations effectively and efficiently.
3. The functions of the SHGs gets slow due to personal issues and lack of cooperation between the members with poor financial inclusion in rural and favouritism among members are some of the other issues that kills any SHGs.
4. Lack of qualified resource personnel in the backward areas that could help in the upgradation of skills that is the capacity of skill building and training is lacking.
5. Poor accounting practices leading to the misappropriation of funds.
6. Heavily dependent on the NGOs and the government. Withdrawal of these often leads to collapse of SHGs.

7. In spite of being social empowerment, the economic gain to bring a qualitative changed in the life of these poor people are not satisfactory.

Challenges faced by SHG

- Lack of Knowledge among SHGs members
- Patriarchal Mindset- Backward thinking and social obligation discourages the women
- Lack of rural banking facilities- Many public sector banks unwilling to provide financial services to such groups as the cost of servicing is high.
- No Security- SHGs mainly work on the confidence and mutual trust of the members there by leading to unsecured deposits.
- Sustainability and quality of operation becomes a matter of debate.
- Minority of the SHGs are able to raise themselves from the level of micro-finance to micro-entrepreneurship.

Possible ways to make SHGs SMART and sustainable

When the term “Self Help Group” came into existence, it was innovative and so dynamic that it led revolution in microfinance and rural credit especially in countries like India where approximately 68% of citizens resides in rural areas and majority of them are lying in the category of absolute poverty. But with the passage of time, it got outdate and there is need to transform for getting benefit out of it.

Thus, today we need SMART (Specific, Measurable, Achievable, Realistic, Time-Bound) and sustainable SHG to accelerate economic growth and other sphere of development. It can be facilitated with:

Upliftment in general education status in villages particularly female education.

- Stress should be given to vocational education to enable the trainee to acquire the skills which can be used to start new business or get employment with decent salary to live happily. Like: Technical Training: - Packaging and Labelling or mechanical training, goat farming, poultry farm, fishery, vermicomposting , cultivation of

medicinal plants, fruits processing, resham udyog, horticulture training and many other which can generate income.

- Increasing awareness among members regarding their own rights has to be improved through public outreach programmes.
- Banking sector need to expand its financial services in every area.
- Management training must be given to the members so to enhance productivity and efficiency.
- Enhancement of rural infrastructure is needed to foster growth and development.

Conclusion

The essence of the SHGs (Self Help Groups) cannot be ignored in countries like India. The need of SHGs is not only to facilitate and promote financial inclusion to its members but also to work on the verticals of societal development. There is a need for effective and efficient SHGs to connect the area's development in pace with the nation's development. The government and donor agencies must work on the profile of providing sustainability to them to become an inevitable part of the nation's growth and development.

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