



The Role Of Self-Help Groups In Community Development Of Pala Social Welfare Societies

Mr. JUSTINE JOSEPH

Associate Professor of Economics, St. Joseph's College, Moolamattom, Arakulam P.O. Idukki (DT.)

Dr. P. ARUNACHALAM

HOD, Dept. of Applied Economics, Cochin University of Science and Technology, Kalamassey, Ernakulam.

ABSTRACT

The SHG method is used by the government, NGOs and others worldwide. Thousands of the poor and the marginalized population in Pala Social Welfare Societies are building their lives, their families and their society through Self help groups. The main aim of this paper is to examine the impact of Self-help Group in Community development of Pala Social Welfare Societies. Self-help Groups have been playing considerable role in training of Swarozgaris, infrastructure development, marketing and technology support, communication level of members, self confidence among members, change in family violence, frequency of interaction with outsiders, change in the saving pattern of SHG members, change in the cumulative saving pattern of SHG members per month, involvement in politics, achieving social harmony, achieving social justice, involvement in community action, sustainable quality and accountability, equity within SHGs, defaults and recoveries, and sustainability - financial value. The present status of Self-Help Group in Pala Social Welfare Societies, impact of Self-Help Group in Pala Social Welfare Societies, Shortcomings of Self-Help Group, Suggestions to improve, and follows conclusion.

KEYWORDS : Poor, Self-Help Group, achieving Social Justice, Sustainable quality, Equity, Empowerment.

Introduction

Self-help group is a method of organising the poor people and the marginalized to come together to solve their individual problem. The SHG method is used by the government, NGOs and others worldwide. The poor collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise. Thousands of the poor and the marginalized population in Pala Social Welfare Societies are building their lives, their families and their society through Self help groups. The 9th five year plan of the government of Pala Social Welfare Societies had given due recognition on the importance and the relevance of the Self-help group method to implement developmental schemes at the grassroots level. Self Help Group (SHGs)-Bank Linkage Programme is emerging as a cost effective mechanism for providing financial services to the "Unreached Poor" which has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self help capacities of the poor, leading to their empowerment. The main aim of this paper is to examine the impact of Self-help Group in Socio-economic development of Pala Social Welfare Societies. It analyses what is Self-Help Group? Why the Self-Help Group is so important in Pala Social Welfare Societies? The present status of Self-Help Group in Pala Social Welfare Societies, impact of Self-Help Group in Pala Social Welfare Societies, Shortcomings of Self-Help Group in Pala Social Welfare Societies, Suggestions to improve Self-Help Group In Pala Social Welfare Societies, conclusion.

The Present Status of Self-Help Group

Even after more than 62 years of planning, various poverty alleviation programmes, official estimates shows that around 26.1 percent of total population still lives below the poverty line in Pala Social Welfare Societies the financial requirement is one of the basic needs of the poor rural people of the society for their socio-economic upliftment. Amongst the poor the most disadvantageous group are the women and they constitutes almost half of the population of Pala Social Welfare Societies. According to new data, 29.8 per cent or 360 million Pala Social Welfare Societies were poor in 2009-10 as compared to 37.2 per cent or 400 million in 2004-05. However, the decline is based on a poverty line calculated at Rs.22.43 per person per day in rural areas, and Rs.28.65 per person per day in urban areas, which is lower than the earlier Rs.32 a day mark. In rural areas, Scheduled Tribes exhibit the highest level of poverty (47.4%), followed by Scheduled Castes (SCs), (42.3%), and Other Backward Castes (OBC), 31.9%, against 33.8% for all classes. In urban areas, SCs have HCR of 34.1% followed by STs (30.4%) and OBC (24.3%) against 20.9% for all classes.

While Pala Social Welfare Societies unemployment rate has dropped from 8.2% in 2004-05 to 6.6% in 2009-10, the number of jobless is still huge in absolute terms. The country added some 11.7 million people to the workforce between 2004-05 and 2009-10, and the labour pool, based on the 2009-10 national sample survey, and is estimated at 28.9 million. Over half the country's workforce is self-employed and women receive less pay than men for similar jobs, latest government data shows. While 51% of the country's total workforce is self-employed, only 15.5% are regular wagers or salaried employees and 33.5% casual labourers, according to a survey by the National Sample Survey Office (NSSO). The proportion of the self employed (vulnerable workers) has declined significantly in the development process. The proportion of self employment in the total employment is as low as 8% and 10% for women and men respectively in developed regions and as high as 64% and 57% for women and men in developing regions.

Impact of Self-Help Group: 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. 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. Since the project is perhaps too early in its implementation to directly improve women'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. Some of NGOs reports have shown that the record on the repayment of loans by women was often better than that of men, and that women were also more likely to spend the income earned, on their families, leading to improved health and nutrition of the poor population and for improving the quality of their lives.

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 Govern-

ment of Pala Social Welfare Societies 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. The number of assisted SHG/ group Swarozgaris has increased from 35,000 in 1999 – 00 to 1.15 million in 2007 – 08. At the same time the number of assisted individual Swarozgar has declined from 586 thousand in 1999 – 00 to 254 thousand in 2007 – 08. The National Bank for Agriculture & Rural Development (Nabard) 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. This empowerment cannot be transformed or delivered it must be self generated such that it enables those who are empowered to take control over their lives.

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.

In a majority of the cases, the women perceived themselves as now having some influence over decisions in the political life of village, and in a smaller number of cases, the women named their participation and influence in village political life as an important and note-worthy change. However, in general, the opportunities available to the women to participate in village life were limited, as most of the village processes were still being male-dominated and patriarchal. Though the SHGs generate positive impact on the rural economy through empowering women and enhancing the rural income of those participant households, the issue of group size has been of long standing concern.

Community Participation

SHG members undertook a lot of community activities which they earlier could not have imagined them self to have done. They distributed school uniforms to poor students; they undertook a plantation drive, distributed pen and notebook sets to poor students and donated some money to a charity during a national calamity. They participated in several social initiatives like the "Clean Village Drive" and other such social upliftment programmes since their involvement in the SHG. They organized a small function on Pala Social Welfare Societies Republic day, Perspective of the Social Worker Women who have participated in this have benefited economically. They are now able to buy household goods like televisions, furniture, telephones, and jeweler and most importantly are able to save for the future. They also participate in elections. Moreover, they make use of the various government welfare schemes available".

Increased Nutritional Status

They find positive impacts on empowerment and nutritional intake. Female social and economic empowerment in program are as 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.

Shortcomings' of the Self-Help Group in Pala Social Welfare Societies

Though it was considered as a wonderful program by many stakeholders, the program failed on many counts is provided as follows:

Challenge takes off

The program supported promotion of 292 thousand SHGs in the first year, i.e. 1999 – 00. The number remains around this level in all subsequent years with wide fluctuations from year to year. Similarly, 214 thousand groups passed Grade – I, in the second year of the program, i.e. 2000 – 01. It remains around this level in all subsequent years. Though there is significant growth in the number of groups that passed Grade – II, groups which have taken up economic activities are less. In total only 685 thousand groups have taken up economic activities. It is a little over one-fifth of groups promoted in the scheme.

Funds allocation and utilization

The allocation of funds for the SGSY scheme by both central and states' governments was Rs.1, 472 cr. in 1999 – 00, the first year of the program. In the subsequent 7 years, the allocation remained below that of the first year. It was nearly half of the first year allocation in 2001 – 02 and 2002 – 03. The total amount allocated for the program during 10 years is Rs.14, 467 cr. It is less than half of the budgetary allocation of Rs.30, 100 cr. for NREG in just one year, i.e. 2009 – 10. The principal reason for stagnation in funds allocation is non-cooperation of banks. The allocated meager amounts were not fully utilized even in one year during the last 10 years program period. Total utilization is 74% of funds made available. However, the utilization ratios are increasing over the years. It has increased from 49% in 1999 – 00 to 86% in 2003 – 04. It remains well over 80% in the subsequent years. Though there is provision for utilizing of 10% of allocated funds for training and another 20% for development of critical infrastructure, utilization of funds in these two activities is quite less and relatively more funds were used for providing subsidies and grants to SHGs and individual Swarozgaris. As a result the program is often known as subsidy oriented program.

Credit Mobilization

Mobilizing bank credit is a major challenge of the program, due to which the governments at centre and states could not increase the allocations over the years. In total, the target of credit mobilization is Rs.29, 831 cr. But little over half of that amount was mobilized during the last 10 year. However, the proportion of actual mobilization to target is increasing over the years. It is a healthy sign. Because of lower than targeted mobilization of bank credit and allocation of a relatively higher proportion of funds for subsidy, the ratio of credit to subsidy was about two during the period and did not vary much from year to year. Thus, the credit - subsidy ratio remained much below the target ratio of 3:1 (Gol, 2009). It also resulted in less than planned investment per Swarozgar.

Challenge to target the real poor and vulnerable sections

A comprehensive study by BIRD, 2007 on coverage of SCs/ STs in SGSY, which covered 10,848 Swarozgaris and non-Swarozgaris (control sample), pointed out exclusion of SCs and STs in the following ways and for the following reasons. Physical exclusion – by not being accepted as group members, Financial exclusion by denial of their due share either by group leaders or by implementing bank or block officials, Exclusion because they are already covered under some state government sponsored programs (often implemented by state (ST/ SC corporations) and in many cases are already defaulters of bank loans (BIRD, 2007). About 60% of the non-Swarozgaris (control sample) were found to be sure about their inclusion in the BPL list (BIRD, 2007). A more dismal picture is provided by a MoRD (2007) briefing, which shows that SGSY covers only 1% of the relevant household population, and only 33% of its beneficiaries are drawn from the poorest quintile, whereas as many as 14% are from the richest and 26% are from the two richest quintiles. Further, the total benefits are even more inequitably distributed with the richest quintile receiving as much as 50% as compared to 8% for the poorest (as quoted in Tankha, et al. 2008).

Low realized incremental income from Income generating activities

The program envisaged that Swarozgaris would realize about Rs.2, 000 per month from the investment of about Rs.25, 000. Except a few case studies, no major evaluation study reported additional incomes were close to Rs.2, 000 per month. In 2002, 03, only 43% of the assisted Swarozgaris reported an increase in their income (as quoted in Gol, 2009). A rigorous study by Pathak and Pant (2006) in Jaunpur district of UP shows that SGSY has not contributed significantly to the change in the level of income of the beneficiaries (as quoted in Tankha, et al, 2008).

Suggestions to Improve Self-Help Group

As three-fourths of households in the country are either poor or vulnerable, NRLM may cover all willing rural households, irrespective their BPL or APL status, in the SHG program for effective financial inclusion. It may be divided into two sub-programs namely, Financial Inclusion and Livelihood promotion. Two programs may be implemented sequentially. The first five years may be totally focusing on promotion and strengthening of SHG institutions and later focus may

be on setting up of small and medium enterprises under SHG federations.

Conclusion

SHG Programme clearly plays a central role in the lives of the poor. The programme in various blocks all seem to be very successful in reaching poor clients. Importantly; there is evidence of increased household income. This is a very significant indicator of impact. Standard of living for the program participants have increased and also the food security is much more for the program clients. Programme loans are one of the main ways clients overcome food insecurity with sickness, disease, emergencies and crises, where programme participants seem to transfer the loan source from friends and moneylenders to SHG loans to meet these expenses. At the individual level, there is evidence that the programme attracts already relatively empowered people and that empowerment occurs among some clients through programme participation. The process of empowerment manifests itself in increased self-esteem. Programme participation is also associated with changes in decision-making at the family level. Program participants are far more aware about the various programs and organisations and have an access to these organisations.

Self-help Groups have been playing considerable role in training of Swarozgaris, infrastructure development, marketing and technology support, communication level of members, self confidence among sample members, change in family violence, frequency of interaction with outsiders, change in the saving pattern of SHG members, change in the cumulative saving pattern of SHG members per month, involvement in politics, achieving social harmony, achieving social justice, involvement in community action, sustainable quality and accountability, equity within SHGs, defaults and recoveries, and sustainability - financial value.

REFERENCES

- [1]. ADB 2001 Legal empowerment: Advancing good governance and poverty reduction. Overview Report RETA 5856, Manila, Asian Development Bank. [2]. Arunkumar, T.D., 2004, Profile of SHGs and their contribution for livestock development in Karnataka. M.Sc. (Agri.) Thesis, Univ. Agric. Sci., Dharwad. [3]. B Debroy, AU Khan (Eds.): Integrating the Rural Poor into Markets New Delhi: Academic Foundation,

pp.17 -22.