



Rural Development Through Selp Help Groups (Shgs): An Overview

KEYWORDS

Self-Help Groups, NGOs, Poverty Alleviation, Rural Development, Women Empowerment, NABARD.

BIKASH DUTTA

Department of Geography, K.D. College of Commerce & Genaral Studies, Midnapore, West Bengal

ABSTRACT *In India more than 70% of people live in rural area. Most of the rural people of India have been facing problems relating to their livelihood as compared to their urban counterpart as there is less development in the rural areas in all respects. So without the development of rural India, the real development of India cannot be possible. Since independence, government of India has implemented a number of programmes in the state and national level, a few of which succeeds partially and others failed miserably. Self-Help Groups (SHGs) is one such programme initiated in collaborative effort of government and non-government organizations (NGOs) in the year 1992, aiming at evolving supplementary credit system with the financial resources of the formal poor by combining flexibility, sensibility and responsiveness of informal credit system with the financial resources of the formal credit institutions. Formation of Self-Help Groups is viewed as poverty alleviation mechanism and also an effective tool for rural development. The Self-Help Groups have contributed a lot in the development of socio-economic status of the rural people. In this way these groups have also been helping the rural economy of India. Self-Help Groups have also been helping in women empowerment as well as work participation of women in the rural economy. So the main objective of this paper is to examine the role of Self-Help Groups in the rural development of India. The paper is developed based on the secondary data collected from governmental records, research publication and the published materials of financial institutions like NABARD.*

Introduction

The development of villages is a pre-condition for balanced economic development. The basic requirement for balanced economic growth are savings, investment and expanding market for industrial products ultimately depend upon rural development in general and agricultural development in particular. India is basically a rural India, includes the cultivators, the craftsman, the labors. Despite of substantial improvement in agricultural output, still majority of the farmers are suffering from major economic problems called "indebtedness" along with lack of timely and adequate support (Prasad & Shah, 2007). Rural Development known to be one of the pillars on which the future of our country stands. Rural Development should aim at improving the living conditions especially to rural poor and vulnerable sections that seek employment is a multidimensional phenomenon in the sense the overall level of rural development of a region. Since independence, government of India has implemented a number of programmes in the state and national level, a few of which succeeds partially and others failed miserably.

Self-Help Groups (SHGs) have become the vehicle of change in the rural areas, transforming the lives of the marginalized. Realizing that problems cannot be solved alone, or by a single agency, small voluntary groups get together to pool their resources, skills and talent to better their lives. SHGs organize the poor and the marginalized to join hands to solve their problems and the method has been very successfully used by the government and the Non Government Organizations in achieving several goals. As a form or enterprise, SHG performs the role of collective banks and enterprises and ensure better access to loans with a lower rate of interest to start or micro unit enterprises.

Self-Help Groups (SHGs) is one such programme initiated in collaborative effort of government and non-government

organizations (NGOs) in the year 1992, aiming at evolving supplementary credit system with the financial resources of the formal poor by combining flexibility, sensibility and responsiveness of informal credit system with the financial resources of the formal credit institutions. Formation of Self-Help Groups is viewed as poverty alleviation mechanism and also an effective tool for rural development. The Self-Help Groups have contributed a lot in the development of socio-economic status of the rural people. In this way these groups have also been helping the rural economy of India. Self-Help Groups have also been helping in women empowerment as well as work participation of women in the rural economy. Recently the government approved the provision of interest subvention for Women SHGs ensuring that they shall avail loans up to three lakh Rupees at an interest rate of seven per cent per annum. Despite its success, the growth of SHG has been skewed. The government is making all efforts to spread the concept and the medium of SHGs, across the country to help achieve inclusive growth.

Objectives

The present paper humbly attempts:

- To look into the benefits or facilities gained access by the SHGs from Govt. NGOs or other organizations.
- To find out growth trajectory (in the national and regional context) of the number of bank accounts and the amount of outstanding advances made by the scheduled commercial banks to the Self Help Groups.
- To assess the progress of rural development through SHGs.

Methodology

The study is exploratory in nature to provide a clear guidance for empirical research. It is also descriptive where the focus is on fact-finding investigation with adequate inter-

pretation. For this purpose secondary data were collected. The secondary data were collected through newspapers, magazines, books, journals, conference proceeding, government report and websites.



The concept of self-help group

SHG is a small autonomous, non-political group of people living in the vicinity / neighbourhood and sharing common concerns, who come together voluntarily to work jointly for their personal, social and economic development. A Self Help Group is a small, economically homogeneous and affinity group consisting of 10 to 20 persons for

- Regular savings of small amount
- Contributing to common corpus
- Providing Collateral free loans on terms decided by the group
- Collective decision making
- Resolve conflicts through mutual discussions
- Meet emergency needs
- To eradicate poverty.

The comprehensive and up-to-date definition of self help groups given by **Katz & Bender (1976)**,

Self help groups are voluntary, small group structures for mutual aid and the accomplishment of a special purpose. They are usually formed by peers who have come together for mutual assistance in satisfying a common need, overcoming a common handicap or life-disrupting problem, and bringing about desired social and/or personal change. The initiators and members of such groups perceive that their needs are not, or cannot be, met by or through existing social institutions. Self help groups emphasize face-to-face social interactions and the assumption of personal responsibility by members. They often provide material assistance, as well as emotional support: they are frequently "cause" oriented, and promulgate an ideology or values through which members may attain an enhanced sense of personal identity. Self-help group is a method of organizing the poor people and the marginalized to come together to solve their individual problem. The SHG concept is used by the government, NGOs and others worldwide. The concept of self-help groups gained significance, espe-

cially after 1976 when Prof. Mohammed Yunus of Bangladesh began experimenting with micro-credit and women SHGs. The strategy made a quite revolution in Bangladesh in poverty eradication 'by empowering the poor women' (CIRDAP Digest, 2000). SHGs are small informal associations created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity and joint responsibility. The benefits include mobilization of savings and credit facilities and pursuit of group enterprise activities. The group based approach not only enables the poor to accumulate capital by way of small savings but also help them to have access to formal credit facilities (Shylendra, 1998). These groups by way of joint liability enable the poor to overcome the problem of collateral security and thus free them from the clutches of moneylenders. (Stiglitz, 1993). Besides some of the basic characteristics of SHGs like small size of membership and homogeneity of composition will bring about cohesiveness and effective participation of members in the functioning of the group (Fernandez, 1994). In general, the SHGs created on the above line of functioning have been able to effectively reach the poor, especially the women, help them obtain easy access to facilities like savings and credit and in the long run in alleviating poverty by empowering them (National Bank, 1995).

By the 1990s, SHGs were viewed by state governments and NGOs to be more than just a financial intermedia- tion but as a common interest group, working on others concerns as well. The agenda of SHGs included social and political issues as well. The spread of SHGs led also to the formation of SHG Federations which are a more sophisticated form of organisation that involve several SHGs forming into Village Organisations (VO)/ Cluster Federations SHGs are informal. Many of these SHG federations are registered as societies, mutual benefit trusts and mutually aided cooperative societies.

The 9th five year plan of the government of India 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 have emerged as a means of Providing poor people with the credit that they need to emerge from poverty. Realizing the truth the government of India has started the "SELP HELP GROUP" programme as an innovative and dynamic anti-poverty programme. National Bank for Agriculture and Rural Development (NABARD) was the main initiator of SHG movement from 1986-87 in India. SHGs are now regarded as the best facilitator of rural development, income generation, income distributors and the means of women empowerment. Swarnajayanti Gram Swarozgar Yojana (SGSJ) can be considered as the milestone in this context which was introduced on 1st April, 1999, by merging six ongoing programmes rural development e.g. poverty alleviation programme in India such as Integrated Rural Development Programme (IRDP), Development of Women and Children in Rural Areas (DWCRA), Training of Rural Youth for Self Employment (TRYSEM), Supply of Improved Tool Kits to Rural Artisans (SITRA), Millions Well Scheme (MSM) and Ganga Kalyan Yojana (GKY).

Key to Rural Development

India's development opens up many opportunities. Development is specially needed in the following key areas that Government,



NGOs and researchers may their attention to

Education, b. Micro-finance, c. Market Access, d. Information access, e. Information and Communication technologies, f. Women empowerment, g. Employment, i. Income generation, j. Health care

SHGs and Rural Markets

According to the reports of working committee of RBI (1994) corporations can also integrate SHGs into their strategies and policies. Rural market has a huge potential and is largely untapped. SHGs can provide a suitable option for companies if they can be integrated into various functions such as – Marketing, Distribution of products and services, Procurement of various raw materials and semi finished materials, Production and processing of indigenous products etc. companies are generally working hard to reach out to various areas and markets for their products and is a huge cost to design and develop a marketing channel. Pradeep kashyap finds that 68% of the rural market is untapped because of inaccessibility. TAJ group goes on for integrating a local SHG for procurement of sea food and they are able to get 60% of demand of sea food through the SHG. SHGs can also become a suitable vehicle for distribution of rural products and helps in faster diffusion of innovation in the rural market. Slowly concept of Microenterprise development is introduced to further facilitate and standardize the process of industrial development.

For the purpose of poverty alleviation especially in rural areas government has initiated the concept of Self help groups pooling in the similar socio-economic profile. They are provided with skill training and certain loan amount is advanced so that they can take up certain activity. Apart from government bodies NGOs, SHPAs (self help promotion agencies), FIs/NBFCs. various activities are undertaken by SHGs in villages but broadly limiting to manufacturing and distribution of indigenous products (local products made of raw materials available from natural resources such as- cane products, farm equipments, flower bouquets, Food ,Dairy and Meat products and so on. These products developed by SHGs face certain limitations towards the viability of SHGs which includes-

- Quality as provided by corporate counterparts
- Scale of operations
- Finance and marketability
- Efficiency in Business operations
- Effectiveness in product quality, man power skill, training, continuous revenue generation
- Sustainability in long run since they are not developed as enterprises

SHGs and Women Empowerment

Empowerment of women is the prime objective of all development programmes and policies. Tenth plan approach put maximum importance to the implementation of National Policy for Empowerment of Women through translating the national policy for empowerment into action with a three-fold strategy economic empowerment, social empowerment and gender justice. In order to empower women in India Self Help Groups (SHGs) were introduced during the mid 1980s in Karnataka by Mysore Resettlement and Development Agency (MYRADA). Several studies have confirmed that the SHGs have effectively helped in empowering the women. SHGs have facilitated the process of micro credit for the rural woman folk thus improving their bargaining power in day-to-day decision making of the household, and finally in the community. The approach for empowerment of rural women can be divided into five broad heads:

1. Education empowerment
2. Social empowerment
3. Economic empowerment
4. Technological empowerment
5. Gender Justice

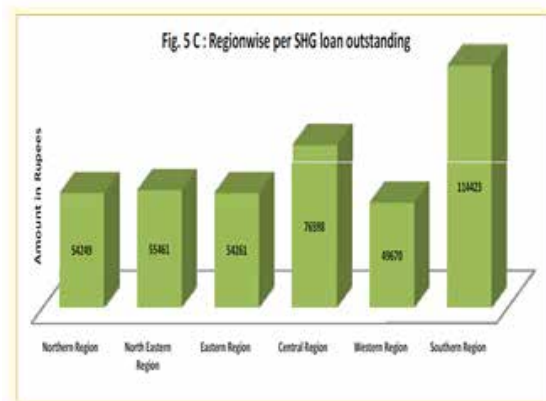
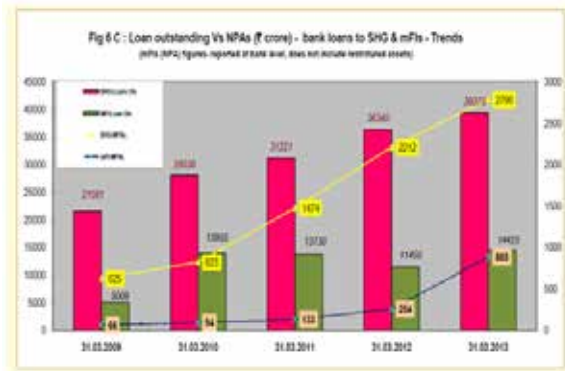
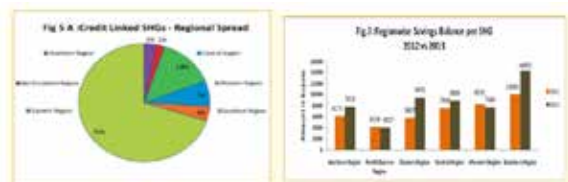
SHG has given assured benefits to its members. Several studies have reported that the SHGs women members have been effectively receive the following benefits:

- Development of savings habits
- Increased income
- Easy access to loan
- Improvement of standard of living
- Access to various promotional assistance
- Decision making power
- Better self confidence
- Able to contribute towards the family income
- Skill up gradation
- Operate banking operations
- Participation in community affairs
- Awareness in health, education
- Better buying and selling skill
- Independent marketing
- Greater respect within the family
- Better agricultural practices.
- Prevent domestic violence
- Legal and political participation

Social capital, Microcredit and Asset creation through self helping groups

The SHG approach has proved successful not only in improving the economic conditions through income generation but in creating awareness about health and hygiene, sanitation and cleanliness, environmental protection, importance of education and better response for development scheme (V.P Sriraman, 2003). A related aspect is that self-help groups have facilitated the formation of social capital, where people learn to work together for a common purpose in a group or organization. The ability to associate depends on the degree to which communities share norms and values and are able to subordinate individual interests to those of larger with the potential for social, economic and political change. However, these groups are often narrowly focused on microcredit, which, although useful as groups to very small-scale activities with limited impact beyond the immediate family.

Self-help groups intermediated by microcredit have been shown to have positive effects on women, with some of these impacts being ripple effects. They have played valuable roles in creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge (Zaman, 2001). Several recent assessment studies have also generally reported positive impacts (Simanowitz and Walker, 2002).



SHGs and Microfinance

Our rural backward masses are subject to poverty, illiteracy, malnutrition, poor health and sanitation. Lack of birth control, lack of scope for development and it is admitted that our socio-economic structure has failed to protect or safeguard the interest of rural people. Thus for a long time our govt. has emerged the SHG- Bank linkage programme as the leading Microfinance programme in the country since its pilot project in 1992, with the object of providing some benefits :

- Small loans
- Saving accounts
- Fund transfer and Insurance
- Business training
- Income generation
- Propensity to employment

Findings

To eradicate poverty from the society self-employment is a significant step. Various economic activities have been pursued by SHGs. We find that swarozgaris involving in various activities like Dairy and Farm bases activities which lesser amount of forward and backward linkage have been more successful. The below table shows the number of poor household to gain access to Microfinance from the formal banking system:

Year	No. of poor households having gained access to Microfinance facilities (in crore)
2003-04	1.67
2004-05	2.43
2005-06	3.30
2006-07	4.10
2007-08	5.80
2008-09	7.01

Source: Annual Report, NABARD (2003-04 to 2008-09)

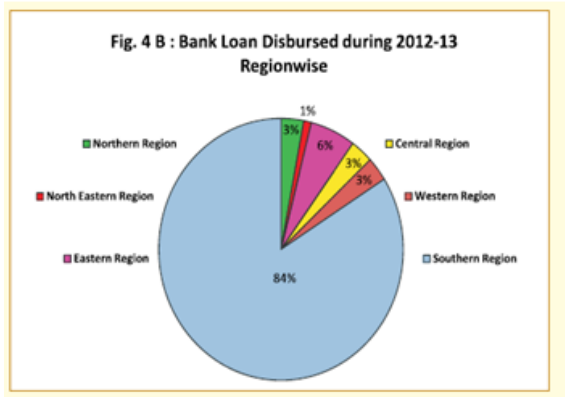
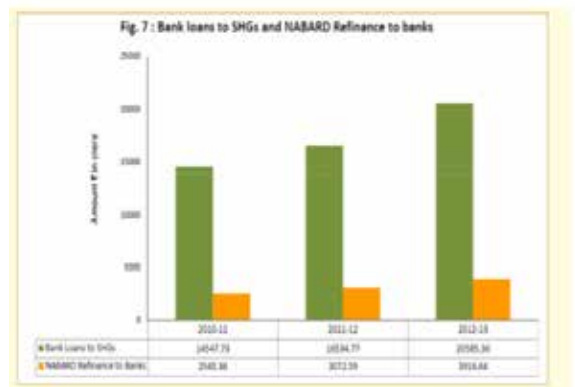
Parameter	Money Lender	Commercial Banks	Govt. Sponsored Programs	Financial products of MFIs
Ease of Access	High	Low	Low	High
Transaction cost of Access	Low	Very High	Very High	Low - Medium
Lead time for Loans	Very Short	Extremely Long	Extremely long	Short
Repayment Terms	Fixed and Rigid	Fixed and Easy	Fixed and Easy	Flexible
Interest Rates	Exorbitantly High	Low and very Affordable	Low, Affordable and Subsidised	Reasonable and Affordable
Incentives	None	None	None	Repeat and larger loans, Interest Rebates
Repeat Borrowing Possible		Possible but not likely	Possible but not likely	Stream of credit is assured
Loan Access Procedures	Very Quick	Extremely Time Consuming and complicated	Extremely Time Consuming and complicated	Simple and Quick

Loan Application Procedures	Informal but exploitative	Exhaustive and Complex	Exhaustive and Complex	Simple and Informal
Collateral and Demand Promissory Note	Mandatory	Required but hypothecation of asset may suffice	Not required although a charge on the asset becomes automatic	Not required – social collateral is used for physical collateral
<p>Table-1: Comparative Analysis of Micro-finance Services offered to the poor</p> <p>Source: R. Arunachalam - Alternative Technologies in the Indian Micro-finance Industry</p>				

Table 2.1: Progress of the Microfinance Programme (As on 31 March 2012)

Particulars	SHGs (Number in Lakh and Amount in - crore)				MFIs (Amount in - crore)			
	2011 #		2012 #		2011 #		2012 #	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Loans disbursed during the year	11.96 (2.41)	14,547.73 (2,480.37)	11.48 (2.09)	15,534.77 (2,543.58)	471 (843.77)	8,448.96 (12)	466 (12)	5,705.28 (238.42)
Loans outstanding	47.87 (12.85)	35,221.16 (7,829.39)	43.54 (12.76)	36,540.88 (8,054.83)	2315 (138)	13,730.92 (2,041.77)	1990 (120)	11,450.56 (1,597.11)
Savings accounts with banks	14.62 (20.22)	7,216.30 (1,817.42)	79.80 (11.22)	8,365.41 (1,385.25)	-	-	-	-

Figures in parentheses indicate the share of SHGs covered under SCSP
** Actual number of MFIs provided with bank loans would be lower as several MFIs availed loans from more than one bank more than one loan*
Figures in parentheses indicate the assistance of SEBI to MFIs



Formal financial institutions in the country have been playing a leading role in the micro finance program. They have joined hands with informal delivery channels to give micro finance sector the necessary momentum. During the current year too, micro finance has registered impressive expansive at the grass root level. Our rural backward masses are subject to poverty, illiteracy, malnutrition, poor health and sanitation. Lack of birth control, lack of scope for development and it is admitted that our socio-economic structure has failed to protect or safeguard the interest of rural people. Thus for a long time our govt. has emerged the SHG- Bank linkage programme as the leading Microfinance programme in the country since its pilot project in 1992, with the object of providing some benefits:

- Small loans
- Saving accounts
- Fund transfer and Insurance
- Business training
- Income generation
- Propensity to employment

Roadmap to Financial Inclusion and Inclusive Growth
 Rangarajan’s committee defined “Financial Inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost”.

Since nationalisation of banking facilities in 1969, the growth of branches across the country was not satisfactory when it came to the matter of rural branches. For the purpose of financial inclusion, the following steps may taken into considered:

- Opening bank branches
- Provide banking technological assistance
- Short-term Banking education
- Mobile and Internet banking at affordable cost.
- Kissan credit card for fund
- Micro-insurance

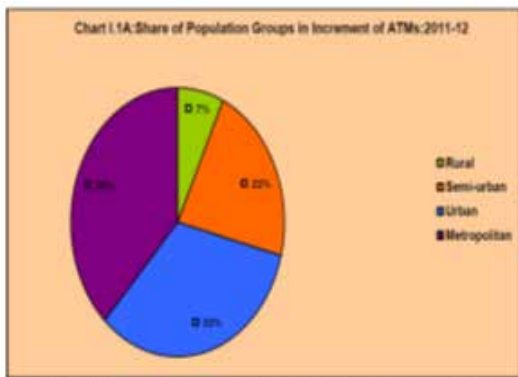
Financial Inclusion: Recent initiatives by NABARD (2012-13)

- ICT-based support to RRBs
- Support for CBS of weak RRBs
- Mapping of banking outlets through Geographic Information System
- Pilot on on-boarding of RRBs to Aadhar Enabled Payment System
- Operational support for ATMs for RRBs and CBS enabled co-operative banks
- Engaging Farmers’ Clubs and SHGs as BC/BFs by RRBs
- Financial literacy through audio visual medium
- Micro Pension Model – Support to Invest India Micro Pension Services
- Capacity building of BCs/BFs

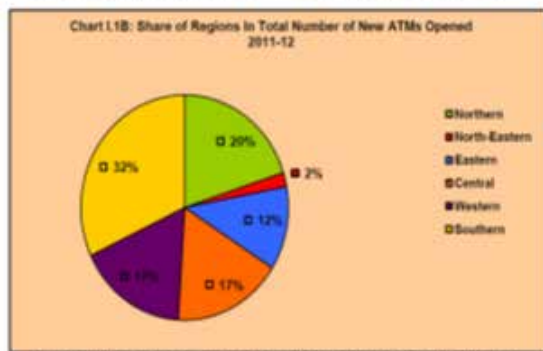
- Establishment of FLCCs/FLCs by Lead Banks
- Support to co-operative banks and RRBs for setting up of FLCs
- Collaboration with UNDP

Table-3 : Region wise NPAs of Bank Loans to SHGs

Region	Loans Outstanding against SHGs - Position as on			Amount of NPAs as on			Percentage of NPAs to Loan Outstanding as on		
	31.03.11	31.03.12	31.03.13	31.03.11	31.03.12	31.03.13	31.03.11	31.03.12	31.03.13
	[₹ crore]								
Northern Region	903.14	1178.28	1160.68	63.66	81.55	129.87	7.05	6.92	11.19
North-Eastern Region	655.25	963.27	756.76	58.56	51.33	68.23	8.42	5.17	8.56
Eastern Region	4202.55	4629.80	5538.13	181.07	337.08	570.56	4.31	7.28	10.30
Central Region	2365.40	2780.29	2776.85	254.04	367.03	479.76	10.74	13.20	17.28
Western Region	1246.23	1363.78	1467.52	90.42	112.14	126.57	7.26	8.22	8.63
Southern Region	21808.58	25394.59	27635.36	826.36	1163.59	1411.93	3.79	4.98	5.11
All India Total	31221.17	36340.00	39375.30	1474.11	2212.73	2786.92	4.72	6.09	7.08



Source: Report on Trend and Progress of Banking in India for the year ended June 30, 2012, RBI



Source: Report on Trend and Progress of Banking in India for the year ended June 30, 2012, RBI

SHG-Bank Linkage

The Self Help Group (SHG) – Bank Linkage Programme was launched by NABARD in 1992 for bringing about financial inclusiveness among rural poor who have had no sustainable access to the formal banking system. The benefits through services provided under SHG programme include:

- Bank linkage and financial inclusion among the poor people, especially women.
- Inducing habits of thrift and saving and helping in asset creation.
- Increasing risk bearing capacity of the members.
- Manage cash flow and improvement of quality and productivity of their assets.
- Uplifting their standard of living.
- Proving platform for resolving their issues and build

mutual trust and confidence.

- Through continuous savings excluded from vicious circle of poverty.
- Promoting financial and social inclusion and leadership qualities.
- Empowerment of women.
- Health and education strategies.

Table-2: Highlights of the SHG-Bank Linkage Programme 2012-13

Sr. No.	Particulars	Achievements	
		Physical (No. in lakh)	Financial (₹ in crore)
1	Total number of SHGs saving linked with banks	73.18	8217.25
(i)	Out of total (of which) exclusive Women SHGs	59.38	6514.87
(ii)	Out of total (of which) SGSY SHGs	20.47	1821.65
2	Total number of SHGs credit linked during 2012-13	12.20	20585.36
(i)	Out of total (of which) exclusive Women SHGs	10.37	17854.31
(ii)	Out of total (of which) SGSY SHGs	1.81	2207.47
3	Total number of SHGs having loans outstanding as on 31 March 2013	44.51	39375.30
(i)	Out of total (of which) exclusive Women SHGs	37.57	32840.04
(ii)	Out of total (of which) SGSY SHGs	11.93	8597.09
4	Average loan amount outstanding/SHG as on March 2013 (in ₹)		88455.31
5	Average loan amount disbursed/SHG during 2012-13 (in ₹)*		168757.26
6	Estimated number of families covered upto 31 March 2013	95 million	
7	No. of Banks and Financial Institutions submitted MIS (in number)	400	
8	Data on Joint Liability Groups		
(i)	Joint Liability Groups promoted during the year 2012-13 (lakh)	1.97	
(ii)	Loan disbursed to Joint Liability Groups during the year 2012-13		1837.64
(iii)	Joint Liability Groups promoted as on 31 March 2013 (lakhs)	5.29	
(iv)	Cumulative loan disbursed to JLGs as on 31 March 2013		4683.33
9	Support from NABARD		
i)	Capacity building for partner institutions		
	Number of Programmes conducted during 2012-13	5501	14.45
	Number of participants covered during 2012-13 (SHG + JLG)	185473	
	Cumulative number of participants trained upto 31 March 2013 (SHG + JLG)	3033243	
(ii)	Refinance Support		
	Refinance released to banks during 2012-13		3916.64
	Cumulative refinance released upto 31 March 2013		22396.24
(iii)	Revolving Fund Assistance (RFA) and Capital Support to mFls		
	RFA outstanding as on 31 March 2013		33.00
	Capital support outstanding as on 31 March 2013		15.44
(iv)	Grant assistance to SHPIs for promotion of SHGs		

	Grant assistance sanctioned during 2012-13		42.33
	Cumulative sanctioned upto 31 March 2013		226.50
(v)	Grant assistance to JLPs for promotion of JLGs		
	Cumulative sanctioned upto 31 March 2013		58.24

Note : * Average loan amount disbursed/SHG worked out to `1.28 lakh if the disbursements of Andhra Pradesh are excluded.

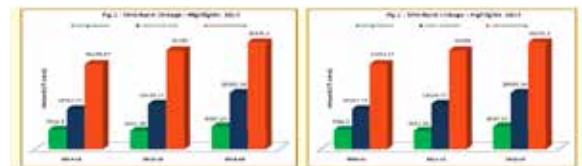
Source: NABARD Report (2013)

Table-4: Overall Progress under SHG-Bank Linkage for last 3 year (crore)

Particulars	2010-11		2011-12		2012-13		
	Amount	No. of SHGs (lakh)	Amount	No. of SHGs (lakh)	Amount	No. of SHGs (lakh)	
SHG Savings with Banks as on 31 March	Total SHGs	74.62 (7.3%)	7016.30 (13.2%)	79.60 (6.7%)	6551.41 (-6.7%)	73.18 (-8.1%)	8217.25 (25.4%)
	Of which SGSY	20.23 (19.4%)	1817.12 (40.6%)	21.23 (5.0%)	1395.25 (-23.2%)	20.47 (-3.6%)	1821.65 (30.6%)
	Groups % of SGSY						
	Groups to Total	27.1	25.9	26.7	21.3	28.0	22.2
	All Women	60.98 (14.8%)	5298.65 (17.8%)	62.99 (3.3%)	5104.33 (-3.7%)	59.38 (-5.7%)	6514.86 (27.6%)
	% of Women						
	Groups to Total	81.7	75.5	79.1	77.9	81.1	79.3
Loans Disbursed to SHGs during the year	Total SHGs	11.96 (-24.6%)	14547.73 (0.01%)	11.48 (-4%)	16534.77 (13.7%)	12.20 (6.3%)	20585.36 (24.5%)
	Of which SGSY	2.41 (-9.9%)	2480.37 (12.8%)	2.10 (-12.9%)	2643.56 (6.6%)	1.81 (-13.8%)	2207.47 (-16.5%)
	Groups % of SGSY						
	Groups to Total	20.1	17.0	18.3	16.0	14.8	10.7
	All Women	10.17 (-21.4%)	12622.33 (1.6%)	9.23 (-9.2%)	14132.02 (12.0%)	10.37 (12.4%)	17854.31 (26.3%)
	% of Women						
	Groups to Total	85	86.8	80.4	85.5	85.1	86.7

Loans Outstanding against SHGs as on 31 March	Total SHGs	47.87 (-1.3%)	31221.17 (11.4%)	43.54 (-9.0%)	36340.00 (16.4%)	44.51 (2.2%)	39375.30 (8.4%)
	Of which SGSY	12.86 (3.4%)	7829.39 (25.2%)	12.16 (-5.4%)	8054.83 (2.9%)	11.93 (-1.9%)	8597.09 (6.7%)
	Groups % of SGSY						
	Groups to Total	26.9	25.1	27.9	22.2	26.8	21.8
	All Women	39.84 (2.2)	26123.75 (13.4%)	36.49 (-8.4%)	30465.28 (16.6%)	37.57 (2.9%)	32840.04 (7.8%)
	% of Women						
	Groups to Total	83.2	83.7	83.8	83.8	84.4	83.3

Source: NABARD Report (2013)



From the table no.2, major findings are:

- After nearly 3 years, the number of SHGs availing fresh loans by banks showed an increase of 6.3% during the year and the quantum of fresh loans issued increased by 24.5% over the previous year.
- Under the SHG-Bank linkage programme, the coverage of rural households having access to regular savings through SHGs linked to banks came down by around 8% during the year to 95 million as on 31 March, 2013.
- A similar decline of number of SHGs savings linked to Banks was also observed with only 73.18 lakh SHGs linked to Banks as against 79.60 lakh a year back.
- Number of SHGs having outstanding credit with banks, however, showed a marginal increase of 2% to 44.5 lakh as against 43.5 lakh the previous year.
- The average loan outstanding of SHGs with banks is `88,500 against `83,500 a year back. There has also been a 6% spurt in the number of SHGs getting fresh loans from banks during the year to 12.2 lakh (up from 11.5 lakh the previous year) and the quantum of fresh loans issued also showed a significant growth of about 24% during the year.
- The share of exclusive women SHGs in the total number of SHGs savings linked to banks now stands at 81% while the groups formed under the SGSY programme now constitutes 28% of the total number of groups.
- Upto 31.03.2012, 79.60 lakh SHGs were linked and 43.54 lakh SHGs were credit linked with various Banks across the India.

SHGs : Rural Markets and Income Generation

According to the reports of working committee of RBI (1994) corporations can also integrate SHGs into their strategies and policies. Rural market has a huge potential and is largely untapped. SHGs can provide a suitable option for companies if they can be integrated into various functions such as – Marketing, Distribution of products and

services, Procurement of various raw materials and semi finished materials, Production and processing of indigenous products etc. companies are generally working hard to reach out to various areas and markets for their products and is a huge cost to design and develop a marketing channel. Pradeep kashyap finds that 68% of the rural market is untapped because of inaccessibility. TAJ group goes on for integrating a local SHG for procurement of sea food and they are able to get 60% of demand of sea food through the SHG. SHGs can also become a suitable vehicle for distribution of rural products and helps in faster diffusion of innovation in the rural market. Slowly concept of Microenterprise development is introduced to further facilitate and standardize the process of industrial development.

For the purpose of poverty alleviation especially in rural areas government has initiated the concept of Self help groups pooling in the similar socio-economic profile. They are provided with skill training and certain loan amount is advanced so that they can take up certain activity. Apart from government bodies NGOs, SHPAs (self help promotion agencies), FIs/NBFCs. various activities are undertaken by SHGs in villages but broadly limiting to manufacturing and distribution of indigenous products (local products made of raw materials available from natural resources such as- cane products, farm equipments, flower bouquets, Food ,Dairy and Meat products and so on. These products developed by SHGs face certain limitations towards the viability of SHGs which includes-



- Quality as provided by corporate counterparts.
- Scale of operations.
- Finance and marketability.
- Efficiency in Business operations.
- Effectiveness in product quality, man
- Power skill, training, continuous revenue generation.
- Sustainability in long run since they are not developed as enterprises.

Villages are faced with problems related to poverty illiteracy, lack of skills health care etc. These are problems that cannot be tackled individually but can be better solved through group efforts. Today these groups known as Self help groups have become the vehicle of change for the poor and marginalized.

- SHG is a development group for the poor and marginalized.
- It is recognized by the government and does not require any formal registration.
- The purpose of the SHG is to build the functional capacity of the poor and the marginalized in the field of employment and income generating activities.
- People are responsible for their own future by organizing themselves into SHGs.
- SHG can be developed at remote places with the local area understanding by which upgrade their socio-economic status.
- Through credit obtained from SHGs, the members made efforts both to protect their families from various vulnerabilities as well as build their economic base to escape poverty.

Some Recent Reflection of SHGs:

MULTIHARA - the dynamism of transition in Purulia District

Odisha Government, State Social Welfare Department and Self-Help Group and SHG Development Cell, Odisha, India and Government of West Bengal, State Social Welfare Department and Self-Help Group and SHG Development Cell, Odisha, India. Government of West Bengal, State Social Welfare Department and Self-Help Group and SHG Development Cell, Odisha, India. Government of West Bengal, State Social Welfare Department and Self-Help Group and SHG Development Cell, Odisha, India.

The ultimate objective of this project is to ensure regular income of an amount of Rs. 1000 per month for the members of SHGs by providing them with various types of training and skill development. The SHGs are also engaged in various other activities like saving, insurance, health, etc. The SHGs are also engaged in various other activities like saving, insurance, health, etc. The SHGs are also engaged in various other activities like saving, insurance, health, etc.

Training class under livelihood development programmes

The members of SHGs are engaged in various activities like saving, insurance, health, etc. The SHGs are also engaged in various other activities like saving, insurance, health, etc. The SHGs are also engaged in various other activities like saving, insurance, health, etc.

Understanding the value of Collectives

Collectives are the backbone of the rural economy. They help in the development of the rural economy and provide a platform for the members to share their experiences and learn from each other. The SHGs are also engaged in various other activities like saving, insurance, health, etc.

Solar Power lighting up SHG households

Solar power is a clean and renewable source of energy. It is being used to power the SHG households, providing them with a reliable and sustainable source of electricity. The SHGs are also engaged in various other activities like saving, insurance, health, etc.



Fig: Tailoring class under livelihood development

programme

NABARD's Strategic Focus on SHG-BLP (2013-17)

- All eligible poor rural households in the country to be covered through SHG BLP by March 2017
- Resource poor states of Uttar Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh,

Rajasthan, Maharashtra, Odisha, Assam and West Bengal to be the focus areas for promotional

interventions under SHG-BLP during the next four years. Emphasis would be in 127 districts

from these resource poor States where less than fifty per cent of the potential for promotion of

SHGs have been exploited, of which 33 districts are already covered under Women SHG

Development Scheme.

- Promotion of Women SHGs in 150 Left Wing Extremism affected and backward districts of the country to be speeded up to cover every rural household in the

identified districts within the next two years.

- In all, it is expected that about 20 lakh new SHGs are to be promoted and linked to the banks during this period.
- Convergence with Government Programmes like National Rural Livelihood Mission (NRLM) to maximise benefits to the SHG members.
- Strategic shift from State / District-based planning for SHG-BLP to Block-based planning, to address the issue of intra-district imbalances in promotion of SHGs.
- Special schemes to revive dormant SHGs through effective capacity building and hand holding support.
- Initiate additional financial literacy drive at the SHG level to eliminate over- indebtedness at the member-level, especially in high SHG density States.
- Focus on convergence of SHG-BLP and Financial Inclusion (FI) initiatives.
- Priority to shift from promotion of SHGs to provide livelihood opportunities to the SHG members in a calibrated manner through skill building, production optimisation, value chain facilitation and market linkage.
- Community based organizations to be encouraged as the nodal points for promoting livelihood activities of members of SHGs.
- ICT based interventions at primary level (SHGs), promoting institutional level (SHPIs) and at National level.

Concluding Remarks

Nearly 70% people in India live in a village. The majority of people living in rural area remain excluded from financial inclusion. Govt. initiative of SHGs provides some financial assistance to its members. Increasing saving account, credits, kisan credit cards reflects overall economic as well as social development, which leads to increasing SHGs day to day and their linkage with finance also increasing. It is true that Rural Poverty level decline substantially reflects the income level of rural people increases as well as financial inclusions. Though NABARD has taken some initiative to promote SHGs-BLP (2013-17) programme for the purpose of eradicating rural poverty, but awareness about financial inclusion still today could not spreading across all state of India. It is found that south India contribute most of the SHGS-Bank linkage related programme near about 70%, but rest of the part not developed still today. So, Govt. Should required more emphasized on the spreading of SHGS as an important tool of rural development in the coming decades.

REFERENCE

- CIRDAP Development Digest. Various issues. Economic Review. State Planning Board, Thiruvananthapuram. || Fernandez, AP (1994) The Myrada Experience: Alternate Management Systems for Savings and Credit of the Rural Poor. Bangalore: MYRADA. || Kashyap, Pradeep and Raut, Siddhartha. The Rural Marketing Book, New Delhi, Biztantra Publication, 2005, | p. 70. || Katz, AH (1981), Self help and mutual aid: An emerging social movement? Annual Review of sociology, | 7:129-155: What future role in health care for low and middle-income countries? International Journal for | Equity in Health 2004, 3:1 || NABARD Linking Self-Help Groups with Banks: An Indian Experience, Mumbai 1995 || NABARD Report, 2003-13 ,Govt of India. || Planning commission .Govt. of India, June' 2014. || Status of microfinance in India, 2003-2013, Govt of India. || Shylendra H.S "Promoting Women's Self Help Groups: Lessons from an action research project of IRMA", | Gujarat 1998 || Simanowitz, A. and Walker, A. 2002. Ensuring impact: Reaching the poorest while building financially self- | sufficient institutions, and showing in the lives of the poorest women and their families. Unpublished | background paper for micro-credit summit5, New York. Available at | <http://www.microcreditsummit.org/papers/papers.htm>, last retrieved on 2nd June, 2010. || Simanowitz, Anton and Alice Walker, 2002. "Ensuring impact: reaching the poorest while building | financially self sufficient institutions, and showing improvement in the lives of the poorest women and | their family", unpublished background paper for the microcredit summit + 5, New York, 10-13 November, | available at [http:// www.microcreditsummit.org/papers/papers.htm](http://www.microcreditsummit.org/papers/papers.htm). || Stiglitz, Joseph E "Peer Monitoring and Credit Markets" in Karla Hoff, et al (Eds) The economics | of rural organization, New York; Oxford University Press, 1993. || V. P. Sriraman, Micro Finance, Self Help Group and Women Empowerment-current issues and concerns- | paper. || Zaman, H.,2001. "Assessing the poverty and vulnerability impact of micro-credit in Bangladesh: a case study | of BRAC", unpublished background paper for World Bank, World Development Report 2000/2001 | (Washington, World Bank). || || Abbreviation: || ICT= Information and Communication Technology | RRB= Regional Rural Bank | CBS= Core Banking Solution | BC=Business Correspondent | FLCC= Financial Literacy Community Centre | UNDP= United Nations Development Programme