

The Activities of Self Help Groups in Uplifting Rural Poor of The Economically Backward Areas - An Over View



Management

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ABSTRACT

A Self Help Group is a group of 10-20 women or men who work for the capacity building of themselves. Their goal is to become effective agents of change. They serve as a platform to establish the banking with the poor which is reliable, accountable and a profitable business and also enable livelihood opportunities for village women through micro-credit with the existing banks in the area. The main aim of SHG is to improve economic conditions. Self-help groups promote awareness among the women members and provide sufficient opportunities to combat with poverty. Further the self-help groups have come out as a significant factor in generation of income and occupations of the members which also requires conditions like better disbursement of the micro credit to the members and these things should be taken care of for getting more active success in this area. This paper attempt to study the Self Help Groups activities in uplifting rural poor of the economically backward areas and the activities of Self-help group approach in eradication of poverty, its successiveness in generating income and the impact of micro credit on the empowerment of the women members of the self-help groups.

INTRODUCTION

Five are the ornaments of a country: good health, abundant harvests, wealth, happiness and safety from invasions.

- Kural 738

The financial requirement is one of the basic needs of the poorer section of the society for socio-economic development. India is developing country even though "Poverty is an acute problem in India. The Government is taking a lot of steps, poverty is getting entrenched in more backward areas especially rural areas." The overall development of a nation is closely depends on the development of the rural economy. During the last few decades it has been seen that due to the vicious cycle of poverty these overall development cannot be achieved. In India, most of the people lives in the rural areas are below the poverty line and finance to these indigenous peoples is considered as important issues for the Government of India. There are still around 200 million people in rural areas that live below the poverty line and for whom banking access is still not a reality. The financial requirement is one of the basic needs of the poorer section of the society for socio-economic development. Microfinance to Self Help Groups (SHGs) may be considered as a vital option for meeting the financial needs of those poorer sections of the society. Microfinance is the form of financial development that has its primary aim to alleviate the poverty. Various financial intermediaries, NGOs, governmental policies and developmental programmes also encourage the organizing of Self Help Groups which place a record for the beginning of a major process of empowering poor people. But it is an important challenge to equip the poor people with essential skills to undertake profitable business, which could make them economically and socially independent people. Training helps the SHG members to work in a more systematic way and to give maximum output. The training is an important tool for economic viability of SHGS income generating activities through their group savings and loan from bank. It inculcates the habit of compulsory savings amongst its members. The self-help group members undergo capacity building training to improve their confidence level, managerial efficiency and entrepreneurial skills to engage themselves in some income generation activities such as mushroom cultivation, tailoring, pickle making, such as collection, processing and marketing of forest products, individual business of diary, poultry, fishery and non-farm activities.

CONCEPT OF SELF-HELP-GROUPS (SHGS)

The SHG is an informal organization of persons from the homogeneous poor section of the society and it is controlled and

managed by the members itself. It is an association of 10 to 20 local individual members who are financially weak and from the same socio-economic backgrounds. These groups start with saving and not with credit; the group then uses its savings to give loans to members to meet their emergency and other needs. The members decide on savings per members, maximum size of loans, guarantee mechanisms in loan sanction. The SHG is the platform or forum to the members to come together for emergency, disaster, social reasons, economic support to each other have ease of conversation, social interaction and economic interactions. The Self-Help Group (SHG) is a viable organised set-up to disburse micro credit to rural women for the purpose of making them enterprising for enabling them into various entrepreneurial activities.

FUNCTIONS OF SHGS

The important functions of SHG are the following:-

1. Enabling members to become self-reliant and self-dependent.
2. Providing a forum for members for discussing their social and economic problems.
3. Enhancing the social status of members by virtue of their being members of the group.
4. Providing a platform for members for exchange of idea.
5. Developing and encouraging the decision making capacity of members.
6. Fostering a spirit of mutual help and cooperation among members.
7. Instilling in members a sense of strength and confidence which they need for solving their problems.
8. Providing organizational strength to members.
9. Providing literacy and increasing general awareness among members, and
10. Promoting numerically and equipping the poor with basic skills required for understanding monetary transactions.

GROUP FORMATION

Group formation is not a spontaneous process. External agencies, individual working with communities can act as a facilitator in the formation of groups and its development. Self Help Group Institution (SHGI) plays a vital role in the initial stages of group formation. The external facilitators are generally Non-governmental organization, social workers, village level worker, informal associations of local people, community based organizations, government departments, banks, farmer clubs etc.

They interact with the poor families especially women to identify the small homogenous groups. The members regularly meet on a fixed time and date in a month to collect savings from members under the supervision of SHPI/NGOs. Thus SHGs will inculcate the habit of thrift and credit among the members, who generally belong to the families of BPL.

CAPITAL FORMATION THROUGH REVOLVING FUND AND SKILL DEVELOPMENT

Self-help groups are taught simple principles of accounting and facilitated to receive external funds in multiples of their savings. SHPIs, bankers or donors are the sources of funding for SHGs. The corpus consists of own savings and other external funds (Revolving fund, grants, loans). Small loan from corpus fund are given to needy members. The loans are given to members on a participatory method during the regular meeting etc. The loans have a definite repayment schedule, which is usually of short duration. The funds thus are rotated among themselves. The groups shall have a bank account to deposit the savings, revolving funds etc. The group shall maintain certain basic records as well

INCOME GENERATING ACTIVITIES (IGA)

SHG members take up different income generating activities. SHPIs play an important role in taking up the suitable IGAs by the members based on the skills.

Income Generation Activities of SHG

Agriculture, Chicken shops, Animal husbandry, Mess, Hosiery, Mid-day meals, Candle reparation, Embroidery, Cane items, School uniform stitching units, Carpets, Brick aking, Khadi, leather items, Pot making, Spinning and weaving, Sree business, Basket weaving, Candle making, Woolen blankets weaving, Agarbattimaking, Sale of fruits and pongamia seeds, Pickle making, Vegetable vending, Fenile making,

ROLE OF NON-GOVERNMENTAL ORGANIZATION (NGO)

Voluntary action stimulated and promoted by non-governmental organizations engaged in development play a significant role at the grass root level in the Indian social milieu, the success of rural development depends upon the active participation of the people through self-help organization. The non-government organizations involve people in the developmental process and relate themselves to working with people. This means that their main plan is the generation of the self-confidence and self help through self help groups and independence among the people of the community in which they operate. They substantiate the efforts of government with regard to provision of social welfare through rural development programmes planned for this purpose.

Non-governmental organizations act as 'creators', 'reservers' and 'destroyers' of evils in rural areas. They create awareness among people, create livelihood and opportunities for people with their cooperation, preserve what is needful to their environment, cul-

tural base, appropriate technologies and scientific practices etc. and destroy the evils like alcoholism, female foeticide, superstitions and other social ills. In recent years, the non-governmental organization have acquired greater importance and significance than ever before because the administration has not been able to reach the people especially the poor and weaker sections to the desired level. In this context, the fact that the non-governmental organizations are the appropriate agencies for creating the right type of climate for change and development cannot be disputed. There are 25 NGO working in Amravati district, for empowerment of women.

ROLE OF GOVERNMENT ORGANIZATION

An SHG is a small affinity group of 10-20 members from homogenous strata. It is formed and groomed by an NGO or bank branch or a government agency called self-help promoting institution (SHPI). The members of the group are encouraged to collected regular thrift on a weekly or fortnightly or monthly basis and use the pooled resources to give interest bearing small loans to needy members. The SHPI trains the members to maintain simple accounts of the collected thrift and loans given to members. The regular meetings also provide them a platform to discuss and resolve many social and common issues, thus fortifying their togetherness. A savings bank account is opened with a bank branch and regular thrift collection and loaning to members build up the financial discipline among the members to encourage the bank to provide larger loans to the group.

CONCLUSION

It has been found that after joining the SHGs the poor people particularly the women have not only increased their income level but also they have improved their living standard by performing various economic activities independently. SHG is to develop saving capability among the poorest sections of the society. There was an increase in self-confidence, self-reliance and independence of rural women due to the involvement in the entrepreneurial and other activities of SHGs. SHG should develop creative ideas in bringing out new varieties of products. The Self-help group should concentrate more on the quality of products to ensure marketability. Many studies prove that SHG members have strong entrepreneurial desire but they lack the production of new and innovative products that are attractive to consumers and command a good price in the market. SHGs could be linked to literacy programs run by government and it could be made an integral part of SHG activities. Raised literacy level could be helpful for the SHG members to overcome cognitive constraints and to understand government policies, technical understanding and gaining required skills.

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