



ORIGINAL RESEARCH PAPER

Economics

ROLE OF SHGS IN RURAL DEVELOPMENT

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ABSTRACT

Rural development is a dynamic process that helps in improving socio-economic, environmental, political and well being of poor and vulnerable people living in rural areas. The present study is focused on the socio economic status of self help groups on rural development and also to study its impact on rural development. The SHGs approach is another occurrence into the field of rural advancement which targets improving the everyday environment of the provincial poor by making feasible network based institutions. The Self-help group bunches with giving monetary advantages to the ladies by turning out revenue producing activities.

INTRODUCTION

Development of nation is dependent on the rural development. A self-help group (SHG) is a voluntary association of men, women or both in almost similar economic conditions. The members of the group contribute small savings until they have enough capital in the group to start their own lending process. Self Help Groups are groups of 10-25 people in a locality formed for any social or economic purpose. Most of the SHGs are formed for the purpose of better financial security of its members. Self Help Groups can exist with or without registration. SHGs in India mostly work in association with Banks.

Successful examples of SHGs:

- **Kudumbashree** in Kerala has helped in providing skill training and poverty eradication of women.
- **Tamil Nadu** used SHGs to inculcate sanitation habits among the community people under Swachh Bharat Abhiyan.
- **Haryana** government used SHGs for increasing sex ratio and making beti bachao beti padhao.
- **SHGs like SEWA, Lizzat papad** promotes entrepreneurial culture among women.
- **Andhra Pradesh** Government programme of poverty alleviation by successful integration of women by SHG formation.

OBJECTIVES

- 1) To find out the different income generating activities of SHGs.
- 2) To find out the pattern of income from each economic activities.
- 3) To examine the role of SHGs in rural development and poverty reduction

Literature review

The approach of Self-help Groups (SHGs) towards poverty alleviation is that it should be for self-help. The logic is that individual effort is not sufficient to improve their fate. This brings about the necessity for organizing them in a group by which they get the benefit of collective decision making and collective implementation of programmes for common benefit (Karmakar, 1999).

Basically, the literature tries to evolve the real measure of economic development which is not possible to be completed without implementation of a proper rural development strategy. Development process should be initiated from the grass root level to push a direct attack on poverty so that the development objectives will succeed which has been specially entrusted to it. The findings from various literatures stated that rural development processes

will generate increase in the capacity of the rural people to control all the aspects of rural life- social, economic, cultural and political and it has some inter-linkages with poverty removal (Banerjee, 2004).

Briefly, the extensive review of literatures explains that in the process of rural development, the society needs to be organized itself into various associations to satisfy their development needs. The self-help groups are also some agencies promoting awareness among the poor people to expand their ability to satisfy their functional needs and identify the problems that they encounter most in their recent lives.

Role of SHG in rural development:

- **Credit availability**– Bank credits are not easily accessible to individual poor, but by forming a SHG, there are better prospects for bank credits (without collateral).
- **Entrepreneurship**– Opportunities for self-employment through setting of micro-enterprise.
- **Skill development**– Skill development program undertaken by SHGs improves employment of members.
- **Rural poverty**– SHGs has become a vehicle to lift people from below poverty line, generate awareness about welfare and developmental schemes of government, monitoring its implementation etc.
- **Improved living standards**– As a result of increased jobs there is rise in income which enhances access to food, health services and overall rise in living standards.
- **Women empowerment**– By providing employment opportunities, financial and social security SHGs help improve the status of women and creating awareness regarding their rights and responsibilities, as pointed by the 2nd ARC report.
- **Literacy rates**– with more women participation and their enhanced participation, literacy rate have been increased.
- **Social capital**– The SHGs provide a forum in which people can meet on a regular basis and discuss various issues or concerns that the members face in their day-to-day life which acts as the basic source of social capital generation.

Findings and discussions

Income generating activities of SHGs

The self-help group (SHG) approach is a new instance into the field of rural development which aims at improving the living condition of the rural poor by creating sustainable community based institutions. It would give a new platform for the women to actively participate in the process of development through different livelihood activities by managing the natural resources. The self-help groups are engaged in various income generating activities. The activities of the SHGs are

generally based on traditional know-how and availability of local resource base. It was found that the beneficiaries of the SHGs consisted mostly female members unlike other SHGs which consist of both male and female members. And most of the activities of the SHGs are primarily related with agricultural economy.

Pattern of income from each economic activity

The self-help groups are mostly funded and supported by different agencies and institutions. In order to manage the self-help group a sum of money was given to each SHGs as one time grant. Thereafter, a sum was given as inter-loaning amount to each SHGs. The inter-loaning amount is regulating among the SHGs beneficiaries with an interest rate per month. This process helps women to carry out various income generating activities in the rural areas.

Role of SHGs in rural development

The SHGs are mostly present in backward and underdeveloped areas. The people of these areas have been facing many problems related to illiteracy, poverty, lack of skills and health care, basic infrastructure etc. After the inception of SHGs, the SHGs have been playing a vital role to eliminate these problems through the way of group efforts. It is difficult to handle things alone but becomes easy when united as a group. So SHGs of the area are acting as the vehicle of change for the rural poor. Self help group of the present study area are able to organize the poor and the marginalized to come together to work for the development of the rural areas. Following are some of the role played by the SHGs in the rural areas of the study area.

Firstly, SHGs provide self-employment to the rural poor to have sustained income to meet their urgent needs. As far as the academic level is concerned, 89% of the SHGs beneficiaries were below class X, 9 % under secondary level and only 2% were under graduate level. Low level of literacy makes it difficult for the poor to find an employment but SHGs gives them an opportunity to employ themselves to earn a living. Secondly, 95% of the SHGs beneficiaries were found to be house-wives without any income before joining the SHGs. Now these house wives are able to help their families financially at the time of need and they are also able to get respect in the family as well as in the society. Thirdly, SHGs have been able to improve the skills of women to do various things by managing the available natural resources. In a group, they can help each other to learn many things along with the money management because most of the women in the rural areas have a very little knowledge of the management of money. Fourthly, SHGs helps the poor people in the village to save huge amount of money more quickly by pulling their saving in a common fund which can then be used by the group or member of the group for productive investment. As the poor can save only small amount individually, which are usually not enough for investment. Lastly, SHGs increases the level of social empowerment of the women through participation and decision making in the group level. All the members of the SHGs are made to take part in the meeting and income generating activities. It gives them confidence and understanding to actively participate at household level as well as in external environment in the process of development

SUGGESTIONS AND CONCLUSION

These are some of the suggestion for the betterment and further development of the SHGs

- There should be good understanding among the group members of the SHGs.
- The president and secretaries of the SHGs should be an educated person who can take up the responsibilities.
- Marketing networks of the SHGs should be more widened so that the goods can be sold at a reasonable price.
- The activities of the SHGs should focus more on those activities which generate good return.

- Frequent training of management for the SHGs should be organized to achieve the desired goals.

The whole observation shows that the SHGs in the study area are functioning very well in organizing the poor and the marginalized women into a self-serviced economic institution. Significant improvement has been found in the living condition of the rural areas especially in women folks. The study concludes that there is huge variation in income generation between the different economic activities of the SHGs due to the differences in the value of the product. Therefore, good transportation and market networks could be of great help to the rural poor for the rural development. Despite so many hindrances in the rural areas creation of SHGs has been very helpful in increasing the opportunities of the livelihood activities of the rural poor. Therefore, it can be concluded that participation of women in the SHGs provides tremendous contribution towards the development of self-reliant, self-confident and social empowerment among the members of the SHGs contributing towards the process of rural development in the region. SHGs have been instrumental in bringing about structural changes in the rural society and its economy. Given the multi-faceted role played by SHG in rural development, Government needs to further support SHG by handholding them and bringing them at par with the rest of the sections.

In India there is a substantial percentage of rural and urban poor, who if tried individually cannot break their chains of poverty, and hence collective action is required to remove poverty and rural development.

For self-employment and financial independence, poor sections need credit. The chance of successful income generation is high with SHGs than individual attempts.

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