

Vol 4 Issue 10 July 2015

ISSN No : 2249-894X

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*Monthly Multidisciplinary  
Research Journal*

*Review Of  
Research Journal*

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**RNI MAHMUL/2011/38595**

**ISSN No.2249-894X**

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## THE RURAL POOR TO BE EMPOWERED THROUGH SELF-HELP GROUP & SELF-EMPLOYMENT



Seraphinus Kispotta

### INTRODUCTION :

Despite the consistent efforts in economic development since independence, the continuing population growth (21.38% in 2001 and 17.64% in 2011 in India & 18.06% in 2001 and 22.61% in 2011 in Chhattisgarh) has inhibited poverty amelioration efforts in the country. The failure of the "trickle down theory" was perceived long ago, but despite many programmes directly targeted at the poor, including the Integrated Rural Development Programme (IRDP) which seemed to be the most comprehensive one, almost one third of the country's population continues to be poor even today. Even among those who are supposed to be above the "poverty line", there is large

### ABSTRACT

*The author, through this paper, intends to give a message that the self-help groups and self employment are the approaches through which the rural poor people especially the rural women can be empowered socially and economically as well. Though for ages the government has been implementing a variety of schemes and programmes for the poverty alleviation and employment generation in the rural area, but the economic condition of the rural people has not much changed as it has been expected. Hence, people started to look for other alternatives. One of the alternatives is that of formation of Self-Help Groups and eventually getting the self-employment. For this the rural poor people had to be motivated and given the advantages of remaining and participating in the SHGs. If the SHGs are linked with the banks, financial institutions, they are in the plus points. The author has highlighted the points which enumerate the enriching and empowering aspects of the women folk after they have formed and joined themselves in the SHGs. Their self-confidence has increased and the decision making power has rightly clicked to them.*

**KEYWORDS :** Self-Help Group, rural poor, poverty, Unemployment.

### SHORT PROFILE

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scale under employment and disguised unemployment making their position highly vulnerable. In other words, their capacity to continue above the poverty line and to further augment their economic status remains in serious doubts. The result is an awesome wastage of human resources and increased pressure on health and related issues.

The unfortunate stipulation is that the agricultural sector, the largest employer in the country, is facing an increasing deceleration in further employment generation as a consequence of a variety of factors which include changes in cropping pattern and technology. As far as the secondary sector is concerned, the

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potential to generate employment in the organized sector is limited. The manufacturing, services, and business activities in the unorganized and informal sector, however, offer tremendous potential for employment generation. Most of these activities are also of the nature of self-employed activities while occasionally allowing absorption of additional manpower, at least the other members of the household.

It was in the background that most of the poverty alleviation programmes, including the IRDP, which have been implemented in the past have sought to provide the poor with assets which will provide self-employment to the poor households in the informal sector. These programmes also quite often attempted to have the "household's needs" in mind, and included a component designed towards capacity improvement of the targeted households towards management of the new resources to be provided to the households.

The programmes were however, based on the premise that the poor have not resources other than manpower to contribute, and the new activities may not be competitive unless they are heavily subsidized. The programmes, therefore, relied on a front-end capital subsidy supplemented by bank loans for creation of assets which promote self employment among the targeted poor households.

In practice, these programmes showed rather poor results from the point of view of the principal objectives of the programmes, i.e. number of households that could be pushed above the poverty line on a sustainable basis. Due to a variety of reasons, the repayment of bank loans also turned out to be abysmally poor.

A major drawback of the programme was the absence of participation of the targeted poor in the designing and implementation of the programmes. They, therefore, remained "receivers" of the decisions taken by others. Although theoretically sound, the household income criteria failed to be a radical tool for

identifying the poor households and more importantly their most pressing disadvantages or problems, as incomes of households mostly engaged in the informal sector were extremely difficult to be determined and also could be easily hidden and misreported. In any case it did not go beyond the minimum caloric intake and missed out many vital issues related to the well being of people. This led to substantial wrong targeting of the programmes. As these programmes practically attempted a single push transformation of the economic status of these households, resources and assets of a magnitude and nature which the poor were incapable of handling were put in their hands, and this led to wastages of resources. Although some "training", basically limited to improvement of "technical" skills was attempted, the coverage was not complete. In any case the programmes failed to distinguish between "entrepreneurs" and "skilled workers".

The above mentioned reasons were responsible for the large number of households which remain poor even today or are still on the verge of falling back into the vicious circle of poverty.

At present, the vast expansion of the formal credit system in the country mainly during post-nationalisation period (14 banks in 1969 & 06 banks in 1980) of banks and implementation of poverty alleviation programmes by government of India, has made a significant contribution in the economic upliftment of the common people. However, despite these commendable efforts, a large section of the poorest of the poor population has not been able to get access to the formal credit system and they still depend on money lenders/private sources. They are mainly represented by marginal farmers, landless agricultural labourers and rural artisans. These people mostly belong to socially and economically backward strata of the village population and are more vulnerable to personal as well as natural calamities.

At times credit institutions are hesitant in providing the required financial support as these people cannot fulfill the laid down procedures and formalities under normal lending process. Moreover, these poor and illiterate people do have their own psychological, social and mental barriers as well as apprehensions in approaching the financial institutions.

Earnest efforts in searching alternatives for supporting such rural poor conclude that grouping them based on homogeneous factors is becoming almost essential so that they can secure financial, technical and moral strength. Grouping among themselves further augment their available meager resources and help them to sort out their prioritization according to their felt needs and problems.

Recognizing the merits of this approach, many voluntary organisations have implemented in the past and are implementing even today, the Self-Help Group (SHG) concept in different ways.

### THE OBJECTIVES OF THE SHGS:

- ❖ To attain the common goal through collective approach.
- ❖ To promote an active participation of women in all development processes and thus creating awareness about current affairs.
- ❖ To gain the economic independence, prosperity and strength through loan/credit,
- ❖ To inculcate the habit of thrift, banking culture in availing loans for productive purposes and repaying the same over a period of time,
- ❖ To have collective wisdom in financial matters in organizing and managing their own finances to distributing the benefits amongst themselves.

In other words, these groups are expected to play the roles of

- ❖ Money lenders by quickly providing small emergent loans without exploitation as the entire interest/services charges go to the group.

- ❖ A development bank, by providing small production and investment credit for their economic upliftment without going through long procedures, documents etc. and at much less cost.

- ❖ Cooperatives, without the ills of self-interest/interference by big brothers/money lenders, while ensuring group contribution, participation, wisdom and pressures with full flexibility.

It also provides scopes for collective management of funds and develops inter-alia, the entrepreneurial abilities amongst the most down-trodden and neglected sections of the rural society.

Homogeneity, in terms of socio-economic status, specific economic activity and people having almost similar problems and needs were the cohesive factors for this collective approach. These groups distinctly differ from the existing cooperative societies where heterogeneity is the common phenomenon.

This SHG approach significantly contributes in augmenting the available meager resources from members and propagate thrift habits. The moral strength derived through this approach help them to solve many of their domestic and minor problems, thereby their approach towards developmental process provides better economic and social prosperity.

The loaning procedures adopted by the groups are very simple and the loans are provided on the basis of trust in the borrowing members. Hence, in general the recovery performance is excellent. The purpose of loans provided were need-based and prioritization among different purposes and members were collectively decided.

The interest rate charged in the shape of service charges widely vary among different

groups and different purposes in the same group. The terms of lending norms like, unit cost, repayment, interest rate, are in no way comparable with the lending procedure followed by formal credit institutions.

### CAUSES FOR THE INACCESSIBILITY TO THE FINANCIAL INSTITUTIONS:

- ❖ Lack of security to avail loans.
- ❖ Rigid lending policy of banks such as unit cost, repayment conditions/period/installments, interest rate etc.
- ❖ Unable to fulfill the formalities and procedures of financial institutions.
- ❖ Lack of documents required by the financial institutions.
- ❖ Time consuming and expensive process and procedures in availing the credit from banks.
- ❖ Past unpleasant experiences by the members with the banks.

However, the SHGs run on the collective funds. This fund is accumulated from the fixed monthly savings of each member of the group. The group fund is then utilized for internal lending with an interest, much less than that charged by private money lenders. Following a stabilization period of six months, the smoothly functioning groups become eligible to avail government schemes and can later even access credit from the banks and other private micro-credit institutions.

### NEED FOR LINKAGES OF SHGS WITH BANKS:

Since developing production-oriented activities (especially investment credit) were given low priority in the loan portfolio, the realization of economic benefits among members could not be achieved probably due to restricted financial resources. Hence, financing banks must take up the role to augment the financial resources of the groups for their economic upliftment. The linkage with the banks establishes that the groups could also be effective

in channelising the banks' credit with assured repayment.

### The linkage model has the following four important stages

1. The first stage deals with the formation of SHGs by voluntary agencies, which have willingness to promote SHGs for various purposes.
2. The second stage relates to building up a strong mind set to motivate the members for saving habits. This habit must be ingredient to them. There should be financial discipline observed very systematically and strictly as per the norms.
3. The third stage relates to the building up of linkages between the SHGs and the banks for using the SHGs for providing production loans and consumption loans as well. This is one of the most important stages, which will involve constant interaction among members of SHGs themselves as well as with the representatives of voluntary agencies and the banks.
4. The stage no. 4, involves closer interaction with the members, who could handle themselves long term investment loans for acquiring income generating assets with the active co-operation of the SHGs and NGOs.

### SOCIO-ECONOMIC EMPOWERMENT OF SHGS:

The social status of a woman has always been secondary to that of a man. In fact, her identity is derived either from her father, her husband or her male children. Before the introduction of SHGs, the condition of women was characterized as follows:

- ❖ Overworked, both at home and on the farm;
- ❖ Primitive hygienic condition;
- ❖ Poor health and low nutritional status;
- ❖ Very little access to health and educational facility;



- ❖ No personal savings;
- ❖ Little access to resources;
- ❖ Low perception of their personal capabilities;
- ❖ Lack of participation in the common social-economic activities;
- ❖ Lack of cooperation and understanding;
- ❖ No decision making power.

### IMPACT OF SHG ACTIVITIES:

After joining the Self-Help Groups, the members find positive changes in themselves.

1. The SHG members (esp. women) have started taking up the economic activities related to agriculture and allied activities. Land lease for growing agricultural crop has become a common practice where in vegetable and flower cultivation, food crops and pulses, oil seeds cultivation are taken up, which fetch a good amount of income.

2. Similarly, the SHG members have taken up the rearing of ram lamb, chicks, piggery and duckery, dairy, value addition to milk and milk products. Moreover, the illiterate and unskilled women members have engaged themselves in small business activities, like handicrafts and handloom products.

3. Security and Self –earning: SHGs have brought about a revolution in the management of households. It was the first opportunity that motivated them to start saving and have control over their own income. Easy access to loan facilities fulfilled their most-felt needs.

4. Improved Socio-Economic Status: Development has been conceived as an integral process of economic growth and social change. Women's participation in SHGs is itself an aspiration towards the mainstream of economic progress. Without economic independence, women cannot achieve equality. Credit is sought for various purposes like domestic needs, health, festivals, repayment of old debts, investment etc.

5. Access to Financial Assistance: A majority of the SHGs now have access to the financial assistance from banks and the repayment is 98%.

6. Additional Income: Each of the family of SHG earns additional income Rs. 1000 to 3000 per month depending on the nature of income generating activities.

7. Increase in self-confidence: There is a tremendous amount of increase in the self confidence and self esteem in the women (SHG members). The group activities have given them a sense of protection and reliability.

8. Increase in General Awareness: The awareness level among the women/men/youth about the society/community has increased in terms of laying roads, planting trees, construction of water harvesting structures, helping to reduce crime against girls & women, campaigning for the eradication of social evils like dowry, child marriages, untouchability, superstitions, drinking habits etc.

In the state like Andhra Pradesh the SHG members have empowered themselves in intense pursuit of development programmes utilizing information technology (IT) and to strategize as to how the benefits of IT could be taken to rural areas. The members have been encouraged to get PCs and software for accessing information and developing their business. Their products are being photographed, scanned and displayed on websites. The members have been enabled to take the mobile phones so that they have the latest and up-to-date information related to their activities.

### CONCLUSION:

If women are economically well off, it will facilitate them to be empowered. Hence, measures are required to expand satisfactory employment opportunities to improve their economic status. Besides, the necessary infrastructure should be provided as important and integral part of national and international development strategies. However, such experiments should be extended to other areas and the SHG tool should be promoted through incorporation of women as target groups in

shaping policies for reform and development of their economic, social and political status.

Habits of savings, economic independence, self-confidence, asset ownership, freedom from debt, additional employment, etc. are the benefits derived by the SHG members. Thus, SHGs serve the cause of women empowerment, social solidarity and socio-economic betterment of the poor. The SHGs, which were initially formed as thrift and credit societies, have the platform for initiating development activities. For this reason, the government, as well as NGOs all over the country, indulge and involve themselves in forming and promoting women SHGs. The success of certain NGOs in the country, in terms of using these women SHGs to launch collective action for local development initiatives, is a great source of inspiration.

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