

Self-help Groups Operating in India and their Role in Empowering Rural People: A Review

SWATI SUCHARITA

Lecturer and Head

Department of Home Science, Women's College, Khurda (Odisha) India

ABSTRACT

The concept of self-help group is more than two decades old and well known. These groups are basically formed by a homogenous group of people from same economic background usually 10-12 in number. As various studies from different parts of India shows, the SHGs have helped empower rural people in various aspect of life. That is why SHGs have drawn attention of numerous researchers from all over the country. In this paper the studies from all over India have been gathered and analyzed to know what are the positive impact of SHGs and how they are helping rural people in shaping their lives. The studies show that the SHGs have helped empower rural people in various aspects of their life. Through SHGs poor rural people get an opportunity to generate income which leads to improved self confidence and status in family. Members of SHG also gain knowledge and skills by participating in income generating group activities. Studies also show that after participating in SHGs, the members have better socialization, better understanding of financial activities and transactions, better knowledge of their political system, knowledge about their lawful rights, increased awareness against social evils such as dowry, female foeticide etc. these factors make SHG an important asset to empower rural people.

Keywords: Self-help Groups, Income, Empowerment, Rural people

Poverty is multi-dimensional phenomenon. It is often manifested with low consumption, malnutrition, illiteracy, insecurity, low life expectancy, powerlessness and low self-esteem. The poor lack basic amenities like piped water supply, sanitation and electricity. Their access to credit, inputs and technology is severely limited and certain constraints, such as lack of information about markets, lack of business and negotiating experience and lack of collective organization deprive them of the necessary power to interact on equal terms with the other, generally larger and stronger, market intermediaries. Cultural and social distance and discrimination are other factors that may also-at least partly-exclude the poor from markets. (International Fund for Agricultural Development (IFAD), 2001)

According to the father of our Nation Mahatma Gandhi, "the soul of India lives in its villages". Villages are the backbone of a country, the mirror of its virgin

culture and social life. Development of a nation is unthinkable and incomplete without the development of the villages. According to the 2011 census report, of the 121 crore Indian, 83.3 crore live in rural areas, where most of the poor population of the country is concentrated. Unemployment has become one of the major issues in India. With a population of 121 crore it is very difficult to provide employment opportunity to everyone. Here the answer to the situation can be promotion of self-employment attitude among people. Micro finance programmes like SHGs in India have been encouraged by the Government due to their positive impact on economy and empowerment of rural people.

The Self Help Group (SHG) is now a well-known concept. It is now almost two decades old. It is reported that the SHGs have a role in hastening the country's economic development. Remarkable success made by these groups is in making the Indian rural women self-

reliant. Thus with the help of SHGs, the rural poor become economically upgraded and need not to be dependent on moneylenders anymore (Sharma, 2013). The SHGs have now evolved as a movement. Members of the SHGs are mostly women. Consequently, participation of women in the country's economic development is increasing. They also play an important role in elevating the economic status of their families. This has led a boost to the process of women empowerment. Thus, the self-help group has proved an important means in expediting the process of women empowerment in the rural areas. The SHG programme has been successful in strengthening collective self-help capacities of the poor at the local level, meeting their basic needs leading to their empowerment. The rural poor, with intermediation of the voluntary organizations also join for self-help to secure better economic growth. This has resulted in formation of a large number of the SHGs in the country; and, the SHGs have mobilized savings and recycled the resources generated among the members (Liyakatali, 2015).

Role of SHGs in empowering rural people:

Economic empowerment and Capacity building of rural women:

Capacity building is defined as the process of developing and strengthening skills and abilities and resources that an individual need to survive and thrive. Rural women face a various types of problem due to lack of education, malnutrition, lack of social mobility, presence of social evil like dowry, female foeticide etc. Though they do most of the work in home and outside, they are often ignored and underprivileged. Through SHGs, women start their income generating activities and able to fulfill their personal as well as family needs which leads to better status in family and society and ability to take decision. Chandran (2012) in his study "*the role of SHG linked micro enterprises in empowering the women in Tamil Nadu*" found that there is a significant increase in economic empowerment achieved by the beneficiaries through micro enterprises such as SHGs. Shanthi Ezil Ida (2012) studied the impact of SHGs on income of women after joining the self-help groups in Tamil Nadu and found that income of the women members influences the total household income. Sreeramulu (2008) in his book "*Empowerment through Selfhelp Groups*" opined that all the rural development programmes including self help groups have been of greater benefit to rural women and their economic, social

and political status have been improved due to their participation in group activities.

Promoting saving habit and cheap credit facility:

The saving and spending habit of people vary greatly depending on their income and need. Majority of rural people have low income and mostly engaged in agricultural and allied activities. They believe money obtained today must be used for present need today and the future will take care of itself. Savings are very essential for supporting and developing rural industries. They provide several benefits to the household directly. Indirectly saving indicates repayment ability (Jeyachandran and Sekhar, 2016). SHGs initially draw on their own accumulated savings to provide loans to their members and later link with the formal credit system to access funds, overcoming limitation of their own resources. SHGs are now being viewed as dependable vehicles for rural credit delivery having a number of advantages over the traditional system. The SHGs offer a unique opportunity for dispensing cheap credit complementing the existing banking system at the door step of the poor with almost assured repayment at the terms of requirement of the poor (Meenai, 2003). Another study from Odisha made by researcher Tripathy in 2014 entitled "*The role of Self-help Groups in Socio Economic Empowerment of Women; A case study in Anugul District of Odisha*" shows that 71% of the respondents had stopped going to money lenders for credit and utilized banks for the purpose. It was also found that women belonging to marginalized communities (SC, ST & OBC) are active participants in Self-help Group movement. Self-help groups are the predominant mode of micro credit in Odisha. Odisha ranked 4th in 2010 as well as 2011 in terms of SHGs which have successfully accessed bank loans she opined.

Eradication of social evil:

Social evils are issues which one way or others affect the members of a society and is often considered controversial or problematic in terms of moral values. Some of the most common social evils would be alcoholism, racism, child abuse, female foeticide, child labour, dowry etc. So basically a social evil is anything that is harmful and dangerous for a society and/or community. Therefore, a society and its people need to be free from these social evils in order to achieve developmental milestone. The major cause of the social

evils is illiteracy, lack of awareness, lack of gender sensitization etc. Self-help groups playing an important role in eradicating these social evils to some extent as the level of awareness increases after joining SHGs. Dahiya *et al.* (2001) in their study “*Socio economic evaluation of SHGs in Solan district of Himachal Pradesh*” examined the impact, issues and policy implications for SHGs. They found that after joining SHGs, there was significant increase in income of rural poor. SHGs contributed significantly to empower women folk, educational development of children and eradicating social evils. Similarly, according to Sreeramulu (2008), self-help groups have been of greater benefit to rural women and their economic, social and political status have been improved due to their participation in group activities. Self help groups have been able to create an understanding in the minds of women about the cause and consequences of social evils and motivated them to organize themselves against these evils.

Among relevant studies on the importance and positive effects of SHGs, few are listed below that elucidates the positive effect of SHGs on rural people.

Thangamani and Muthuselvi (2013) in their study “*A study on women empowerment through self-help groups with special reference to Mettupalayam taluk in Coimbatore district*” observed positive impact of SHGs on socio economic factor of respondents. The researcher concluded that there is positive impact by involving voluntary organizations in social mobilization. The economic activity of the SHGs were found quite successful. SHGs in Mettupalayam Taluk are very successful in developing women entrepreneurship and empowerment in rural areas

Konwar (2014) in her study “*Role of self-help groups in socio economic empowerment of women in Sivasagar district of Assam*” mentioned that there are various positive effects of SHGs on its members. SHGs have become the source of cheap credit as majority of members were provided credit whenever they needed. 52.62% SHGs provided credit only to their member followed by 47.58% SHGs providing credit to both members and outsiders. Out of 290 respondents 87.24% respondents said that their SHGs are extensively helping in the growth of their economic condition.

Ramanathan (2015) conducted a study on SHGs entitled “*A study on the retailing skills of the self-help groups in Kanchipuram district*”. The major findings of the study shows that after joining SHGs, the awareness

level of savings, attitude towards social security and self-realization among the members has increased. There is a paradigm shift from loans borrowed for consumption purpose to productive purpose after association with SHGs. It was also found that SHGs have positive effect on alleviation of poverty. The consumption and expenditure of the members also increased. The findings of the study shows that the core purpose for forming SHGs are for economic improvement through business and supporting family. It was found that most of the SHG members did not participated in any other activities before joining SHGs.

Conclusion:

In a country like India, where the majority of its population resides in rural area, development of the country means of development of its rural areas and rural people. That is why development of the rural people has always been the priority of the government. The social impact of SHGs has been very significant as it helped rural people specially women to take part in household decision making, awareness about social evils, increased knowledge about financial activities and transactions, increased knowledge about political institutions and political bodies, increased access to credit for financial activity, increased knowledge about financial institution and how to assess the benefit of these organizations, increased self confidence, development of entrepreneurial behavior etc. Although positive impact of SHGs on rural people is appreciable, the constraints and problems are faced by these micro credit institutions are not negligible either. There a gap remains between the current scenario and future perspective. Appropriate actions should be taken by the govt. and other credit related institutions to sustain and promote the SHGs so that they can function optimally and only then the maximum benefit of SHGs can be reaped.

REFERENCES

Journals:

- Barani, G. and Dheepa, T. (2011). Emancipating SHG women through Entrepreneurship: A study in Erode district of Tamil Nadu. *Indian J. Social Development*, **11** (2) : 445-452.
- Chandran, M. (2012). Women Empowerment through microenterprises development in Tamil Nadu, *Sourthen Economist*, **51** (6) : 21-24

Jeyachandran, Sam and Sekhar (2016). Saving Habit of Rural People. *Internat. J. Advance Res. & Innovation (IJARI)*, **1** (3): 321-324.

Shanti Ezil Ida, J.P. (2012). An Analysis of Income Generation of Self help group Members. *Kisan World*, **39** (4) : 49-51.

Thangamani, S. and Muthuselvi, S. (2013). A study on women empowerment through self-help groups with special reference to Mettupalayam Taluk in Coimbatore district, *ISOR J. Business & Management*, **8** (6) : 17-24

Books:

Meenai, Zubair (2003). *Empowering Rural Women*, Aakar Books, Delhi

Sreeramulu, G. (2008). *Empowerment Through Self Help Groups*. Kalpaz Publication, Delhi.

Thesis/Dissertation:

Konwar, Mitali (2014). Role of self-help groups in socio economic empowerment of women in Sivasagar district of Assam, Shodhganga, URL: <http://hdl.handle.net/10603/83369>

Liyaktali, Shaikh Mohamadli (2015). A Study of Self Help Groups Under Swarnjayanti Gram Swarojgar Yojna in Beed

District”, Shodhganga, 21 October 2015. URL:<http://shodhganga.inflibnet.ac.in/handle/10603/54422>

Ramanathan, V. (2015). A study on the retailing skills of the self-help groups in kanchipuram district. Shodhganga, URL: <http://hdl.handle.net/10603/44778>

Tripathy, Swarnamayee (2014). The role of Self help groups in Socio Economic Empowerment of Women; A Case Study in Anugul District of Odisha, Shodhganga, URL:<http://hdl.handle.net/10603/119470>

Web Pages/Websites:

<https://www.ifad.org/documents/10180/5e3b0d00-083b-4e5a-82cd-eab708dcd593> Retrieved on 5th May 2017 at 10:50 P.M.

Prakash, Atma (2017). The socio economic problems in India, URL: www.innovativelawcollege.com, retrieved on 27th September, 2017.

Sharma, Shvetika (2013). “what are self help groups and what is its importance”, meritnation.com, URL:<https://www.meritnation.com/ask-answer/question/what-are-self-help-groups-and-what-is-its-importance-is-it-money-and-credit/6653725> , retrieved on 7th may 2017

www.socialelevils.org.uk, retrieved on 27th September, 2017.
