



Self-help groups and rural development in India

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Abstract

Rural development can be sustainable if it has the participation of people to whom it is directed. The SHGs bring the participation of the most desired people in rural development that has inherent advantages. They synergize development efforts and instill a sense of zeal and enthusiasm among the participating stakeholders. Rural development is a very dynamic process that involves improving the socio-cultural, environmental, political and economic wellbeing of the rural poor living in relatively isolated areas. In a country like India, where the majority of people live in rural areas, the concept of rural development becomes very important.

Keywords: development, poor, India

Introduction

Over the years, a large number of poverty alleviation programs have been implemented in India and a large amount of social and financial investments have been made to achieve the sole objective of poverty eradication. Most of these programs were based on a top-down approach and did not consider the needs of the people. Activities for poverty alleviation programs in most cases adhered to fund-based development. The vulnerable economic groups were forced to continue having little confidence in themselves and found that the guarantee of security of their livelihood was lacking in the entire effort to eradicate the poverty of the country. Taking into account the large number of people still living below the poverty line, therefore, the resources used for the eradication of poverty and the provision of subsidies on behalf of the poor have not been very effective in achieving objective of poverty reduction To form quality groups, rural participation plays a fundamental role in identifying its members who join the SHG through the process of social mobilization. The functions of the group are evaluated and monitored by external agencies with the active support of the government, the leading bank in the region and the Panchayats Union. The SHGs developed under various programs provide a great opportunity for the convergence of several programs of various ministries and organizations. The necessary training for SHG members can be provided to raise awareness of community health, traditional and modern agricultural practices, microcredit, veterinary practices, water resources management, Panchayati Raj and other issues. These trainings could be useful in increasing the skills and confidence of poor people in rural areas who can enable them to make an effective contribution to the development of their own community. The products are produced according to local demand patterns. SHG members, if business training combined with exposure visits to successful micro-enterprises of the same nature, would have a greater impact on the quality of products produced by poor beneficiaries. The success of economic activities carried out by self-employed workers depends to a large extent on their social influence, their role in the decision-making process, a broader financial base through improved

savings and credit activities and property rights expanded on the assets.

Literature Review

Dr. V. Balachandran and P Brintha, "Empowering Rural Women Through Self Help Groups, International Journal of Advanced Research in Management and Social Sciences Vol. 1 | No. 4 | October 2012 ISSN: 2278-6236

Dr. A. Sundaram, "Impact of Self-help Group in Socio-economic development of India" IOSR Journal of Humanities and Social Science (JHSS) ISSN: 2279-0837, ISBN: 2279-0845. Volume 5, Issue 1 (Nov. - Dec. 2012), PP 20-27 www.iosrjournals.org

D. Nagayya (2000) in his paper "Micro Finance for Self-Help Groups", has reviewed the initiatives taken at the national level with a few institutional arrangements to support this programmed for alleviation of poverty among the poor, with special focus on women.

Smt. Pratima Joshi (2004) The women are coming together and this is helping them to fight the evils in the society. e.g. in the Savitri self help group from Tandulwadi (District Akola, Maharashtra), women came together and stopped the practice of gambling, also asked questions to Health officers about the unhygienic conditions in their village, started goat-rearing business, also looked into the matters of Gram Panchayat.

Self Help Group: Brief Overview

In India, NABARD's main rural development group initiated the Self-Help Plan, emphasizing the generation of self-employment for women living in rural and semi-rural areas. The movement of self-help groups (SHG) has unleashed a revolution in the rural credit delivery system in India by proving to be an effective means of extending credit to the rural poor for their socio-economic empowerment. A self-help group (SHG) is a committee of financial intermediaries based in the village, usually composed of 10-20 local women or men. Self-help groups are initiated by non-governmental organizations (NGOs) that generally have broad agendas against poverty. In India, two general approaches prevail in the case of microfinance,

namely. Self-help group - banking and microfinance links. NABARD has supported the bonding program of SHG-Bank since 1992 (Lokhande, 2013). These groups are seen as instruments to achieve a variety of goals, including empowering women, developing leadership skills among poor people, increasing school enrollment and improving nutrition and contraceptive use. The SHG system uses existing marketing channels, banks, to bring formal financial services to a new market segment, to the poor and in particular to women.

A reasonably educated and useful local person has to initially help poor people form groups. He or she tells you about the benefits of saving and the advantages of forming groups. This person is called an "animator" or "facilitator". In general, the animator is a person who is already known by the community.

Major Functions of an SHG

Savings and Thrift

- All SHG members regularly save a small amount. The amount may be small, but savings have to be a regular and continuous habit with all the members.
- "Savings first — Credit later" should be the motto of every SHG member.
- SHG members take a step towards self-dependence when they start small savings. They learn financial discipline through savings and internal lending. (Advantage: This is useful when they use bank loans.)

Internal lending

- The SHG should use the savings amount for giving loans to members.
- The purpose, amount, rate of interest, schedule of repayment etc., are to be decided by the group itself.
- Proper accounts to be kept by the SHG.

Discussing problems

In every meeting, the SHG should be encouraged to discuss and try to find solutions to the problems faced by the members of the group. Individually, the poor people are weak and lack resources to solve their problems. When the group tries to help its members, it becomes easier for them to face the difficulties and come up with solutions.

Taking bank loan

The SHG takes loan from the bank and gives it as loan to its members.

Empowering Disadvantaged Communities

SHGs not only raise the livelihoods of low-income families, but also strengthen their social and political lives. It is a very strong instrument of economic development, which creates financial habits and unleashes entrepreneurial talents. Women are particularly worried. According to the State Bank of India, more than 91% of the members of SHG are women. In 20 years, 100 million rural women have participated in SHG; A very successful tool for empowerment.

Over time, SHGs gained recognition from banks and the Reserve Bank of India and became a vehicle for services in the social sector. When the movement began, the question of "how could you grant credit to a non-registered organization of this type?". In 1996, a circular from the Reserve Bank of India converted a SHG into a normal

commercial activity that banks could lend money to.

Empowerment of Women

The empowerment of women is a crucial factor in the eradication of poverty, since women are the key contribution to the economic participation of women at all levels, through paid and unpaid work at home and in the workplace. workplace, the formation of self-help groups. It has provided a lot of trust among the members of the self-help groups. A great member of women in the country is gaining self-confidence with the help of self-help groups. In India, self-help groups represent a unique approach to financial inclusion. Self-help groups Microfinance activities help the poor, women are not only obtaining loans but also instilling savings, credit and investment habits in microinsurance and money transfer services. Members of self-help groups participate and improve access to microcredit management, marketing skills and capacity development to promote financial inclusion and empowerment. Kudumbashree (family prosperity) is an ambitious program of relief the poverty and empowerment of women initiated by the Government of Kerala in 1999 with the aim of eradicating absolute poverty. Under this program, the empowerment of women was seen as the key to lifting families out of the poverty trap and microcredit activities through self-help groups.

Future of SHGs

The group self-help program has proven to be successful in connecting clients who do not receive sufficient service with financial services. How can challenges be overcome to improve and revitalize such programs?

- Self-help groups must be monitored regularly, and their promoters must reinforce the structures that ensure that members have the necessary help for at least the first five years. Promoters should help groups discuss issues in the social and development fields, allowing groups to have constructive and critical discussions that help them become better members of the community.
- The resources should be allocated to the periodic development of the capacity of all the members, to make the group the collective and democratic effort of all the members instead of a few who are better informed. With the Indian government's recent focus on digital financial inclusion, several efforts are being made to digitize the self-help group's platform. However, investing in the training of group members could go a long way toward ensuring a smooth transition from hand to technology platforms.
- The government should take advantage of the self-help group platform to expand the country's financial inclusion agenda. Given the popularity of self-help groups in rural India, you can act as an intermediary to provide financial services in your community. Recent pilots on the use members of the self-help group as banking agents showed some encouraging results in terms of number of transactions and percentage of active accounts. Similar innovations are needed to reshape the SHG movement and use it for the best possible outcome. Since its inception, self-help groups have come a long way. Through economic and social assistance, they have proven not only to improve the livelihoods of low-income households, but also to enhance their social, economic and political lives. With the increasing scope of the self-help

group channel, it is important that stakeholders invest in providing the right kind of support to maximize the impact these groups can have on livelihoods.

Conclusion

Rural development can be sustainable if it has the participation of people to whom it is directed. The SHGs bring the participation of the most desired people in rural development that has inherent advantages. They synergize development efforts and instill a sense of zeal and enthusiasm among the participating stakeholders. The participation of people is a process in which stakeholders influence and share control over development initiatives and the decisions and resources that affect them. In other words, the active participation of stakeholders, especially in decision-making and activities, is the essence of the participation of people. In this chapter, an effort is made to describe the analytical framework of a role played by SHGs in rural development. The SHG approach is an enabling, empowering and bottom-up approach for rural development that has provided significant economic and non-economic externalities to low-income households in developing countries. SHG's approach is seen as a sustainable tool to combat poverty, combining a for-profit approach that is self-sufficient and a poverty alleviation approach that empowers low-income households. It is increasingly becoming a tool to exercise development priorities for the governments of developing countries.

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