

**SELF HELP GROUPS: A TOOL FOR SUSTAINABLE
DEVELOPMENT**



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ABSTRACT

Micro finance is being considered as a very powerful tool for uplifting the economic condition of poor through group approach. Micro credit was first started in Bangladesh by Dr. Mohammad Yunus through Grameena bank which was established in 1976. NABARD launched a pilot phase of self help group bank linkage program in 1992. SHGs are voluntary group of persons having similar economic and social background, formed on the basis of cooperation. SHGs occupy a crucial role in the process of women empowerment and it is instrumental for socio economic development of the poor people in the rural areas. This paper attempts to examine the SHGs micro credit and savings in the context of rural development. The financing of SHGs clearly indicates that the SHG bank linkage program is economically viable and sustainable. It can be concluded that micro finance through SHGs has been found as the appropriate approach and effective tool for poverty alleviation and empowerment of women.

INTRODUCTION

Micro finance is being considered as a very powerful tool for uplifting the economic condition of poor through group approach. In India micro finance program has a crucial role to play in uplifting more than 30 crore people living below poverty line. Micro credit was first started in

Bangladesh by Dr. Mohammad Yunus through Grameena Bank which was established in 1976. Micro finance is the provision of the thrift, credit and other financial services and products of very small amounts to the poor in rural areas. The main objective of micro finance is to raise the

income level and improve the living standard of the poor. The world Micro Credit Summit 1997 explains “the micro credit as the key implications of micro credit is in its name itself: ‘Micro’ a number of issues come to mind when micro is considered: the small size of the loan made, small size of savings made, the smaller frequency of loans, shorter repayment periods, amount, the micro level of activities, the community based immediacy of micro credit”.

Self help group is a new concept in the micro finance sector. NABARD launched a pilot phase of self help group bank linkage program in 1992. Self Help Group is a small voluntary association of 10-20 poor people from the same socio economic background who come together for the purpose of solving their socio economic problems through self help and mutual help. They collect small savings on regular basis and the saved amount is deposited with a bank. The bank sanction the loan to the SHG without any collateral security. SHGs also play a pivotal role in the process of women empowerment and it is the instrumental for socio economic development of the poor people in the rural area.

NEED OF THE STUDY

In the area of sustainable development for rural women, the focus must be laid on developing the capacity of women through increasing their economic power, social power, participation power and decision making powers. This is being achievable to a large extent through the formulation of SHGs.

METHODOLOGY AND PERIOD OF THE STUDY

The data collected for the purpose of this study is secondary in nature. The study covers a period of six years from 2007-08 to 2012-13.

OBJECTIVES OF THE STUDY

The overall objectives of the present study is to analyses women empowerment through self help groups with respect to the SHG members in Bidar district of Karnataka. The specific objective is to know the changes in economic condition of SHG members.

SHG - BANK LINKAGE PROGRAM

This program, developed and managed by NABARD, allows SHGs to obtain loans from banks- commercial, rural and cooperative banks. The bank lend to the SHGs and are eligible for NABARD refinance for these loans at a subsidized interest rate. The NABARD's SHGs bank linkage program helps to meet the credit needs of the poor by combining the flexibility sensitivity and responsiveness of the informal credit system. The SHGs proved beyond doubt that they are the fasted growing and most effective micro financial institutions in the Indian context. The small beginning of linking only 500 SHGs to banks in 1992, had grown to over 0.5million SHGs by March 2002 and further to 8million SHGs by March 2012. In southern states almost 100% of the SHGs linked to banks in the pilot stage.

Table-1 SHGs bank linkage program in Bidar district

Year	No. of SHGs formed	No. of SHGs financed	No. of families assisted	Bank loan Rs. In lakhs	Average loan per SHG Rs.	Average loan per family Rs.
	2007-08	13967	13327	207401	9211.63	69115
2008-09	15160	14524	225091	11354.50	78174	5045
2009-10	16104	15937	239610	13417.10	84187	5600
2010-11	17098	16960	258374	16941.39	99887	6557
2011-12	18409	18109	280262	21664.13	119631	7731
2012-13	19769	19250	306045	28259.58	146800	9235

The table-1 above shows the progress of SHGs bank linkage program in Bidar district. It could be seen from the above table that the number of SHGs formed in Bidar district for providing micro credit was increased from 13967 to 19769 during the period from 2007-08 to 2012-13. Banks were liberally granting loans through SHGs for meeting the micro credit needs. The amount of loan granted by the bank is also increased from Rs.9211.63 lakhs to Rs.28259.58 lakhs during the period from 2007-08 to 2012-13.

There are 19250 SHGs that are linked to banking system today in Bidar district. What is notable is that over 3 lakh women has emerged as beneficiary of this SHG scheme in the district. The number of beneficiary rose from 2,07,401 to 3,06,045 during the period from 2007-08 to 2012-13. The average loan amount provided to the per family rose from Rs.4442 to Rs.9235 during the period from 2007-08 to 2012-13. It shows a significant increase in the number of beneficiaries and the benefited loan amount. Hence SHGs are important vehicle for credit delivery to self employed persons, particularly, women in rural and semi urban areas. Issues relating to the structure and sustainability, funding, regulations and capacity building for micro finance delivery are the special features of SHGs has attracted the attention of RBI. If all poor are provided access to financial services including credit,

they may very well be able to start or expand a micro-enterprise that will allow them to breakout poverty and pave for the economic empowerment of women.

SOCIO ECONOMIC CHANGES THROUGH SHGs

SHGs has proved to be a strategic tool for organizing rural women in groups and promoting savings and thrift habits to gain access to institutional credit for their socio economic development and empowerment.

Table -2 Savings mobilised by SHGs of Bidar district - Rs. In lakhs

Year	Savings	Growth
2007-08	3555.50	-
2008-09	4286.25	20.55
2009-10	5068.16	18.24
2010-11	5151.77	1.64
2011-12	6060.24	17.63
2012-13	7335.05	21.03

The above table-2 reveals that the savings have increased from Rs.3555.50 lakhs in 2007-08 to Rs.7335.05 lakhs in 2012-13 recording an increase of more than two times. Thus the study indicates that the SHGs members have shown an cumulative interest in pooling their amount in the form of savings which enable them to generate more fund from the SHGs, which is employed in the tiny enterprising activities. To state the example Lijjat Papad is a well

known brand it is a result of seven women who have thought of enhancing their income. They organise few women and every one work with interest to prepare papads. Few members involved in distribution and revenue is generated. Likewise there are various other self help groups of women who are working together and have developed certain indigenous products such as Jawar Roti, Bajara Roti, Ground nut powder and coconut powder etc. villages are faced with problems related to poverty, illiteracy, lack of skill and health care etc. These are the problems that cannot be tackled individually but can be better solved through group efforts. Today these self help groups have become the vehicle of change for the poor and marginalized. For the purpose of poverty alleviation especially in rural areas government has to take initiation in pooling of self help groups in socio economic profile. They should be provided with skill training and certain interest free loan.

FINDINGS

1. There are 19250 SHGs that are linked to banking system in Bidar district.
2. The social and economic status of the members have been increased after becoming the member of SHGs.
3. There is a substantial increase in the thrift (savings) of SHG members from Rs.3555.5 lakhs in 2007-08 to Rs.7335.05 lakhs in 2012-13 recording an increase of more than two times.
4. Significant increase in beneficiaries from 2,07,401 in 2007-08 to 3,06,45 in 2012-13.

SUGGESTIONS

1. Adequate concessional financial assistance should be provided by the Govt. to SHGs.

2. The proper occupational training should be organized by the government in order to make the SHGs member competent.
3. The district authority may adopt a day today system to monitor the functioning of SHGs.
4. The Government should take necessary steps to bring all poor rural women to participate and encourage them to join the SHGs.

CONCLUSION

Micro finance through SHGs has been found as the appropriate approach and effective tool for poverty alleviation and empowerment of rural women. The SHGs have made a revolution in the rural women folk by enabling them to become self dependant, self reliant and self employed.

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