
EPRA International Journal of **Socio-Economic and Environmental Outlook**

SJIF Impact Factor(2019): 6.124

Volume: 6 August - July 2019-2020

A CRITICAL STUDY ON THE ROLE OF MICRO FINANCE AND SELF HELP GROUP IN PROMOTING EMPLOYMENT AMONG TRIBAL COMMUNITY

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ABSTRACT

The economic backwardness of the state, especially the rural areas, is evident from the large size of poverty, unemployment, underemployment, under utilization of rural resources, low productivity and low per capita income. To lift the economy from the clutches of the above problems the rural development is immense essential. In this connection micro finance and Self Help Groups play an important role in developing and contributing to the rural economy. In India, SHGs has been accepted as a strategy for achieving the twin objectives of promoting self employment and also speeding up rural development. The prime objective of the paper is to inquiry the role of SHGs to generate self-employment and to find underpinning problems associated with. The paper is based field survey and it has been found that both micro-finance and self help groups play vital role in promoting rural economic development.

KEY WORDS: *Microfinance, self help group, rural development*

INTRODUCTION

The economic backwardness of the state, especially the rural areas, is evident from the large size of poverty, unemployment, underemployment, under utilization of rural resources, low productivity and low per capita income. To lift the economy from the clutches of the above problems the rural development is immense essential. In this connection micro finance and SHGs play an important role in developing and contributing to the rural economy. In India, SHGs has been accepted as a strategy for achieving the twin objectives of promoting entrepreneurship and also speeding up rural development. India is the home for largest population of poor (two-third) in the world and has been a natural candidate for experimenting with micro credit as a tool for poverty alleviation and also gear up the socio-economic empowerment of rural economy. Micro credit has primarily work through Self Help Group (SHG). A

Self Help Group is a small group of 10 – 20 persons drawn from relatively homogeneous socio-economic backgrounds and often women, who pool their savings into a fund from which they can borrow as and when necessary (after Tankha, 2002). Such a group is linked with a bank where they maintain a group account. Over time the bank begins to lend to the group as a unit. The Self Help Group approach helps the poor to build their self confidence through community action. Interactions in group meetings and collective decision making enable them in identification and prioritization of their needs and resources (SGSY; Kumar and Varghese, 2005). This process would ultimately lead to the strengthening and socio-economic empowerment of the rural poor as well as improve their collective bargaining power.

MICRO-FINANCE

Micro finance is defined as providing micro loan to the poor. Developing country like India capital formation in rural is not sufficient for investment, so micro-finance play a pivotal role to boost rural economy.

The idea of professor Md. Yunis on microfinance has brought a revolutionary change in the village and agrarian economy of Bangladesh. His idea has been highly appreciated throughout the world as it provided the key of economic development among the poor with limited income, limited saving and limited credit (Khan and Rahaman, 2007).

Importance of Micro-finance in developing economy with special reference to India can be enunciated as follows:

1. Indian economy is agricultural based economy as it still contributes about 18.9% to the national income.
2. India is an overpopulated economy we a very high growth rate population.
3. Two-third of total population resides in villages.
4. About 30% of rural population resides below poverty line.
5. Agriculture sector of India has been suffering badly from disguised unemployment.
6. Primary problem of India rural population and agricultural operation is lack of timely supply of adequate fund.
7. Predominance of non institutional sources of agricultural credit like money lenders and landlords.
8. Wide spreading illiteracy among village population.
9. Lack of motivation and team spirit among rural population.

In the light of the above mentioned points micro-finance is recognized as a key strategy for addressing issues of poverty alleviation and rural development. Access to financial services and the subsequent transfer of financial resources to poor enable them to become economic agents of change and economically self reliant, contributing directly and play active role in decision making.

SELF HELP GROUP'S IN INDIA

In our nation the history of Self Help Group is of recent past. It was just in 1980 when a number of Self Help Group were created for providing credit facilities to the poor specially women, in both rural and urban areas. The ideas of Self Help Group become a great success from the very beginning as its recorded a repayment rate of over 95%, higher than most of the traditional banks.

The movement of Self Help Group in India has gained momentum when in February 1992 NABARD launched a pilot scheme bridge the gap between demand and supply of funds in the lower rings of rural economy (NABARD Annual Report 2015-16) This was the first instance of mature Self Help Group's that were directly financed by communal bank. The informal thrift and credit groups of the poor were recognized as bankable clients. As per advised of R.B.I. the commercial banks to consider lending to Self Help Group's as part of

their rural credit operation for creating Self Help Group bank linkage. The linking of Self Help Group with financial sector was good from both sides as the banks were able to expand their market to the low income household. Self Help Group's were able to scale up their operations with more financing and they had access to more credit products.

Indeed, Self Help Group's can play a vital role in arranging the rural community and ensuing that development planning and an opportunity to become agents of change. Poor who are in the forefront of the micro credit movement the country use small loans to jumpstart a long chain of economic activity.

Undoubtedly, Self Help Group have created awareness among women and brought attitudinal change among them. It has helped in realizing their own intrinsic strength. Given the unfavorable power structure in rural India the direct participation of the poor women in the development process through their own independent organization is considered imperative.

OBJECTIVES OF THE STUDY

- ❖ To find out the role of S.H.Gs. to lift up the socio economic status of the poor under the study area.
- ❖ To focus light over the practical problems facing by the S.H.Gs. in their operation.
- ❖ To provide some measures to eliminate their problems.

A BRIEF DESCRIPTION ABOUT THE STUDY AREA

The investigators have undertaken the survey study under Ketetong Gaon Panchayat of the Margherita Sub-Division, Dist. Tinsukia, Assam. Ketetong Gaon Panchayat is situated 7 k.m. away from the Margherita town and consisted of 10 nos. of wards with about 7,000 populations which is a mileage of various tribes including The Singphos, Tai-Phakes, Morans, Tea Tribes, Nepalis and Hajongs etc. The locality is purely an agrarian economy as about 98% of the people have their livelihood from agriculture. The scenario of the literacy rate is as poor as about 27% and school drop out ratio 40% and unsound economic condition is primarily responsible for it.

METHOD & TOOL

The investigators have used the descriptive method for the investigation because descriptive method focus light over the existing study topic as it is available in its practical and natural setting. We utilized interview schedule to collect our data through direct personal investigation.

SELECTION OF SAMPLING

The population of present study composed of 28 no. of S.H.Gs. The investigators have used judgment sampling method to draw the sample.

The sample is composed of 5 no. S.H.Gs and all of them are over 10 years old.

Name of the Self Help Groups

1. Adarsha Mahila Atma Sayayak Gut, Dibong (Estd. 2005)
2. Jyoti Atma Sayayak Gut, 2 no. Dibong (Estd. 2006)

3. Jonaki Atma Sayayak Gut, Bor Fakial (Estd. 2006)
4. Kalyani Atma Sayayak Gut, Ketetong (Estd. 2007)
5. Moitry Atma Sayayak Gut, Rajkhowa (Estd. 2007)

FINDINGS & PROBLEMS CONFRONTED

1. The no. of members of S.H.Gs varies from 5 to 10.
2. Most of the S.H.Gs are having members from same cast, religion and same socio-economic background.
3. Initial fund have gathered from individual contribution of group members of Rs. 20 to Rs.100 and received financial assistance through block of Rs. 10,000 each.
4. Presently the average income of the each member of SHGs is Rs. 3000 per month.
5. Most of the S.H.Gs are having bank account under S.B.I., Margherita Branch and P.N.B., Ketetong Branch.
6. Less than 50% of investigated S.H.Gs regularly communicating with their banks.
7. Most of SHGs engaged in weaving of Traditional Clothes and one SHG produce traditional Singpho tea (phalap) during summer session.
8. About 60% of the members are found literate and majority of members over 30 years plus old.
9. Most of the S.H.Gs are found to be formed under unhealthy political influence to draw financial benefit in the name of the group.
10. The women are deriving marginal economic benefit however; they could not utilize it in re-productive activities.
11. The women are found to be politically conscious to some extent regarding their right and duties.
12. The women are found to be taking interest over the education of their children.
13. Practically, still the women are far behind regarding their participation in decision making in family business and social activities.

THE NEED OF THE HOUR

1. Special initiatives have to take to make the rural girls and women literate and educated.
2. Special measures have to be adopting for arousing consciousness among the women regarding their political and legal right.
3. To undertake some programmes to provide some preliminary knowledge about the conceptual formation, objectives and benefits of S.H.Gs.
4. Effective mode of communication should promote among the rural people and modern innovations for self employment and their importance.

THE ROAD AHEAD – PROSPECTS AND CHALLENGES

In this paper the researchers have sought to provide a bird's eye view of (the micro-finance sector) a Self Help Group's in Ketetong Gaon Panchayat. Impact assessment being rather limited so far, it is hard to measure and quantify the effect that this Self Help Group's experience so far has had on the poverty situation. Doubtlessly, a lot needs to be accomplished in terms of outreach to make a serious dent on poverty. Infact to the extent that people's mind sets are the biggest roadblock in the success of an innovation, it may well be one of the most important steps in the saga of microfinance. In particular empowerment of women and the inculcation of financial training and discipline amongst the poor will undoubtedly have long those socio-economic benefits. The principles of the Self Help Group's and microfinance thus hold the key to economic and socio-cultural freedom for India's millions of poor, opening the gates of a hitherto untapped reservoir of human enterprise.

In conclusion, it can be stated that creating an appropriate delivery system of credit and financial services is a necessary but not sufficient condition. This needs to be supplemented by efforts to improve the productivity of the SHGs, other entrepreneurs etc. so that the credit made available can be productively used. Only under such case we can expect the desired change of rural development.

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