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## **Role of Self- Help Groups (SHGs) in Economic Empowerment of Rural Poor**

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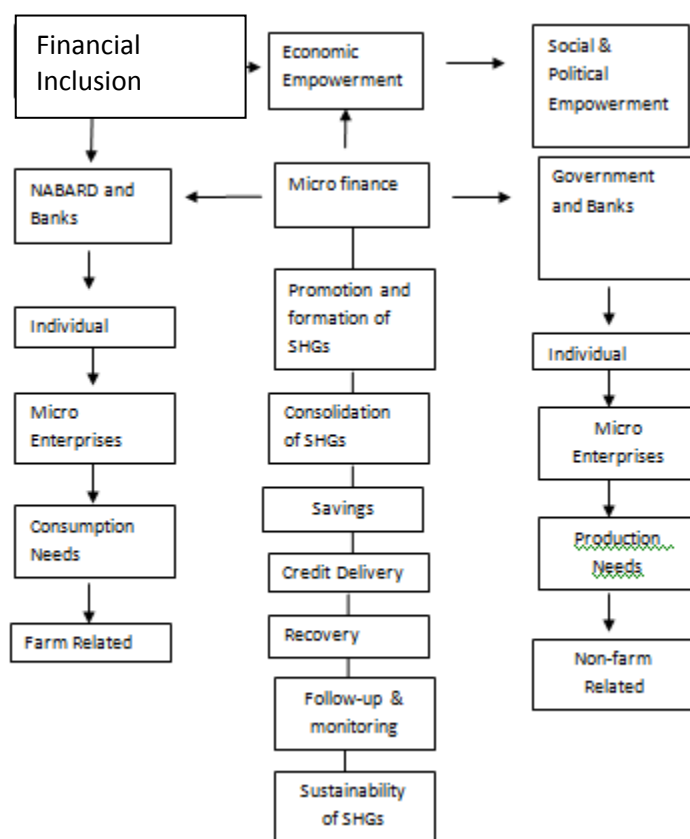
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Micro finance aims at providing access to basic financial services to the poor. The effectiveness of micro finance is better realized by the deprived sections when their capacities are enhanced along with access to financial capital which helps the poor in poverty alleviation and employment generation. In the year 1991-92 NABARD initiated SHGs in India and entirely promoted SHG. This gives birth to the self-help group-bank linkage programme which provides saving, credit and other facilities to these financially excluded poor. SHG-bank linkage programme is a major strategy for delivering financial services to the poor in India and facilitate the realms of building financial capabilities and self-confidence in the rural poor, through internal savings and lending from bank & NABARD funds to SHGs. This unique initiative of self help group is the most cost-effective in the world, enabling more than 100 million poor household access to sustainable financial services from the banking sector.

### **Development Process through Micro Finance:-**

In micro finance development process of the poor is initiated by providing credit facility. Following model depicts development process of poor through micro finance and self help groups.

Model showing micro finance for development process



Under the SGSY, focus is being given on organization of the rural poor at grass root level through a process of social mobilization for poverty eradication. Social mobilization enables the poor to build their own organization i.e. Self-Help Groups in which they participate fully and directly and take decision on all issues concerning poverty eradication. Simultaneously SHGs have the advantages of the assistance in terms of credit or technology of market guidance etc. which help them in reaching poor faster and more effectively. The origin of Self-Help Groups brainchild of Gramin Bank of Bangladesh founded by the famous economist, Mohammed Yunus of Chittagong University in the year 1975. This was exclusively established for weaker sections of community. The poor people can deserve the benefits of linkage with various banking institutions. In India, NABARD (National Bank for Agricultural and Rural Development) has taken interest to translate benefits derived from Bangladesh model to develop poor through Self-Help Group (SHG) which is generally treated as finance to tiny small industries, most important 'Priority Sector' in the Indian economy

Keeping in the view the role of SHGs in the development of rural poor, a micro-level field survey in Mahewa and Chakarnagar block of Etawah district was conducted. The total numbers of self-help groups formed during the period from October, 1999 to September, 2005 in the area under study were 536. out of these SHGS, 207 (38.62%) and 329 (61.38 %) were under linked and non-linked category, respectively. 10 percent i.e. 54 SHGs were studied which accounted to 21 and 33 in case of linked and non-linked SHGs, respectively.

The total number of self-help groups formed during the period from October, 1999 to September, 2005 and number of self-help groups under study are presented in Table No-1

**Table -1 number of self-help groups (SHGS) under study in different categories.**

S.No.	Category of SHG	No. of SHG formed	No. of selected SHG
1	SHGS linked with Banks.	207 (38.62)	21
2	SHGS not linked with Bank	329 (61.38)	33
	Total	536 (100.00)	54

Figures in parentheses indicate percentage of total number of SHG.

It is seen from Table No-1 that the total number of self-help groups (SHGs) formed in the area under study comes to 536. Out of these SHGs, 207 i.e. 38.62 percent have been linked with different banks in terms of sanction of cash credit limit (CCL) and remaining 329 SHGS i.e. 61.38 percent are not linked with any bank as on 31st March, 2006.

The bank provides credit in bulk directly to the group and group in turn would undertake decision on lending to the members. SHGs should feel the responsibility of proper credit utilization and its timely repayment by the members. Bankwise total numbers of SHGs under study are given in Table No. 2

**Table No-2: Bankwise number of self-help groups (SHGs) under study in different categories.**

S. no.	Name of the Bank	No. of SHGS		
		Total	Under study	
			Linked	Non-linked
1	State Bank of India	196 (36.57)	9 (42.86)	14 (42.42)
2	Central Bank of India	164 (30.60)	10 (47.62)	14 (42.42)
3	Regional Rural Bank	176 (32.83)	2 (9.52)	5 (15.16)
	Total	536 (100.00)	21 (100.00)	33 (100.00)

Figures in parentheses denote percentage.

The data of Table No.-2 show that out of the total number of 536 self-help groups, about 36 percent, 31 percent and 33 percent groups are attached with State Bank of India, Central Bank of India and Regional Rural Banks, respectively in terms of opening of bank account. This table also reveals that out of the 54 groups under study, 21 and 33 SHGs come under the categories of linked and non-linked ones, respectively. In case of 21 linked self-help groups, 9 (42.86 percent), 10 (47.62 percent) and 2 SHGS (9.52 percent) are linked with State Bank of India, Central Bank of India and Regional Rural Bank, respectively in terms of both opening the bank account and sanctioning the Cash Credit Limit. Out of the 33 non linked SHGs, 14 (42.42 percent), 14 (42.42 percent) and 5 SHGs (15.16 percent) are attached with State Bank of India, Central Bank of India and Regional Rural Bank, respectively in terms of opening of bank account only.

It is expected that an external facilitator such as NGOs working closely with the communities at grassroots level can play a critical role in the formation and development of self-help groups. Not only this, the NGOs also help to SHGS in linkages with banks. As such the NGOs who were engaged in formation of self-help groups in the area under study are presented in Table No.-3 along with the number of SHGs formed by them.

**Table No.-3: name of organization and number of SHGS under study in different categories.**

S. no.	Name of the Organisation	No. of self-help groups		
		Total	Under study	
			Linked	Non-linked
1	Personnel of block development office	280 (52.24)	6 (28.57)	14 (42.43)
2	Kamini Mahila Sewa Santhan, Bharthana	79(14.74)	7 (33.33)	8 (24.24)
3	Kanti Mahila Sewa Sansthan, Kachal	48(8.96)	5(23.81)	9(27.27)
4	Jan Sewa Khadi Gramodyog Sewa Sansthan, Etawah	30(5.60)	3(14.29)	2(6.06)
5	Veerangana Awantibai Sewa Sansthan, Etawah	19(3.55)	-	-
6	Jan Kalyan Sansthan, Niwadi Khurd	10(1.86)	-	-
7	Sri Ram JanKalyan Sansthan, Khargapur	20(3.73)	-	-
8	Madhav Gramodyog Sewa Sansthan, Ajitmal	30(5.60)	-	-
9	Gramin Udyog Sewa Sansthan, Ballampur	10(1.86)	-	-
10	Pichhara Verg Sewa Sansthan,	10(1.860)	-	-
	Total	536 (100.00)	21 (100.00)	33 (100.00)

#### **Size Of Self-Help Groups Under Study:**

Under the programme of Poverty alleviation, generally a self-help group may consist of 10 to 20 persons. However, in difficult areas like. deserts, hills and areas with scattered and sparse population and in case of minor irrigation, disabled persons and usar sudhar programme, this number may be from 05 to 20. the difficult areas have to be identified by the state Government and the above relaxation in membership is permitted only in such areas.

All members of the group should belong to the families living below the poverty line. The group should not consist of more than one member from the same family. A person should not be member of more than one group. If necessary, a maximum of 20 percent in exceptional cases, where essentially required, upto a maximum of 30 percent of the members in a group may be taken from families of marginally above the poverty line living contiguously with BPL family and of course, if they are acceptable to the BPL members of the group. In the context of self help groups under study the number of members per SHG is given in the Table No-4

**Table No.4 Total number of members in SHGs under study in different categories.**

S.No	Category of SHG	No. of members		
		No. of SHGs under study	Total No. of members	No. of members per SHG
1	SHGs linked	21 (38.89)	249 (39.27)	11.86
2	SHGS non-linked	33 (61.11)	385 (60.73)	11.67
	Total	54 (100.00)	634 (100.00)	11.74

Figures in parentheses indicate percentage.

Table No-04 Shows that out of the 54 studied self-help groups, 21 SHGS (About 39 percent) and 33 SHGS (About 61 percent) belong to linked and non-linked categories, respectively. The total number of members in all 21 linked SHGs is 249 which accounts to about 39 percent and in case of 33 non-linked SHGs, the number of members comes to 385 i.e. about 61 percent of the total members. On an average, number of members per SHG comes to 11.86 and 11.67 in case of linked and non linked SHGs, respectively, while the over all average number of members is 11.74.

#### **Education Level Of The Members Of Self-Help Groups:**

Education is one of the important factors not only in successful implementation of development programmes but also in influencing the level of awareness understanding of the management for increasing educational level, building for overall personality development of the people so that they can effectively perform for the growth of the country. In this regards, it has been rightly said "development to man is fragrance as to flower". Thus, with due consideration importance of education in the process development, distribution of members of the SHGs under study according to the education is given the Table No- 5

**Table No- 5 : educational level of members of SHGs under study in different categories.**

S.No.	Educational levels	Category of SHGS				Total No. of members
		Linked SHG		Non-linked SHG		
		Male	Female	Male	Female	
1	Illiterate	37 (20.21)	28 (42.0)	57 (20.73)	47 (42.22)	169 (26.66)
2	Primary	86 (47.00)	12 (18.18)	114 (41.45)	19 (17.27)	231 (36.44)
3	High school	29 (15.85)	11 (19.67)	51 (18.55)	17 (15.45)	108 (17.03)
4	Intermediate	28 (15.30)	13 (19.70)	49 (17.82)	23 (20.92)	113 (17.82)
5	Graduate/post-graduate	3 (1.64)	2(3.03)	4 (1.45)	4 (3.64)	13 (2.05)
	Total	183 (100.00)	66 (100.67)	275 (100.00)	110 (100.00)	634 (100.00)

Figures in parentheses denote percentage.

Table NO- 5 Shows that out of the 634 members of 54 studied SHGs about 27 percent have no formal education. About 36 percent of the members had completed the elementary education upto 5th standard, 1 percent upto 10th standard about 18 percent of the members upto intermediate level i.e. 12th standard and about 2 percent of the members had reached graduate and post graduate level of education. From these figures, it may be said that absence of formal education does not come in the way of working of SHGs.

### Occupational Pattern Of Members Of Self-Help Groups Under Study:

An understanding of occupational distribution of members is important in order to have an idea about heterogeneity of members in the SHGs and consequent distribution. To achieve the goal, SHGs have to link with banks for micro finance and with economic activities. In view of the income employment generation opportunities, occupational structure of the member of self-help groups under study has been studied and presented in Table No- 06.

**Table No-6: Occupational pattern of the members of SHGs under study in different categories**

S.No.	Occupation	Category of SHGS				Total No. of members
		Linked SHG		Non-linked SHG		
		Male	Female	Male	Female	
1	Agriculture	14 (7.65)	11 (16.67)	70 (25.45)	19 (17.27)	114 (17.98)
2	Labour	21 (11.48)	12 (18.18)	85 (30.91)	42 (38.18)	160 (25.24)
3	Small business and traders	17 (9.29)	8 (12.12)	-	-	25 (3.95)
4	Rural artisan	11 (6.01)	-	9 (3.27)	-	20 (3.15)
5	Dairy	79 (43.17)	17 (25.76)	48 (17.46)	22 (20.00)	166 (26.18)
6	Goat keeping	41 (22.40)	18 (27.27)	63 (22.91)	27 (24.55)	149 (23.50)
	Total	183 (100.00)	66 (100.00)	275 (100.00)	110 (100.00)	634 (100.00)

Figures in parentheses denote percentage.

Table No 6 shows that at an aggregate level, about 18 percent members are engaged in agriculture, about 4 percent in small business and trading, about 3 percent working as rural artisans 26% in dairy and animal husbandry, 24 percent in goat rearing and remaining more than 25 percent members are working as labourer. The percentage share of members/pursuing the dairy business is maximum, followed by labourer, goat rearing, agriculture, small business and rural artisans. The percentage of male members who adopted dairy occupation is large i.e. about 43 percent in case of linked SHGs. It is about 26 percent in female members. While the percentage of female members i.e., about 27 percent who adopted goat rearing is maximum in case of linked SHGs. In case of non-linked SHGS, the proportion of male and female members who are engaged in labour is maximum i.e., about 31 percent and 38 percent, respectively.

### Income Level Of The Members Of Self-Help Groups Under Study:

Self-help group aims at establishing large number of micro enterprises in the rural area by building upon the potential of the rural poor. It is rooted in the belief that the rural poor in India have competencies and given the right support can be successful producers of valuable goods/services. Consequently the income level of the rural poor can be increased and they may be brought above the poverty line. The poverty line cut off income in the VIII plan period was Rs. 11,000.00 per annum and during the IX plan period, it varied in different states and ranged from Rs. 13,000.00 to Rs. 19650.00 per annum. Now in Xth plan the poverty line ranges from Rs. 22,000.00 to Rs. 24,000.00 per annum.

In the context of income of the members of SHGs under study, they have been classified in different income levels and presented in Table No- 7

**Table No.7: Income level of members of SHGS under study in different categories of SHGs.**

S.No.	Income level (Rs. Per month)	Category of SHGS				Total No. of members
		Linked SHG		Non-linked SHG		
		Male	Female	Male	Female	
1	0-1000	15 (8.20)	05 (7.58)	44 (16.00)	20 (18.18)	84 (13.25)
2	1001-2000	126 (68.86)	45 (68.18)	215 (78.18)	85 (77.27)	471 (74.29)
3	2001-3000	37 (20.22)	14 (21.21)	16 (5.82)	05 (4.55)	72 (11.36)
4	3001-4000	05 (2.73)	02 (3.03)	-	-	07 (1.10)
	Total	183 (100.00)	66 (100.00)	275 (100.00)	110 (100.00)	634 (100.00)

Figures in parentheses denote percentage.

Table No-7 reflects that an aggregate point of view about 13 percent of the members are earning upto Rs. 1000.00 per month, about 74 percent of the members earned the income in the range from Rs. 1001.00 to Rs. 2000.00 per month, about 11 percent in the range from Rs. 2001.00 to 3000.00 per month and about 1 percent of the members are earning income in the range from Rs. 3001.00 to 4000.00 per month.

In case of both linked and non-linked SHGs, maximum percentage of member are earning income in the range from Rs. 1001.00 to Rs. 2000.00. Further, 20 percent of male members and about 21 percent of female members in case of linked SHGs are in the income range of Rs. 2001.00 to Rs. 3000.00 per month and only about 6 percent of male members and 5 percent of female members in case of non-linked SHGS are in the income range of Rs.2001.00 to Rs. 3000.00. There is a remarkable point that about 3 percent male and about 3 percent female members in case of linked SHGS earn income in the range of Rs: 3001.00 to Rs. 4000.00 per month, while no member (neither male nor female) belonging to non-linked SHGS could reach in the income range of Rs. 3001.00 to Rs. 4000.00. Only about 8 percent of male members and about 8 percent of female members in case of linked SHGs have income, less than Rs. 1000.00 per month, while in case of non-linked SHGs, 16 percent of male members and about 18 percent of female members earn income less than Rs. 1000.00 per month.

The successful and proper running of SHGs programme depends upon the better coordination and understanding of all these agencies. But in practice lack of proper understanding and poor condition exists among these agencies, and all this lead to many problems. This also creates difficulties in the way of implementation of SHGs programme thus, it is necessary to know about the problems which are discussed below.

### **1. Lack Of Awareness And Knowledge About The Concept Of Self-Help Groups:**

Out of the 95 members of 54 self-help groups, 68 members (71.98 per cent) reported that they were not given complete knowledge about the concept of self-help groups. The awareness generating campaigns were also not organized by concerned persons to equip them about the merits and demerits of SHGS. They also told that some of the facilitators are involved in promotion and development of SHGs but they work only to complete target. It is also observed during the interviews held with members that 27 members (28.42 percent) took interest and gathered the complete knowledge of SHG programme. They met with bankers, block officials and facilitators for having knowledge of group formation, saving mobilization, bank linkages, grading of group etc. In general the lack of knowledge and awareness, creates

problems in group formation, grading linkages with banks etc. on one hand and fetching momentum in the progress of sustainable SHGS on the other.

### **2. Low Level Of Education Among Rural Poor:**

Low level of education generates hindrances in the way of learning and understanding about the concept of self-help groups. It also creates problems in smooth and proper functioning of SHGS for a long time. The survey revealed that out of 95 SHG members under study, 58 members (61.05 percent) have limited role in the operation of groups.

### **3. Problem In Opening Of Bank Account Of SHGs:**

On the basis of observations made during the course of study, it can be said that the financing institutions such as nationalized commercial banks and regional rural banks have created lot of problems to rural poor in opening of the bank account of self-help groups promoted in the area under study. Almost all the self-help groups under study have faced the problem of opening their account in banks. Several visits are to be performed to meet bank officials for opening the bank account by the groups. Although bankers meet with SHG members but often avoided opening of the account by putting this and that reason. Bankers harass people time and again sometime to the exiles that members of SHGS leave the idea of formation of groups.

### **4. Linkages Of SHGs With Banks:**

The position of linkages of SHGs with banks is not good as it is evident that out of the 536 SHGs formed in the area under study, 329 SHGS are still far away from their linkages with banks. The self-help groups under study reported that linkage with banks is very difficult task due to poor cooperation of bankers and block officials. They take lot of time in grading and linkages after six months of formation and proper functioning of SHGs. Consequently, most of the SHGS failed with ambition of poverty alleviation.

### **5. Lack Of Organizational Spirit:**

About 60 percent of the members of each self-help group have very poor organizational spirit. About 40 percent members play an active role in formation, meeting, development and proper functioning of self-help groups.

### **6. Problem Of Grading Of Groups:**

It is experienced that members of self-help groups feel serious difficulty in the gradation of their groups. They told that in spirit of several visit for grading purpose the bankers and block officials pay little head. Although they come face to face but their improper untimely response delayed the grading of groups. The SHG member also revealed that sometimes they feel insulted due to misbehaviour of bankers and block officials. This situation creates hindrances in linkages of groups with bank.

### **7. Lack Of Training:**

Majority of the members (about 78 percent) are facing the problem of lack of knowledge about concept of self-help group, savings mobilization, conducting group meetings, maintenance of records, grading bank linkages and on-going poverty alleviation programmes of government. The lack of the proper training also creates many problems in sustainable running of SHGs.

### **8. Marketing Of Products Prepared By SHG:**

The major problems being faced by the sampled members regarding marketing of products prepared by the members through bank finance. About 32 percent of the studied members feel problem of consumers attitude, about 27 percent low price, about 18 percent seasonal variation in the prices, about 22 percent interference of agents and about 19 percent of the members feel problem of transport, communication and lack of current market information.



These problems were in the establishment of business. It was also reported that government did not support in this regard at any stage.

### **Measures To Overcome These Problems :**

The important measures to overcome the problems may be summed as under

1. For success and sustainability of poverty alleviation programmes through formation of self-help groups, the training of weaker sections rural community as well as facilitators with regards to their skill upgrading, capacity building, social mobilisation, concept formation of self-help groups, conducting group meetings, maintenance of records and books, grading, linkages of groups with banks and economic activities etc., should be done from time to time. In nutshell, training at regular intervals to group members on self management issues must be necessarily imparted with the help of experienced, resource persons.
2. Timely grading of self-help group should be done. For this very purpose, bankers and block officials should spare time as and when group members required on priority basis, so that cash credit limit of SHG may be sanctioned timely.
3. Awareness generation among rural poor with regards to the on-going programme should be undertaken before formation of self help groups.
4. The Change of leadership is a must in view of sharing the responsibilities by all members and generate leadership qualities in each member.
5. The Anti-child labour measures should be made an integral part of these self-help efforts.
6. SHGS are dependent on agencies for their lending operations which creates problem in achieving self-sufficiency of SHGs. A greater thrust should be given by the SHGs for generation of their resources to create funds for viable and sustainable business operations as well as timely and adequately lending to their members.
7. SHGS should play an active role in some of the social issues such as eradication of evils related with dowry system, child labour, bonded-labour, AIDS, population, poor women participation in social development and political activities etc.

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