

SHG'S : A BOON FOR RURAL POOR

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Self Help Groups (SHGs) have emerged as popular method of working with people. The concept of SHGs in India was introduced during 1985. As all of us know, the originator of the concept of Self Help Group was Nobel Prize winner, the great, economist, Prof. Mohammad Yonus.

As explained by Jha (2000) SHG is a small economically homogenous affinity group of the rural poor voluntarily coming together to save small amounts regularly which are deposited in a common fund to meet emergency needs of members and to provide collateral free loans decided by the group.

The country has witnessed a repaid growth of SHGs in the last decade. The promotion of SHGs in India began more formally in 1992 with the launch of the SHG elaborated SHGs in another words. According to NABARD SHG is a small, economically homogeneous and affinity group of rural poor who is voluntarily ready to contribute to common fund to be lent to its members as per group decision, which works for group solidarity, self group awareness, social and economic empowerment in the way of democratic functioning (1995)

Self Help Groups (SHGs) are generally very effective in improving the levels of knowledge, skills and awareness through informal education and peer learning exchange. Discussion in the meetings and training programs.

Characteristic features of self help groups :

The Benefits of SHGs over the formal financial institutions are due to following characteristic features of SHGs :-Flexible and simple system of working and management of pooled resources in a democratic way. Loans are given mainly on trust with minimum papers and without any security. The rate of interest on loan given by SHGs is higher than that of banks but lower than that

of money lenders. Defaulters are rare because of intimate knowledge of the end use of credit and prompt loan recovery due to peer pressure. Reduction in dependence on financial institutions. Development of self confidence, self reliance, self-esteem, social and economic empowerment, among poorest sections of society.

– SHGs helps the poor, especially women to establish their Creditworthiness.

Major roles performed by SHGs:

Access to savings and credit : The primary role expected of SHGs is improving the access to savings and credit for the rural poor.

Studies available indicate that as a result of the participation in SHGs, members have been able to accumulate significant savings. Own savings can be handy and useful in many ways. Many SHG members even consider development of saving habit as major impact of their participation in SHGs.

SHGs are utilising the savings mobilised to lend small loans internally among their members for fulfilling emergency consumption needs as well as social credit needs.

SHGs are borrowing from banks and SHG federations to meet bigger credit needs of members for production purposes.

The members of the SHGs have been able to reduce their dependence on money lender very significantly. Through credit obtained from SHGs, the members made its use both to protect their families from various vulnerabilities as well as build their economic base to escape from poverty. The members are utilizing SHG loans for various purposes like consumption, housing, marriage, education, health and other social and productive needs. Members are also using SHG loans for regular economic activities like agriculture, animal husbandry and petty business

SHGs as a means of micro financing :

Basically, SHGs are being promoted as part of micro



finance interventions aimed at helping poor to easily obtain the financial services like saving, credit and insurance. Micro finance is a tool in poverty alleviation and development of the nation. Micro finance as an alternative source of credit for the rural poor, has received wide attention in recent years. It is a program that provide credit for self- exploment of other financial and business services including saving and technical assistance to very poor persons.

Various micro finance institutions are functioning in India. Leading national financial institutes like the small Industries Development Bank of India (SIDBI), the National Bank for Agriculture and Rural Development (NABARD) and Rashtriya Mahila Kosh (RMK) have played a significant role in making micro-credit a real movement. Most of these organizations tend to operate within a limited geographical range. Very few organizations like SEWA have been successful in replicating their experiences in other parts of the country and act as Resource Organizations. Many organizations are involved with SHGs for credit and other purposes like watershed, agriculture, etc.

Women's empowerment :

Another major role of SHGs is seen in terms of their potential to empower the women members, socially and economically. The access to savings and credit helps women members to look after her family's financial needs for consumption and production purposes. The ability to meet such needs of the family would enhance the standing of the woman in the family leading to better gender relations. The continued participation in SHG is further

likely to enhance the awareness, skills and other abilities of women resulting in developing individual self-esteem and in getting due social recognition. SHGs help the women to establish their creditworthiness.

Activites carried out under SHG :

SHGs encourage the members to start and run micro-enterprises. Their activities include making paper cups and paper plates out of biomes, tailoring, screen printing, mat machine, making sculptures and other ornamental articles, making greeting cards, knitting plastic wire balkiest and making dolls and spoons using locally available coconut shells as raw materials. They also propre household products like pickle, papad, vermicelli, jam, jelly, murabba, phenyl, perfumes, etc.

Conclusion :

Self Help Group is a small and informal association poor having preferably similar souci-economic background and who have come together to realize some common goals based on the principles of self help and collective responsibility. The major roles played by SHGs are in improving access to savings and credit, as a means of micro financeing and in empowerment of women. Development organizations and policy makers have included access to credit for poor people as a major aspect of poverty alleviation programs through SHGs.

Micro finance is one of the excellent scheme for SHG members. It has evolved as a policy and program to cater to the needs of deprived groups, specially women & poor. There is no doubt that the economic status of is one benchmark of development. SHGs are the real path finders in the development of rural women.

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