



Self-help group's programme

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SHGs are novel and innovative organizational setup in India for the women upliftment and welfare. All women in India are given chance to join any one of SHGs for training and development, so as to be prospective entrepreneur and skilled worker. The SHGs are promoted by the Government as if women in India may not be resourceful enough to be entrepreneurs. When the SHGs arrange training facilities to carry out certain kind of work which are suitable for women in India, bank must arrange financial assistance to carry out manufacturing and trading activities, arranging marketing facilities while the Governments will procure the product of SHGs, arrange for enhancing the capacity of women in terms of leadership quality and arranging for the management of SHGs by themselves so as to have administrative capacity. As a social movement with government support. SHGs become more or less a part and parcel of the society.



Objectives of self- help groups:

- To enable the poor and marginalized to have access to micro-credit with bank linkages via enterprising self-help groups.
- To promote the concept of SHGs by sensitizing bankers, the Government and NGOs

– And generally raising awareness.

Need and importance of self-help groups: Self-help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural people, particularly among women who are mostly invisible in the social structure. It also helps buildings of relationship for mutual trust between the promoting organization and the rural poor through constant contact and genuine efforts. Self- help groups plays an important role in differentiating between consumer credit and production credit, analyzing the credit system for its implication and changes in economy, culture and social position of the target groups, providing easy access to credit and facilitating group/ organization for effective control, ensuring repayments and continuity through group dynamics; setting visible norms for interest rates, repayment schedules, gestation period, extension, writing of bad debts and assisting group members in getting access to the formal credit institutions.

Features of self-help groups: According to D'souza the SHGs are basically small informal groups, characterized by voluntary memberships, a democratic and consultative structure of governance, economic participation of members, autonomy, education and training and concerns for the poor. Apart from a number of things, the members do as a group, they pool their savings and



lend within the group to meet the credit needs of the members. Creation of a common fund by regular contribution of members and insurance of loan with minimum documents and often without any security are; in fact, the key features of SHGs. Fund generation in the initial stages may be substantially low in these groups.

Characteristics of SHGs: – They usually create a common fund by contributing their small savings on a regular basis.

– The groups evolve a flexible system of operations often with the help of the non-governmental organizations (NGOs) and manage their common pooled resource in a democratic manner.

– Groups consider loan requests in periodical meetings, with competing claims on limited resources being settled by consensus regarding greater needs.

– Loaning is mainly on the basis of mutual need and trust with minimum documentation and without any tangible security.

– The amounts loaned are small, frequent and for short duration.

– Rates of interest vary from group to group depending upon the purpose of loans and are often higher than those of banks but lower than those of moneylenders.

– At periodical meetings, besides collecting money,

emerging rural, social and economic issues are discussed.

– Defaulters are rare due to group pressure and intimate knowledge of the end use of the credit as also the borrower's economic resources.

Functions of SHGs: – Enabling members to become self-reliant and self-dependent.

– Providing a forum for members for discussing their social and economic problems.

– Enhancing the social status of members by virtue of their being members of the group.

– Providing a platform for members for exchange of idea.

– Developing and encouraging the decision making capacity of members.

– Fostering a spirit of mutual help and cooperation among members.

– Instilling in members a sense of strength and confidence which they need for solving their problems.

– Providing organizational strength to members.

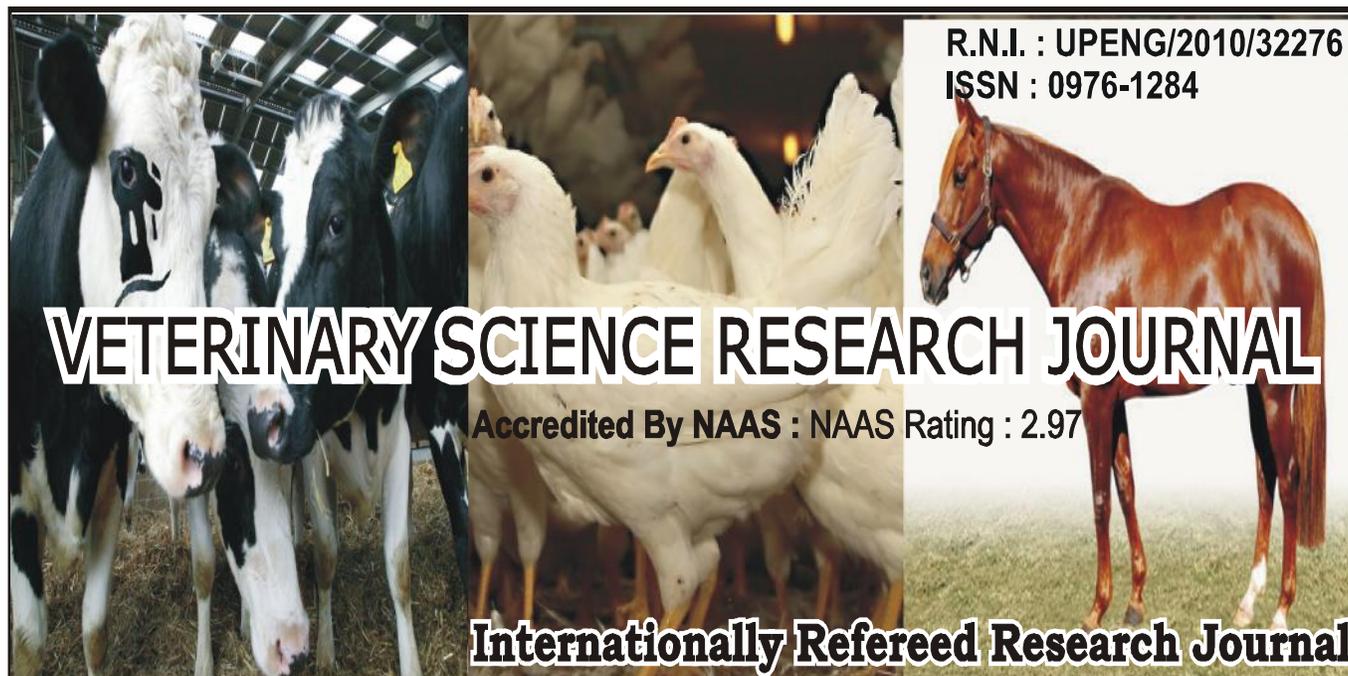
– Providing literacy and increasing general awareness among members and

– Promoting numerically and equipping the poor with basic skills required for understanding monetary transactions.

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