STUDY OF EVOLUTION OF THE SELF HELP GROUP (SHG) MOVEMENT IN INDIA

Abstract:-

ELF HELP GROUPS (SHG)

Self-Help Groups are informal associations of people who choose to come together to find ways to improve their living conditions. They help to build Social Capital among the poor, especially women. The most important functions of a Self-Help Groups are:

(i)To encourage and motivate its members to save
(ii)To persuade them to make a collective plan for generation of additional income.
(iii)To act as a conduct for formal banking services to reach them.

Such groups work as a collective guarantee system for members who propose to borrow from organized sources. Consequently, Self-Help Groups have emerged as the most effective mechanism for delivery of micro-finance services to the poor. The range of financial services may include products such as deposits, loans, money transfer and insurance.

Child Labour , Social Problem , Special Emphasis , Child Abuse .

Keywords:

Evolution , Self Help Group (SHG) , informal associations , financial services.

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INTRODUCTION

FINANCIAL INCLUSION:–

Current Status in the Country:-

One of the reasons for rural poverty in our country is low access to credit and financial services. As per a survey report of the NSSO (59th round), 45.9 million farmer households in the country (51.4 per cent) out of a total of 90.3 million households do not have access to any form of credit from institutional or non-institutional sources. Overall, 73 per cent of the households do not have credit links with any financial institution. This apart, the overall credit linkage port-folio when taken as a whole for the country appears to be highly skewed with the North-Eastern, Easter and Central regions lagging far behind other parts of the country.

In 2006, the Reserve Bank of India set up a Committee under the chairmanship of Ms. Usha Thorat, its Deputy Governor, to suggest methods to expand the reach and content of financial sector services in the North-East. Submitted in July 2006; the Report of the Committee emphasized on large scale expansion of financial intermediation in the entire region. This could be done by: (i) opening new branches of Commercial banks in these areas; (ii) increasing the number of accounts in the existing units; (iii) adopting the business correspondent/facilitator model to increase the reach of Commercial banks; (iv) extensive use of Information Technology; (v) improving currency management/ availability of foreign exchange facility; (vi) providing insurance and capital market products through Banks; (vii) introducing Electronic Clearing System (ECS) and Real Time Gross Settlement System (RTGS); (viii) strengthening the Regional Rural Banks; (ix) converting well established SHG into cooperatives; (x) implementing the Vaidyanathan Committee's recommendations; (xi) relaxing insistence on collaterals; and (xii) enhancing the recovery capacity of the Registrar cooperative societies in the States to collect cooperative dues.

Again in 2007, a Committee was constituted under the chairmanship of Dr. C. Rangarajan to prepare a comprehensive report on 'Financial Inclusion in the Country'. The Committee went into a large number of issues connected with: (i) banking in remote areas; (ii) empowerment of Self-Help Groups and their linkages with financial institutions; and (iii) revitalization of the RRBs.

One of the main findings of this Committee was that the scenario of credit access showed wide inter-region and inter-State variations.

Level of Non-indebtedness: Across Regions:-

Farm households not accessing credit from formal sources as a proportion to total farm households is especially high at 95.91 per cent, 81.26 per cent and 77.59 per cent in the North-Eastern, Eastern and Central Regions respectively. In terms of absolute numbers, these regions taken together account for 64 per cent of farm households not accessing credit from formal sources. The southern region, at the other end, exhibits relatively better levels of access to formal/non-formal sources (72.7 per cent) mainly on account of the spread of banking habits and a more robust infrastructure.

Level of Non-indebtedness: Across States:-

The proportion of non-indebted farmer households was most pronounced in Jammu and Kashmir (68.2 per cent) and Himachal Pradesh (66.6 per cent) in the Northern Region, all States in the North-Eastern Region (61.2 per cent to 95.9 per cent) except Tripura, in Bihar (67 per cent) and Jharkhand (79.1 per cent) in the Eastern Region, and Chhattisgarh (59.8 per cent), Uttar Pradesh (59.7 per cent) and Uttarakhand (92.8 per cent) in the Central Region.

Level of Indebtedness to Institutional Sources:-

Derived data indicate that only 27.3 per cent of the total farm households were indebted to institutional sources. The Rangarajan Committee came to a finding that currently there are 256 districts in the country (out of a total 617) spread across 17 States and 1 Union Territory which suffer from acute credit exclusion with a credit gap of over 95 per cent. The Committee identified four major reasons for lack of financial inclusion:

(i)Inability to provide collateral security
(ii)Poor credit absorption capacity
(iii)Inadequate reach of the institutions
(iv)Weak community network.

The existence of sound community networks in villages is increasingly, being recognized by development experts as one of the most important elements of credit linkage in the rural areas.

Participatory community organizations (Self-Help/Joint Liability Groups) can be extremely effective in reaching credit to the poor and can, thus play a critical role in poverty alleviation.

EVOLUTION OF THE SHG MOVEMENT IN INDIA:-

The first organized initiative in this direction was taken in Gujarat in 1954 when the Textile Labour Association (TLA) of Ahmedabad formed its women's wing to organize the women belonging to households of mill workers in order to train them in primary skills like sewing, knitting embroidery, typesetting and stenography, etc. In 1972, it was given a more systematized structure when Self Employed Women's Association (SEWA) was formed as a Trade Union under the leadership of Ela Bhatt. She organized women workers such as hawkers, vendors, home based operators like weavers, potters, papad/agarbatti makers, manual labourers, service providers and small producers like cattle rearers, salt workers, gum collectors, cooks and vendors with the primary objective of: (i) increasing their income and assets; (ii) enhancing their food and nutritional standards; and (iii) increasing their organizational and leadership strength. The overall intention was to organize women for full employment. In order to broaden their access to market and technical inputs, these primary associations were encouraged to form federations like the Gujarat State Mahila SEWA Cooperative Federation, Banaskanth DWCRA, Mahila SEWA Association etc. Currently, SEWA has a membership strength of 9,59,000 which is predominantly urban. In the 1980s, Myrada – a Karnataka based non-governmental organization, promoted several locally formed groups to enable the members to secure credit collectively and use it along with their own savings for activities which could provide them economically gainful employment.

Major experiments in small group formation at the local level were initiated in Tamil Nadu and Kerala about two decades ago through the Tamil Nadu Women in Agricultural Programme (TANWA) 1986, Participatory Poverty Reduction Programme of Kerala, (Khudumbashree) 1995 and Tamil Nadu Women's Development Project (TNWDP) 1989. These initiatives gave a firm footing to SHG movement in these States. Today, around 44 per cent of the total Bank-linked SHGs of the country are in the four southern States of Andhra Pradhesh, Tamil Nadu, Karnataka and Kerala.

Microfinance Programme of SIDBI

Small Industries Development Bank of India (SIDBI) launched its micro finance programme on a pilot basis in 1994 using the NGO/MFI model of credit delivery wherein such institutions were used as financial intermediaries for delivering credit to the poor and unreached, mainly women. Learning from the experience of the pilot phase, SIDBI reoriented and up scaled its micro finance programme in 1999. A specialized department, viz, 'SIDBI Foundation for Micro Credit' (SFMC) was set up with the mission to create a national network of strong, viable and sustainable Micro Finance Institutions (MFIs) from the informal and formal financial sectors. SFMC serves as an apex wholesaler fro micro finance in India providing a complete range of financial and non-financial services to the MFIs so as to facilitate their development into financially sustainable entitles, besides developing a network of service providers and advocating for appropriate policy framework for the sector.

SFMC is implementing the National Micro Finance Support Programme (NMFSP). The overall goal of NMFSP is to bring about substantial poverty elimination and reduced vulnerability in India amongst users of micro –finance services, particularly women. The NMFSP is being implemented in collaboration with the Government of India, the Department for International Development (DFID), UK and the International Fund for Agricultural Development (IFAD), Rome.

CONCLUSIONS:-

The positive experience gained from the above programmes has led to the emergence of a very strong consensus that the twin concepts of : (i) small group organization; and (ii) self-management are potent tools for economic and social empowerment of the rural poor. Efforts have been made almost in all parts of the country to adopt this model as a necessary component of the poverty alleviation programmes.

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