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Indian Streams Research Journal

International Recognized Multidisciplinary Research Journal

ISSN: 2230-7850

Impact Factor : 4.1625(UIF)

Volume - 6 | Issue - 1 | Feb - 2016



PHASES OF THE PROCESS OF FORMING SHGs



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ABSTRACT

Self-Help Group or in-short SHG is now a well-known concept which is now almost two decade old. It is reported that the SHGs have a role in hastening country's economic development. SHGs have now evolved as a movement. Mainly, members of the SHGs are women. Consequently, participation of women in the country's economic development is increasing. They also play an important role in elevating the economic status of their families. This has led boost to the process of women's empowerment.

KEYWORDS: *Self-Help Group, women's empowerment, Group Stabilization.*

INTRODUCTION

1. Savings and Thrift

- All members regularly save a small amount.
- Savings first and loan later should be the motto of every SHGs members.
- SHGs members take step towards self-dependence through small savings.
- They learn financial discipline through savings and internal lending.

2. Internal Lending

- SHGs should use the savings amount for giving the loan members.
- The SHGs itself decide about the purpose, amount, rate of interest, schedule of repayment etc.
- SHGs keep proper accounts of its transaction.

3. Discussion of the Problems

The SHGs members should be encouraged to discuss and find solutions to the problems faced



by its members. Individually the poor people are weak and lack resources to solve their problems. Thus the SHGs tries to help its members to face difficulties and come up with the solutions.

4. Taking Bank Loan

The SHGs take the loan from the banks and gives as loan to its members.

THREE PHASES OF THE PROCESS OF FORMING SHGS

The process of forming of SHGs is divided into three phases for the sake of clarity viz;

1. Phase I - Identification and formation of the SHGs - 0-5 months.
2. Phase II - Group stabilizations – 6-10 months.
3. Phase III - Withdrawal of the intervener 16-36 months.

PHASE-I

Identification of the groups (0-5 months)

The bases of self-help groups affinity groups exist prior to any intervention. A common bond like caste, sub caste, blood community place of origin, or activity, links the members. The interveners (NGOs, Banks etc) must have the experience to identify these natural groups which known as affinity groups. The group members have special relationships built on the mutual trust and confidence, on mutual interest of the group members on a degree of social and economic homogeneity and on the gut feelings of its members that the group offers the best opportunity to realise their latent and often suppressed aspirations to develop economically and socially.

Formation of SHGs

Formation of SHGs needs some information about the area and proposed members of the SHGs to be formed. Such information include;

- Income and borrowing
- Availability and use of natural resources
- Skill and markets
- People's perception of poverty and it's causes
- Various social groups in society and their mutual interdependence

There is need for Participatory Rural Appraisal exercise. It includes;

- Meetings with the various groups in the village and outside
- Meetings with poor families in public and private
- A structural analyses of society and exercises that bring to the surface gender biases in the society within caste, creed and colour.
- Employment and benefits

There are the appropriate instruments to collect the information that is necessary in order to identify affinity groups.

It will take several meetings during these periods of 0-5 years for the groups to have definite memberships. The staff from intervening organisation must attend the meetings regularly during this phase. It is likely that during this period members may leave and others may join if the groups agree. It is necessary to conduct at least two training for the entire group. The group learns;

- How to set an agenda
- How to conduct meetings
- How to value the importance of the documents like minutes
- How to act in a transparent and accountable manner
- How to meet regularly preferably weekly

Features of SHGs at the end of Phase-I

- The group is identifiable. It is not a loose assembly of persons where people can come and work out at will
- The group has a name and a theme
- It has a meeting place
- Members of the groups have a fixed date and time of meetings
- Members contribute their savings regularly
- The groups have opened an account at the nearest bank or post office
- The group has been maintaining the basic records like Attendance Register Minute books and savings ledgers
- All members have understood the role and responsibilities
- The members have selected two of them to function as chairperson and secretary. There are also the signatories of cheques and other documents. These functionaries will be holding their position by rotation annually.

PHASE-II

Group Stabilization (6-15 months)

The group starts savings and begins to lend to the members during this phase. The members get an opportunity to acquire the skill to priorities the scarce resources. The strength of each members being assessed. Proper timing of the loan and schedule repayment and interest rates are fixed. Meetings are held regularly at every week end. Attendance of members is insisted. The groups institutionalizes the need to introduce sanction for deviant behaviour such as delay in repayment, arriving late at meeting, smoking during meeting etc

The group maintains the following records viz;

Admission book, Attendance Register, Minute books, Members Savings Ledger, Members Pass book, Receipt and Payment Voucher, Cash book, General Ledger, Loan Ledger, Stock book etc. These records are maintained by a literate member of the group or by a staff or preferably by some one from the village who is paid for such services.

In this phase of Group stabilisation the SHGs begin to interact with other groups in the village and outside with the government, Panchayat raj and private institutions. The intervener should help build the linkage.

There is need for conducting at least three training modules each of two days duration. It should be organised during this phase. This would help to foster the skill and the confidence needed to organise the programme of the SHGs. The intervener continues to play a key role in this phase as well. The training session in this phase should facilitate the imposition and acceptance of the sanction as well

as organisational discipline.

Features of SHGs at the end of Phase-II

The following features of an SHGs are observed at the end of phase II

- The group is engaged in regular saving, lending and monitoring of credit and recovery.
- All Transactions of the SHGs are supported with proper documentation.
- A summary of loan and recoveries is notified in a suitable place and regularly updated.
- The common fund of the SHGs is revolving and steadily increasing through the savings, interest fund raising by the groups.
- The bank balance of the SHGs is nil or low.
- The recovery rate of the SHGs is consistently over 96 percent and attendance is over 80 percent.
- The members of the SHGs have acquired the skill to conduct the meetings and to resolve conflict.
- The members of the SHGs have increased their confidence, to act in the public life they are able to relate with other institutions and the govt. as a group.
- The SHGs have taken initial step to relate with the Bank and to negotiate a direct loan to the groups.
- The SHG has acquired the experience of organising and being involved in one or two common action programme and the conflict resolution within the group as well as outside.

PHASE-III

(16-36 months)

Intervenors have to withdraw from their active involvement in the formation of SHGs at an appropriate point of time. The intervention by the intervenor should help in promoting the growth of SHGs. Intervenor's involvement should not lead to increase in the dependence of SHGs on them. However, withdrawal becomes more tangible and acceptable after the major intervention required building up the groups taper off.

The intervenors shall gradually withdraw as the groups realise that the responsibility to function is theirs. Prior to withdrawal the intervenor should reduce the frequency of their attendance of the weekly meetings to once in three-four months. Withdrawal should coincide with the point of time when the groups begin to pay from their own resources for maintenance service, which they require.

The intervenor should be prepared to respond to request to intervene in the event of a crisis, which the group on its own cannot resolve. The major interventions during the period relate to;

- Technical service to assist for asset management and productivity.
- All-round support for off farm activities especially for design, quality, marketing.
- These services could be availed by trained local people as in the case of animal husbandary, agriculture, sericulture and horticulture. Further the staff of the intervenor and consultant could provide the service when a higher-level skill is needed.

CONCLUSIONS

As the SHG groups were organised among the poorer rural sections, a majority of the respondents were staying in rural or backward like localities. Thus, most of the households have chairs, tables, television, wall clock and vehicles. About 23 percent of the group members belonged to the

poorest of poor and 36 percent were very poor.

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