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## “Role of Self Help Groups in Rural Development”

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### **Introduction :**

The Self Help Groups (SHGs) Guiding Principle stresses on organizing the rural poor into small groups through a process of social mobilization, training and providing bank credit and government subsidy. The SHGs are to be drawn from the BPL list approved by the Gram Sabha wherein about ten persons are selected, one each from a family and focus on the skill development training based on the local requirement. The SHG movement has gathered pace in countryside and is directly or indirectly contributing towards the economic development of rural areas. This article throws light on forming self help groups in rural areas as well as its effect on the rural economy. The objective of Swarnjayanti Gram Swarozgar Yojana (SGSY) is to bring the assisted poor families; that is; the beneficiaries or Swarozgaris; above the poverty line by ensuring appreciable increase in income over a period of time. This objective is to be achieved by organizing the rural poor into SHGs through a process of social mobilization, their training and capacity building along with the provision of income-generating assets through a mix of bank credit and government subsidy. The main objective of SHG concept is to improve the economic development of women and create facilitating environment for their social transformation in the lift of gender discrimination in work and the household.

### **Concept of Self-Help-Groups (SHGs)**

The SHG is an informal organization of persons from the homogeneous poor section of the society and it is controlled and managed by the members itself. It is an association of 10 to 20 local individual members who are financially weak and from the same socio-economic backgrounds. These groups start with saving and not with credit; the group then uses its savings to give loans to members to meet their emergency and other needs. The members decide on savings per members, maximum size of loans, guarantee mechanisms in loan sanction. The SHG is the platform or forum to the members to come together for emergency, disaster, social reasons, economic support to each other have ease of Conversation, social interaction and economic interactions. The Self-Help Group (SHG) is a

Viable organized setup to disburse micro credit to rural women for the purpose of making them enterprising for enabling them into various entrepreneurial activities.

**Key words :** History, Introduction, Measurement and Factors of Inflation in India

### **Objectives of the study:-**

The objectives of the research paper are as below:

- A. To get the full acquaintance and concept of self help group.
- B. To know the Current Inflation in Indian Economy.
- C. To know the effects and outcomes of SHG.

**Research Methodology:-**

The primary source of data collection in this research paper is the secondary data. The available information on Indian Economy has been extensively used to complete the research report. All the available Journals, Related books, Web, Articles, Publish and unpublished information and Papers provided necessary information to the finalize the research paper.

**SHGs and Rural Development :**

In order to change the face of socio-economic scenario, micro enterprises and SHGs are playing significant role in the self-employment by raising the level of income and standard of living rural people. In this framework, one of the most vital aspects of rural self employment is the formation of SHGs which is a valuable investment in human capital through training and capacity building measures. From dairy to mechanised farming, weaving, poultry, food processing units, mushroom cultivation; Rural India has been busy setting up micro-enterprises by forming SHGs. The group members use collective wisdom and peer pressure to ensure appropriate use of fund and its timely repayment. These are informal groups in nature where members come together towards collective action for common cause. The common need is meeting their emergent economic needs without depending on external help. SHG movement is supposed to build economic self reliance of rural poor, overcome misuse and create confidence predominantly among women who are mostly unseen in the social structure.

**Structure**

A self-help group may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogeneous social and economic backgrounds; all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by micro finance institutions.<sup>[1]</sup> To make the book-keeping simple enough to be handled by the members, flat interest rates are used for most loan calculations.

**Goals**

Self-help groups are started by non-governmental organizations (NGOs) that generally have broad anti-poverty agendas. Self-help groups are seen as instruments for a variety of goals including empowering women, developing leadership abilities among poor people, increasing school enrollments, and improving nutrition and the use of birth control. Financial intermediation is generally seen more as an entry point to these other goals, rather than as a primary objective. This can hinder their development as sources of village capital, as well as their efforts to aggregate locally controlled pools of capital through federation, as was historically accomplished by credit unions.

**Code of Conduct & SHG Mechanism:** SHG is a registered or unregistered group of micro entrepreneurs having homogeneous social and economic background, voluntarily coming together to save small amount regularly, to contribute a common fund and to meet their emergency needs on mutual help basis.

Regular saving
Naming the group
Regular meeting
Selecting president and secretary
Open exchange of ideas
Participation in decision making
Bank A/c in the name of group
Mutual group

<b>Code of conduct</b>
------------------------

Ten persons are selected, one each from a BPL family to form a group which is expected to implement following code of conduct like Assigning name to the SHG, Regular meetings in a Democratic way, Open exchange of thoughts in these meetings, Participation in the Decision Making process, Bank Account in the name of the SHG and Selecting a President and Secretary from the SHG.

<b>Self help group mechanism</b>
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Government subsidy
Group from BPL family
Local skill based training
Gram sabha approved selection
Bank credit

The groups' total fund is to be deposited in the bank account so created. SHGs that are in existence for about six months and have demonstrated the potential of a viable group enters the 3<sup>rd</sup> stage, wherein it receives a 'Revolving Fund' from DRDA and Bank as a cash-credit facility. This money may be utilized for internal lending among the members. If group is found to be regular in its internal lending and successfully utilizes this revolving fund; proposal for bank loan may be forwarded for sanction.

**SHGs: Effects & Outcome**

1	Self employment
2	Rise in income level
3	Better standard of living
4	Women empowerment
5	Self reliance
6	Poverty alleviation

In India, self employment has been recognized as an essential force of development in rural areas. It has emerged as a strategy designed to improve the socio-economic life and mainly focuses on extending the benefits of development to the poorest in the rural areas improving their standard of living and self-realization. SHGs in India are integrating the low income segments with rest of the rural community by ensuring them a better participation in a more equitable share in the benefit of developments. These Groups are not only speeding up economic growth, but also providing

jobs and improving the quality of rural life towards self-reliance. Self-employment needs a very wide ranging and comprehensive set of activities, relevant to all aspects of rural economy and covering rural people including skilled, unskilled and landless labours and artisans of Rural India. Even though the Rural Indians put their entrepreneurial skills in all the rural development activities their economic status has not improved to the expected level. Although they have much potential; they are ignorant of converting their skills into reality.

#### **Village Development through Micro-Financing the SHGs;-**

Though there is variety of programmes to alleviate poverty and empower rural people, SHGs have done well in the country. The emergence of small enterprises and its activities have made a considerable contribution in the socio-economic development of rural poor in the society. In the 11th Five Year Plan; in view of inclusive growth; we cannot think of rural self employment on sustained basis without consideration of Micro-Finance and SHGs. The Plan provides a new vision of inclusive and faster growth at the rate of 9%. No doubt; the SHGs will help in achieving this new vision of growth with the support of Micro-Finance. The impact on the lives of rural people is not just an economic one; gaining more self-confidence is often a more lasting achievement that forms the basis for social and economic improvements. But are SHGs the answer to all problems in India? Few issues need to be considered when attempting to answer this question:

- a. How the poorest participate in this revolution? More effective targeting mechanisms are required, and SHG programs need to be geared towards the specific needs of poor people.
- b. Are these SHGs the most significant way of bringing about socio-economic change? Lasting improvement; especially of the situation of rural women; can only be brought about subject to their control over resources increases.
- c. Are SHGs the most appropriate institutional-arrangement for Rural Indians? Different types of SHGs are required for different types of people, depending on their particular socio-economic backgrounds.

#### **Conclusion:-**

It is very important and vital to address these issues and for this an integrated approach of Government, Banks and NGOs is crucial. The institutional efficiency needs to be increased. Speeding up the delivery process is also very important. Easy access to credit, flexibility in the repayment schedule, conceptualization of new schemes for the poor should be considered. Role of NGOs, too, is equally important as they serve as the most important element to create awareness among the rural poor. They should give wide publicity to rural banking and its linkage programmes at local level and must enable the Rural Indians to participate in the decision making process at the bottom level. These measures can significantly make the Self Help Groups effective and efficient in order to boost the Rural Economy of India.

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