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### Research Article

### Business Administration

## A PEEP IN TO SELF HELP GROUPS IN RURAL DEVELOPMENT

S. Geetha<sup>1</sup> and S. Babu<sup>2\*</sup>

<sup>1</sup>Research scholar, Department of Business Administration, S.T.E.T Women's College, Sundarakkottai, Mannargudi, Tamil Nadu, India.

<sup>2</sup>Department of Business Administration, M.R.G. Govt. Arts College, Mannargudi, Tamil Nadu, India.

\*Corresponding author

### ABSTRACT

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 Below Poverty Level list approved by the Gram Sabha wherein about twenty 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.

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### \*Corresponding author

Dr. S. Babu,  
Department of Business Administration, M.R.G. Govt. Arts College, Mannargudi, Tamil Nadu, India.

### INTRODUCTION

Self – Help Group is a village-based financial intermediary usually composed of 10–20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of microcredit

Self-Help Group may be registered or unregistered. It typically comprises a group of micro entrepreneurs having

homogenous 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. To make the book-keeping simple

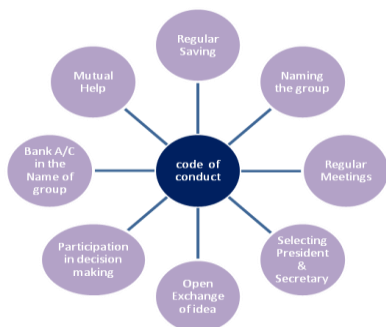
enough to be handled by the members, flat interest rates are used for most loan calculations.

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 inter mediation 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.

The following Objectives are to understand the basic structure of SHG, to Analyze the status of SHG's in Rural Development in Thanjavur District and suggest viable ways to the development of SHG's

**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.



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.



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 3rd 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 sanctioning.

**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 mechanized 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.

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.

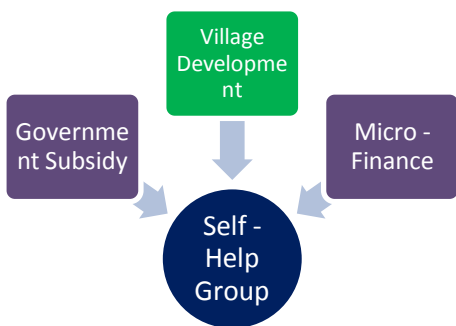


Image courtesy: <http://www.rajeshitimane.com>

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:

**REVIEW OF LITERATURE**

Sharma (2006) observed that the prime goal of Rural Development is to improve the quality of life of the rural people by alleviating poverty through the instrument of self employment and wage employment and wage employment programme by providing community infrastructure facilities such as drinking water, electricity, road connection, health facilities, rural housing and education. Karmakar (2008) reported that studies conducted by various experts have shown that the Self Help Groups have indeed helped in the social and economic empowerment of rural women at the same time delivering crucial financial services. SHG has expanded as the largest micro finance programme in the worlds in terms of its outreach and has extended banking service to people hitherto not served by the banking system.

**METHODOLOGY**

Self Help Groups members in Mahler thittam Delta district Thanjavur were chosen for the study. A

sample size of 30 was taken for the study in a purposive Sampling. Data was collected from both primary secondary sources. Primary data collected refers to the opinion of SHGs, which has been collected through structured questionnaire and observation. Secondary Data involves collection of data from books, journals, magazines and internet. Simple percentage method & Chi – Square test was used to analyze the collected data.

**DATA ANALYSIS AND INTERPRETATION**

**Table - 1 SEX**

S.NO.	SEX	RESPONDENTS	PERCENTAGE %
1.	Male	4	13
2.	Female	26	87
Total		30	100

Source: Primary data

**Inference:**

The table -1 shows that 87% of female respondents join the self help group and 33% of male respondents join the self help groups

**Table – 2 MARITAL STATUS**

S.NO.	Marital Status	Respondents	Percentage (%)
1.	Married	25	83
2.	Unmarried	5	17
Total		30	100

Source: Primary data

**Inference:**

From the above table 83% married and 17% unmarried respondents join the SHGs. Majority of the respondents have got the help from their SHGs.

**Table- 3 EDUCATIONAL QUALIFICATIONS**

S.NO.	Educational qualifications	Respondents	Percentage (%)
1.	School	20	67
2.	H.S.SC.	7	23
3.	U.G.	2	7
4.	P.G.	1	3
Total		30	100

Source: Primary data

**Inference:**

From the above table shows that the majority of the respondents 67% have the schooling

qualifications and 23% H.S.SC.,7% U.G. ,3% of respondents P.G. and above qualification acquired

**Table - 4 MONTHLY INCOME OF THE FAMILY**

S.NO.	Monthly Income of the Family	Respondents	Percentage (%)
1.	Below Rs. 5,000	5	17
2.	6,000-8,000	20	67
3.	8,000and above	5	16
Total		30	100

Source: Primary data

**Inference:**

When the economic status of the sample respondents were analyzed it was found that 67% respondents earn income between Rs.6,000 to Rs. 8,000; only 16% of the respondents having incoming more than Rs.8,000.

**Table - 5 MEMBER OF THE GROUP**

S.NO.	Member of the group	Respondents	Percentage (%)
1.	Below 2 year	2	7
2.	4 year	10	33
3.	6 year	10	33
4.	Above 4 year	8	27
Total		30	100

Source: Primary data

**Inference:** From the above table shows that 33% of the respondents were member of 6 years and 27% of the respondents were member of above 6 years in their SGHs.

**Table - 6 MOTIVATION FOR JOINING SHG**

S.NO.	Motivation for Joining SHG	Respondents	Percentage (%)
1	Neighbour	15	50
2	Friends	10	33
3	Relatives	5	17
Total		30	100

Source: Primary data

**Inference:**

It is observed from the above table that majority of the respondents 50% joining the SHG from influencing their neighbors' and 33% respondents influencing their friends

**Table- 7 LEARN NEW SKILLS**

S.NO.	Take day to day decision	No.of Respondents	Percentage (%)
1.	YES	25	83
2.	NO	-	17
Total		30	100

Source: Primary data

**Inference:**

It is found that 83% of the respondents told that can learn new skill among SHGs members and 17% of the respondents think that the create can not learn new skill among the SHGs members

**Table – 8 SATISFACTION LEVEL**

S.NO.	Satisfaction level	No.of Respondents	Percentage (%)
1.	V.Good	25	83
2.	Good	5	17
3.	V.Poor	-	--
4.	Poor	-	--
Total		30	100

Source: Primary data

**Inference:**

It is found that 83% of the respondents have got a V.Good satisfaction to their effective leadership in SHGs and 17% of the respondents got a good satisfaction level . No more respondents got a poor satisfaction.

**Table - 9 INCREASED SELF CONFIDENCE AFTER JOINING SHGs**

S.NO.	Increased self Confidence after Joining SHGs	No.of Respondents	Percentage (%)
1.	Yes	30	100
2.	No	--	---
Total		30	100

Source: Primary data

**Inference:**

From the above table shows that 100% of the respondents agree that increased self confidence after joining SHGS.

### SUMMARY OF FINDINGS AND CONCLUSION

Business and Income Level of the Respondents: Before joining SHG, out of 30 respondents 51 members were engaged in petty business and this has increased to 15 after joining as a member in SHG. The respondents engaged in processing units also increased from 13 to 14, and in the production units also. Employment and Nature of Business: The percentage of respondents employed below 4 hours per day has declined from 58.82 per cent to 3.20 per cent after joining self-groups. The number of respondents who had worked for 8 hours and above per day had increased from 3.92 per cent to 48.08 per cent. The same trend prevails in other units also. Even though an improvement had been made in the employment status of the sample respondents 3.67 per cent were still under employed

The present study examined the empowerment of women by addressing two dimensions: economic empowerment and personal empowerment. One hundred women, aged between 16 and 65 years, participating in self-help groups from two rural Indian villages in North-West India took part in the study. Both quantitative and qualitative data were gathered through self-report surveys and interviews, with the analysis yielding contradictory findings. The quantitative data found that working women reported moderate to high levels on collective efficacy, proactive attitude, self-esteem and self-efficacy with no significant reporting of psychological distress. In contrast, examination of the qualitative data revealed positive appraisals of self-worth, purpose and independence and negative appraisals of pressure, challenge and stress. The implications of these findings and the importance of this study are discussed.

### 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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