

Role of Self Help Groups in nurturing Women entrepreneurship: A study

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Abstract— Empowerment of women is the most important means of poverty eradication. Despite considerable improvement in the status of women post-independence, they still constitute the largest section of deprived population. Certain problems such as poverty, illiteracy, lack of skills, availability of proper health care facilities, ignorance etc., which are persistent in rural economy, cannot be tackled individually but could be effectively solved through group efforts. Such group efforts are called as ‘Self Help Groups’, which has become a powerful tool in initiating the change and transforming the lives of crores of poor and marginalized across the country.

Ministry of Rural Development, Government of India, on 1st April 1999, launched its flagship programme ‘Swarnajayanthi Gram Swarozgar Yojana (SGSY)’. The scheme is implemented by DRDA’s (District Rural Development Agency) or Zilla Parishads. The program aims at developing large number of micro enterprises by organizing the poor in rural areas into Self Help Groups, through social mobilization at the grass root level. The beneficiaries are termed as ‘Swarojgaris’ and will be provided necessary skills, training, and capacity building through training programs. Given the financial support, together with appropriate knowledge and skill input, the poor people, in general, have the propensity to make better use of labour and capital. Thus, installation of income generating activities and micro enterprises in rural areas, helps to promote 1st generation micro entrepreneurs. Providing an opportunity to improve practical, serviceable, and entrepreneurial skill is the core of all this. SHG’s play a considerable role in promoting this. Though, the fundamental objective of self-help group is to promote savings and thrift and to provide necessary lending to members at the time of need, of late, they nurture the entrepreneurial activities amongst their members and helps them in becoming financially sustainable.

Index Terms— Finance, Savings, Thrift, Women empowerment, Entrepreneurs, Skill development.

INTRODUCTION

Ministry of Rural Development, Government of India, on 1st April 1999, launched its flagship programme ‘Swarnajayanthi Gram Swarozgar Yojana (SGSY)’, by merging Integrated Rural Development Programme (IRDP), Training the Rural Youth for Self-Employment (TRYSEM), Supply of Improved Tools for Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY), Million Wells Scheme (MWS), Development of Women and Children in Rural Areas (DWCRA). The main objective of SGSY is to bring the assisted poor families above poverty line by providing them income generating assets through bank credit and capital subsidy through group approach. It aims at providing self-employment to villagers through the establishment of Self-Help Groups. This programme has been conceived as a holistic self-governing programme covering all aspects of self-employment of rural poor such as organization of the poor into self-help groups, their capacity building, selection of key activities, planning of activity clusters, training and skill development, infrastructure build-up, technology and market support. The programme recommends the establishment of ‘activity clusters’ or cluster of villagers grouped together based on their skill and abilities. Each of these activity clusters worked on a specific activity chosen based on the aptitude and skill of the people, availability of resources and market potentiality.

The Self-Help Groups are aided, supported, and trained by Non-Governmental Organizations (NGO’s), Self Help Promoting Institutes (SHPI’s), Banks etc., government run DRDA’s (District Rural Development Agency) and respective state government provides training and financial aid. The programme focuses on establishing micro enterprises in rural areas because it remains a known fact that barring certain location limitations, rural areas throw ample opportunities for installation of micro enterprises by making use of untapped manpower,

available raw material of various forms and existing market channel. SGSY is a centrally sponsored self-employment scheme. Funding is shared between central and state government in the ratio of 75:25. For North Eastern states the ratio is 90:10. Government provide funds as per individual is 30% of the total capital investment, if the total investment is less than Rs. 7,500 and 50% of the investment for members belonging to Scheduled Caste and Scheduled Tribe if the investment is less than Rs. 10,000. SGSY scheme primarily follow and support group approach. The groups should demonstrate minimum levels of group dynamism, before considered for assistance under Loan-cum-subsidy scheme under SGSY. The group is entitled to subsidy of 50% of the project cost subject to per capita subsidy of Rs. 10,000/- or Rs. 1.25 lakh whichever is less. There are no monetary ceilings on subsidy in case of irrigational projects. Non-Governmental Organisations (NGO's), Community Based Organisations (CBO's), Self Help Promoting Institutions (SHPI) are assisted upto Rs. 10,000 per group by government for the formation and development of Self-Help Group.

The scheme is implemented by DRDA's (District Rural Development Agency) or Zilla Parishads through Panchayat Samithis with active involvement of Panchayats based on the funds provided for SGSY. The programme aims at developing large number of micro enterprises by organizing the poor in rural areas into Self Help Groups, through social mobilization at the grass root level. The beneficiaries are termed as 'Swarojgaris' and will be provided necessary skills, training, and capacity building through training programmes. DRDA may incur a maximum amount of 10% of allocation towards training and capacity building. Given the financial support, together with appropriate knowledge and skill input, the poor people, in general, have the propensity to make better use of labour and capital. Thus, installation of income generating activities and micro enterprises in rural areas, helps to promote 1st generation micro entrepreneurs. Providing an opportunity to improve practical, serviceable, and entrepreneurial skill is the core of all this.

Swarnajayanthi Gram Swarozgar Yojana (SGSY) infrastructure fund comprises of upto 20% of the allocation to states and 25% in case of north eastern states. DRDA provides Rs. 10,000 to each Self-Help Group as revolving fund, banks provide cash credit

facility of Rs. 15,000 for well performing Self Help Groups and loans to other Self-Help Groups with a minimum repayment period of 3 to 5 years depending on the nature of scheme. Subsidy would not be given if the loan is repaid before the lock-in-period. Apart from Self Help Groups, the SGSY programme has benefitted 3.143 million self-employed individuals so far. Out of beneficiaries 45.54% have been Scheduled Caste and Scheduled Tribes and 47.85% were women. SGSY targets those poor families with land holdings but who lacks money to implement land development activities such as irrigation or to purchase farm inputs. This would enable them to bring more area under assured irrigation and finally help them to come out of poverty trap. Several evaluation studies and research reveal the fact that investment on land-based activities results in increased income on a sustainable basis. The programme also targets rural artisans with an inherent skills and also unemployed educated youth, who are encouraged to take up an activity which are easily manageable, and the product is easily marketable so as to ensure sustainable income. The government assists the villagers in marketing their product by organizing melas, fairs or exhibitions etc., Hence SGSY programme has been renamed as National Rural Livelihood Mission (NRLM) because it provides livelihood or a source of sustenance.

SHG - AN ECONOMIC ROAD FOR SKILL GENERATION

Once Self Help Groups have stabilized and have reached the stage of maturity, so that it has developed into self-managed people's organization, it is eligible to take up economic activities collectively or promote members to take up economic activities or income generating activities individually. Loan and subsidy are given to those groups, who want to take up group activity. Ideally under the group loaning, the SHG should take up single activity, however, the group can also take up multiple activities. In either the case, loan will be sanctioned in the name of SHG, where entire group stands as a guarantee to the bank for the prompt repayment of loan. This is known as collective or joint liability. Even if few members of the group are identified as beneficiaries, joint liability is applicable there. The group also undertakes the responsibility of closely monitoring the asset and income generation activities. Group activities stand a better chance of

success because it is easier to provide back-up support and marketing linkages for group activities, than for each and every individual member.

Commercial banks (including Regional Rural Banks and Co-operative Banks) are eligible to get refinance from NABARD for the loans disbursed under SGSY, as per their guidelines. The eligibility for refinance is related to the recovery position of the banks. In addition, insurance cover to Commercial Banks and Regional Rural Banks is also available through the Deposit Insurance and Credit Guarantee Corporation (DICGC).

To summarize Self Help Group function of 5 'P' principles.

- Propagation of Voluntarism
- Practicing mutual help
- Promoting thrift and savings
- Purposive loan disbursement
- Purveyor of credit and capital formation

To reduce poverty and exclusion, which are rampant in the rural economy, 'Skill Development Approach (SDA)', which is helpful in improving the employability and productivity enhancement is widely used. Providing good quality training is the essence of all these. To nurture the entrepreneurial abilities of Self-Help Group members, NABARD introduced Micro Enterprise Development Programme (MEDP) to provide a livelihood option in the farm and non-farm sector. Till 31st March 2016, around 14,352 Skill Upgradation Training Programme (SUTP) have been conducted benefitting 4.02 lakh Self Help Group members. However, Skill Upgradation Training Programme (SUTP), had only limited impact on creating livelihood amongst Self Help Group members. With a view to create sustainable livelihood "The Livelihood and Enterprise Development Programme (LEDP) has been launched in December 2015, to provide intensive training for skill building, backward-forward linkages, offering end to end solution to Self Help Group members. Government of Karnataka is playing the role of a catalyst by providing support to various programmes of NABARD. Through Women and Child development department and Stree Shakti programme, Government of Karnataka is continuously making efforts to make the poor more self-reliant and empowering women. SHG has played a vital role in providing supplementary

work to members, who earlier had only one alternative i.e, working as wage worker. As per NABARD annual report of 2015-16, now there are 7.9 million Self Help Groups with a total thrift and deposits of Rs. 1,36,914 million, annual loan off take of Rs. 3,72,869 million, touching lives of almost 101 million households.

Self Help Groups, which were primarily constituted to promote thrift and savings amongst members and to provide loan, micro credit to the needy members, is slowly getting replaced with promoting 'micro enterprises. Group members are given skill training and loan amount is advanced, so that they take up certain income generating activities. This attempt will further stabilize and standardize the process of industrial development. There are two advisable approaches in this direction. They are:

- a. Adoption Approach
- b. Development Approach

ADOPTION APPROACH

In this, companies identify Self Help Groups, with resources and capabilities, where members are willing to undergo training provided by the company and take up income generating activity at later stage. The company will guide, assist the group members at every step and also sometimes takes care of the seed capital needed for setting up an entity. Few examples in this direction would give clarity into the concept.

The energy situation in rural India, further gets aggravated by poor quality fuels, unreliable supply, inefficient use of available sources and limited access to reliable sources of electricity. In the field study it was observed that many households were using traditional sources for cooking fuel such as firewood, cow dung, crop residue etc., the usage of which causes respiratory, cardiovascular, and other health related problem. The use of these traditional fuel sources causes indoor air pollution, which further gets aggravated due to poor ventilation system. The burden of adverse impact is disproportionately borne by women because they are involved in food preparation and solid fuel collection, which takes lots of time, which otherwise could be used for income generating activities or for leisure. In order to meet the energy requirement of rural population, to improve their economic productivity, thereby promising them a sustainable improvement in living conditions, Ministry of New and Renewable Energy (MNRE),

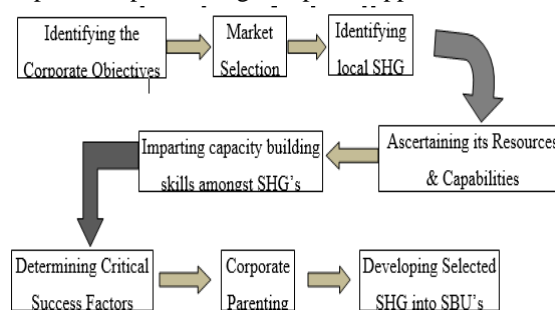
Government of India, launched a pilot project known as RESRA (Renewable Energy Supply Model for Rural Areas). This project was funded by German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear safety (BMUB) and was implemented by Deutsche Gesellschaft Feir Internationale Zusammenareit (GIZ) GMBH, a German Government owned 'not-for profit' enterprise. BMUB has funded the project via, the International Climate Initiative (IKI).

On a pilot basis, 24 villages were identified in Chhattisgarh state. These 24 villages were further grouped into six clusters, comprising four villages each. The population of these villages were mostly tribal communities, whose livelihood primarily based on Animal husbandry, Hunting, Tribal farming. Enhancing their livelihood opportunities was the prime objective of RESRA. Government sponsored energy efficient diesel generators and to manage these systems, Village Energy Committees (VEC) was constituted. This Village Energy Committees provides electricity to the local entrepreneur and household on demand and earn revenue. These diesel generators are powered by the oil of 'Jatropha seeds', which are locally grown. Since paddy cultivation is the prime economic activity of the region, electricity demand for irrigation, rice de-husking was more. This system turned out to be a boon, because of the availability of reliable on-demand electricity. Women Self Help Groups have emerged as major beneficiaries of this system. By pooling in funds from their personal resources and also from bank loans, many women's from SHG have set up multiple rice hullers, flour mills and government linked ready-to-eat, food business. As per the report released by the Ministry of Women and Child Welfare, Government of Chhattisgarh, Self Help Groups have supplied more than 100 tonnes and have earned more than 3 million rupees revenue from the Anganwadis-linked food manufacturing business during 2013. Hence in due course of time, RESRA, has turned out to be a woman driven energy supply model, who look after operations, management, and steering of the project. As a result of its efficient operations, local entrepreneurs have established 10 rice hullers, 18 bore wells, 10 irrigation pumps. Expelling oil from locally available tree borne oil seeds (TBO) has become a lucrative business and many Self-Help Group are into this. Overall, the

system has promised and provided a sustainable livelihood alternative.

Encouraged by the success, this system was introduced in Maharashtra state. Two villages which are about 40 km away from Pune city were identified. High LPG prices and dwindling fire wood resources had made the life of villagers miserable. Hence in these two villages, local households are supplied biogas through piped network. Many Self Help Groups are trained on capacity building initiatives and now these Self Help Groups manufacture cooking fuel pellets, used for clean cooking through forced dwarf cook stoves. After meeting the local demand, the surplus cooking fuel pellets are sold to others. Hence RESRA has been a multi-faceted approach in demonstrating and developing models of energy supply and enhancing of livelihoods.

Steps for implementing Adoption Approach



DEVELOPMENTAL APPROACH

The second approach, which works on developing the business skills of Self-Help Group is known as developmental approach. The research study revealed the fact that Self Help Groups lacks business skills, technology, communication skills etc., which inhibits them in upgrading their business potential. The advantage of Self-Help Group is their local presence, local identity, further fluency in local dialect. Several research studies have emphasized on conversing in local dialect in order to have successful operation in rural market. These qualities of Self-Help Groups can profoundly benefit the corporate.

National June Board, a statutory body under the Ministry of Textile, Government of India, since 2007-08, launched its flagship programme called 'Jeevika'. The main objective of this programme was to bring the assisted poor families above poverty line. This objective will be achieved by organizing the rural poor

into Self Help Groups. Organising them into SHG, builds their self-confidence through community action. ‘Jeevika’ encourages the SHG to take up Jute as their mode of production and trade. On a pilot basis, ‘Jeevika’ project was implemented in four districts of Bihar, Namely, (a) Katihar (b) Bhagalpur (c) Begusarai (d) Khagaria. Self Help Groups were trained to produce Jute products. The output was sold through street vendors. For this, it collaborated with around 280 street vendors. Along with this, the Government also took initiatives to develop capacities in nearby places also to market their output. ‘Jeevika’ developed a good mix of distribution plan including street vendors, direct salespersons, and retail sales. The major limitation that Self Help Groups were facing in earning sustainable profits was similar line of products offered by companies, quality, and sales skills. Hence collaborating with industry helped them in logistics and distribution. Self Help Groups can be developed as master distribution centres who act as sub stockiest for the channel in the area. Company can forward the product to SHG involved in direct sales or operating and managing point of sales, which can be developed in proximity to significant population. These Self-Help Group members managing the point of sales can also act as point of procurement for various products. It was evident in the field study that, many SHGs were into manufacturing several different products, such as Arecanut leaf plates, Embroidery work on sarees, Painting the wooden toys, Jewelleries made up of terracotta, Kundan works on dress materials etc., companies had collaborated with these SHGs. In most of the cases, companies used to give the initial training and support. Consistently performing these income generating activities has increased the income level and standard of living of SHG members. Hence efforts to utilize the efforts of social groups such as SHG brings mutual benefits to all the stake holders involved in it.

CONCLUSION

Given the financial support, together with appropriate knowledge and skill input, the poor people, in general, have the propensity to make better use of labour and capital. Thus, installation of income generating activities and micro enterprises in rural areas, helps to promote 1st generation micro entrepreneurs. Providing an opportunity to improve practical, serviceable, and entrepreneurial skill is the core of all this. SHG’s play a considerable role in promoting this. Though, the fundamental objective of self-help group is to promote savings and thrift and to provide necessary lending to members at the time of need, of late, they nurture the entrepreneurial activities amongst their members and helps them in becoming financially sustainable.

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