

ROLE OF SELF HELP GROUPS IN RURAL DEVELOPMENT

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Abstract

Rural development has to happen, to have a balanced economy. It cannot happen, if the people depend only on agriculture. Expanding their operations into related and supporting activities and commercializing the same might help in their growth. Micro-entrepreneurs play an important role in the development of local economies and women, form a big slice in taking up the responsibility through self-help group-bank linkage program. The paper tries to reason out why rural economies were underdeveloped and how SHG-BLP is trying to accelerate economic development in the regions. It concludes that women involvement in economic activities via SHGs will redistribute the responsibilities of the family. Positive outcomes from such endeavours will improve the health, stability, finances of the family as well as the economy.

Keywords: *Rural, Micro Credit, Self - Helpgroups, Women Entrepreneur, Economic Development.*

Background of The Study

Rural development is considered to be a process of ringing in change among rural community from the age-old, traditional way of living to a progressive way of living. Rural people mainly depend on agriculture for their livelihood, be it in the way of owning agricultural land or working on others' lands. Indian picture of agriculture is no different. If these rural families depend on off-farm, non-traditional jobs, movement to urban areas is a must. With Indian agriculture depending on rains and with no better alternative jobs in the villages, families living in villages were steeped in poverty. With the onset of liberalisation and globalization, the economy opened up and more jobs were created, especially in urban areas. Some families moved to towns and cities, in pursuit of better jobs, better income for themselves and better education for their wards. In such cases, economic activity at familial homes came to a standstill. Sale or leasing of the lands then became inevitable, people had no place to come back and thus migration became a common phenomenon. Others, who decided not to sell their properties, but to wait and watch, left their fertile lands barren, only to sell it later for a commercial purpose. A few others in the villages, who did not own any land, or lived on either odd jobs or seasonal jobs left the place for good. Migration, on the other hand, gave rise to congestion and development of slums. Many of them became urbanites in the process and the word "rural" became synonymous with underdevelopment.

But then, people who were successful by migrating, wanted to give back to the society and started returning to the natives. Unsuccessful people or people who could not make it big in the city and who craved for the freedom and environment of village setup, also returned. Meanwhile, the government, the financial institutions, NGOs felt the need for rural development, to maintain a balance in the society. New plans and schemes were announced by the government for the revival of anything 'rural' – primary activities, family businesses, home industries and small scale industries were given an impetus. They were urged to grow, aid coming in for all the sectors. Private sector, formal and big companies, realizing the multifaceted contribution of the rural society in their growth, also pitched in. Companies made their inroad into the rural society through their 'Corporate Social Responsibility' or by providing jobs to the rural folk. In some cases, they promised jobs for the folk of the households in return for the sale of lands. All this led to the establishment of urban infrastructure, to a certain extent, in the rural areas.

In view of such a development, in the recent days, commuting across from villages to towns or cities for jobs or business on a daily basis has become a lot easier. This has expanded the sphere of influence of major urban areas enabling people to live in rural regions while working in cities contributing to a reversal of the rural out-migration trend. This trend, thus helps the people in having the best of both the worlds.

Rural Women - Background

Women, then, cannot be left behind and also have to contribute to the growth and development of the family, thereby becoming carriers of development for the region. According to Housman,(1992), women constitute about half of the world population and contribute about two-third of all the labour hours worked by the human race, though they are the primary providers of childcare and suppliers of many of the necessities of day to day life for themselves and their families.

Generally, in rural India, women are either illiterates or less educated .They are expected to be at home, looking after the family. At the most, they are to extend their help by working on their own fields. Women face a lot of hardships as in developing societies, many rural people are socially and economically deprived of many factors. When they are ignorant, illiterate and unskilled; poverty, malnourishment, alcoholism, conflicts are a regular phenomenon that can be witnessed in their world. Most of the times, it is the women of the house who bear the brunt of safeguarding children, adjusting resources for carrying forward their daily lives and even for arranging a square meals per day.

Urban features set in the villages, awareness about a different kind of world open up for the ruralites. Everybody wants a better standard of living. It is then that these people decide to come out of the vicious circle of problems they are in, and women decide to be the change agents of the family. The economic crisis leads women into economic activities which were previously considered to be the men's domain (Rutashobya and Olomi, 1999).

Rural Women In Economic Development

Women seek information to increase their income. Many a times, it is the frustration of not being able to provide the basic amenities of life to their children that drives them to seek new avenues for growth. Women are most likely to join work where there is no requirement for skills, like maid work. Some of them start working for daily wages either in the agricultural sector or travel to nearby towns in search of jobs. Small and medium industries are their first choice, if not domestic work. They look for unskilled and less professional jobs. In many cases, the family does not support working of women in companies or formal sectors. So, non-access to finance is a problem faced by these poverty stricken families. The only access to finance is through hand loans from known people or resort to money lenders .The family is put in a deep trouble, if they are not able to repay the loan on time.

Self-Help Groups (SHGs)

Self-Help Groups (SHGs) are voluntary associations of poor people, who do not have access to formal financial institutions .They are generally from the same socio-economic background. Self help groups are informal, small and homogenous groups comprising of 10-20 members .The aim of SHGs are mainly to work for elevating the social and economic status of people, especially women in the society. SHGs also intend to remove illiteracy and bring in general and financial awareness, so that the rural women become self-reliant. Being a SHG member help the women to get loans from the bank without collateral. They also learn the basics of financial literacy, importance of savings, lending and borrowing during times of need.

Given the new freedom of mobility and empowered to participate, members are ready to contribute to augment the income of the family through various economic activities with the help of SHGs. There will be a shift of direction of income generating activities, from depending on formal income to informal activities. The unorganised, informal sector becomes important as the dependence of household members on formal wage earnings is replaced by informal income generating activities (Tripp, 1996). Informal and unorganised entrepreneurs take on themselves the responsibility of running the businesses in order to survive . The mobilization of women's groups, who guarantee each other, to access loans, develop enough self-confidence. Consequently, the members start building characteristics and competencies required for an entrepreneur, which further motivates them to continue with their entrepreneurial activities. The SHG members, when capacity built and working as entrepreneurs use their savings through regular inter-loaning SHG activity and avail bank loans through the bank linkages developed.

Furthermore, even when women are engaged in micro enterprising activities, there is a tendency to attach themselves to activities, which are traditionally performed by women. Women tend to concentrate on activities, which do not need high skills, and require low investment. Traditional economic activities taken up by women normally include vending food (breakfast, lunch, snacks) by the street-side, selling vegetables , fruits and flowers ,milk vending to the milk unions, tailoring ,poultry, livestock rearing, grocery shops, spice & cereal processing , pickle making, pappad making, agarbathi making, jewellery making, purse,paper and cloth bags manufacturing . etc., A few members take loans for developing family businesses such as weaving and pottery making.

Micro-credit under SHG-Bank linkage model is considered to be a development tool, designed to improve the lives of people by making them self-sufficient , reducing poverty. (Hulme and Mosley, 1996;).Micro credit to micro entrepreneurs through SHGs has contributed towards generation of additional income, accumulation of assets, apart from being used for basic consumption purposes. Standard of living and economic health is promoted. Social inclusion follows...By empowering women economically, it will automatically improve well-being and social, legal empowerment for women (Mayoux, 1999).As the women are thus empowered, an improvement in the relationships,especially with the family members is found.(Kibas,2001).All this means there is economic development in the region. Economic development means bringing in quantitative and qualitative changes in the economy. It can, so, be concluded that SHGs help in rural development.

Suggestions

- A lot is being contributed to rural economy by women entrepreneurs through SHGs. Still a lot of potential is untapped,which can be used to create employment and wealth if right directions can be shown to them.
- Various schemes of the government, if implemented through SHGs, will develop the economy while encouraging women to participate.
- Training to SHG members regarding various aspects of entrepreneurship can be given by the banks, so as to reduce the losses through the trial and error method and contribute to better economic growth.

Conclusion

Self Help Groups, via entrepreneur members can act as a catalyst in the economic development of a region. Rural development is required for a balanced growth of an economy.Rural people can do wonders, if they seize the opportunities available in the neighbourhood to grow, be it in any sector.This helps them to engage themselves in a positive manner, rather than depending only on agriculture for livelihood. Involving women in economic activities redistributes the responsibility of the families, leading to overall improvement on the family front and closing in as a better economy.

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